

COURT FILE NUMBER Q.B. No. 1884 of 2019

**COURT OF QUEEN'S BENCH FOR SASKATCHEWAN
IN BANKRUPTCY AND INSOLVENCY**

JUDICIAL CENTRE SASKATOON

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, RSC 1985, c C-36, AS AMENDED (the "CCAA")

AND

**IN THE MATTER OF A PROPOSED PLAN OF ARRANGEMENT OF 101098672
SASKATCHEWAN LTD., MORRIS INDUSTRIES LTD., MORRIS SALES AND SERVICE
LTD., CONTOUR REALTY INC., and MORRIS INDUSTRIES (USA) INC.**

AFFIDAVIT OF SANDY HAYER

I, Sandy Hayer, of the City of Calgary, in the Province of Alberta, MAKE OATH AND SAY THAT:

1. I am Senior Manager, Special Accounts Management Unit at Bank of Montreal ("**BMO**" or the "**Lender**"), the applicant creditor herein. As such, I have personal knowledge of the matters deposed to herein, except where stated to be based on information and belief, in which case I verily believe the same to be true.
2. I have reviewed BMO's records relevant to Morris Industries Ltd. ("**Morris Industries**"), Morris Sales & Service Ltd. ("**S&S**"), Contour Realty Inc. ("**Contour**"), 101098672 Saskatchewan Ltd. ("**672**") and Morris Industries (USA) Inc. ("**Morris USA**", and together with Morris Industries, S&S, Contour, 672 and Morris USA the "**Morris Group**" or the "**Debtors**"). BMO is both the senior secured lender of the Morris Group and the Interim Lender in these CCAA proceedings.
3. I have read BMO's Application to lift the stay of proceedings (the "**Stay**") and the statements made therein are, to my own knowledge, true. I swear this Affidavit in support of BMO's Application to lift the Stay and subsequently bring an application (the "**Bankruptcy Application**") to seek bankruptcy orders with respect to each member of the Morris Group (collectively, the "**Bankruptcy Orders**").

4. I have satisfied myself that I am possessed of sufficient information and knowledge to swear this Affidavit on behalf of BMO.
5. Capitalized terms not otherwise defined herein have the meaning set forth in my affidavit sworn February 13, 2020 and filed in these CCAA proceedings.

The Morris Group

6. Details on the Morris Group's operations and structure are set forth in the First Report of Alvarez & Marsal Canada Inc. ("**A&M**") in its capacity as the court-appointed Monitor of the Morris Group (in such capacity, the "**Monitor**").

The Loan Agreements

7. BMO extended credit facilities and related services to the Morris Group pursuant to a number of commitment letters and loan agreements (the "**Loan Agreements**"). As at January 2, 2020, the members of the Morris Group were indebted to BMO under the respective Loan Agreements as follows:
 - (a) Morris Industries was indebted to BMO in the amount of \$22,455,856.64;
 - (b) S&S was indebted to BMO in the amount of \$18,948,450.41;
 - (c) Contour was indebted to BMO in the amount of \$2,319,999.72; and
 - (d) Morris USA, 672, S&S and Contour have guaranteed some or all of the foregoing amounts and are indebted to BMO in the amounts guaranteed which are all greater than \$1,000.00, (collectively, the "**Indebtedness**").
8. On January 4, 2020, BMO demanded repayment of the Indebtedness and provided notice of the foregoing defaults and notices of intention to enforce its Security pursuant to section 244(1) of the BIA (the "**Demands**"). Attached hereto and collectively marked as **Exhibit "A"** are copies of the Demands.
9. Notwithstanding receipt of the Demands by the individual members of the Morris Group, either in their capacity as direct borrowers or as guarantors, each of those parties has failed, neglected or refused to pay the Indebtedness to BMO.

10. Attached hereto and collectively marked as **Exhibits "B"** are copies of payout statements dated June 11, 2020, from BMO confirming the amount of the Indebtedness.
11. In addition, BMO is the Interim Lender in these proceedings. As of June 15, 2020, BMO is owed an additional \$5,900,000.00, plus accrued interest, in that capacity.

The Security

12. Each member of the Morris Group has granted to BMO security in all of its present and after acquired personal property and real property pursuant to a number of security agreements and mortgages.
13. BMO's personal property security is registered at the personal property registries of Alberta, Saskatchewan and Manitoba, and BMO's real property security is registered against the titles to the real property owned by the Morris Group.

The Guarantees

14. Each of Morris USA, 672, S&S and Contour has guaranteed the repayment of the obligations of Morris Industries under the Loan Agreements and each of S&S, 672, Morris USA and Morris Industries has guaranteed the repayment of the obligations of Contour under the Loan Agreements.

The SISP

15. BMO, the Monitor and the Morris Group entered into a Confidentiality and Non-Disclosure Agreement dated March 2, 2020 (the "**NDA**") to, among other things, enable BMO to review the bids submitted in the SISP Process in its capacities as senior-secured and Interim Lender.
16. As detailed in the Sixth Report of the Monitor (the "**Sixth Report**"), the Monitor did not initially obtain an acceptable offer derived from the SISP Process and, as a result, the Monitor continued to explore other options and alternatives, including further discussions with bidders who previously expressed an interest in the SISP. I understand that the Monitor is optimistic that the SFLP LOI (as defined in the Sixth Report) will result in a binding transaction.
17. I understand that all or substantially all of the property of the Morris Group will be liquidated in these proceedings and the Morris Group will not be presenting a plan of compromise or arrangement pursuant to the provisions of the CCAA.

18. While the NDA prohibits BMO from disclosing any Confidential Information (as defined in the NDA), based on my review of the information provided, I am confident that the SISP and SFLP LOI will not result in the Indebtedness being repaid in full, and BMO will suffer shortfall well in excess of \$1,000.00.

Lifting the Stay

19. BMO will suffer hardship if it is not permitted to lift the Stay for the limited and express purpose of bringing the Bankruptcy Application, including, without limitation, due to the certain material shortfall on the recovery of its Indebtedness.

The Bankruptcy Application and Bankruptcy Orders

20. I am informed by David LeGeyt of Burnet, Duckworth & Palmer LLP ("**BD&P**"), counsel to BMO, that BMO has a *prima facie* case and will satisfy the provisions of s.43(1) of the BIA, namely that each member of the Morris Group:

- (a) is justly and truly indebted to BMO in excess of \$1,000.00; and
- (b) has committed an "act of bankruptcy" within the meaning of the BIA and in the six month period preceding the Bankruptcy Application, namely each of them:
 - (i) has evidenced to its creditors that it is insolvent; and
 - (ii) is unable to pay its liabilities as they generally become due.

21. On June 2, 2020, BD&P wrote to counsel for the Monitor confirming BMO's intention to proceed with the Bankruptcy Application. A copy of that letter is attached hereto and marked as **Exhibit "C"**.

22. As previously stated, I estimate the value of the security granted by the Morris Group to be significantly less than the Indebtedness and the interim financing provided by BMO and, as such, the unsecured portion of the Indebtedness owed to BMO by each of the Bankrupt(s) will exceed \$1,000.00 as contemplated by s.43(2) of the BIA.

Trustee

23. I verily believe that A&M is qualified and prepared to act as Trustee in Bankruptcy with respect to each member of the Morris Group and will consent to do so.

24. I swear this Affidavit in support of the Application by BMO to lift the Stay and the Bankruptcy Application and for no other or improper purpose.

SWORN BEFORE ME at the City of Calgary, in the)
Province of Alberta this 23rd day of July, 2020.)



A Notary Public in and for the Province of Alberta



Sandy Hayer

Ryan E. Algar
Barrister and Solicitor

THIS IS EXHIBIT "A" REFERRED TO IN
THE AFFIDAVIT OF SANDY HAYER.

SWORN BEFORE ME THIS 23RD DAY OF
JULY, 2020.



A Notary Public in and for the Province of Alberta

Ryan E. Algar
Barrister and Solicitor

VIA COURIER & EMAIL - kadair@morris-industries.com

January 4, 2020

Contour Realty Inc.
600, 105 – 21st Street East
Saskatoon, SK
S7K 0B3

Contour Realty Inc.
2131 Airport Drive
Saskatoon, SK
S7L 7E1

Attention: Kevin Adair

Re: Bank of Montreal re: Contour Realty Inc. ("Contour")

We are counsel to Bank of Montreal ("**BMO**") in connection with a commitment letter dated August 29, 2013 between BMO, as lender, and Contour, as borrower (the "**Contour Loan Agreement**"). Reference is also made to the following security:

- a general security agreement (Saskatchewan) dated August 23, 2013 granted by Contour in favour of BMO;
- a specific assignment of lease dated August 29, 2013, granted by Contour in favour of BMO; and
- a power of attorney to transfer stock or bonds dated August 29, 2013;

(together, the "**Security**").

Contour is in default of the Contour Loan Agreement and the Security, and all amounts owing to BMO under the Contour Loan Agreement are immediately due and payable. The defaults of Contour include but are not limited to (i) failure to make payments to BMO when due, (ii) committing an act of bankruptcy and becoming insolvent, and (iii) defaulting under other Contour debt agreements.

On behalf of BMO, we hereby demand repayment of all amounts due and owing by Contour to BMO under the Contour Facilities Agreement and Security, namely the amount of CAD\$2,319,999.72 as of January 2, 2020, 2019, plus all accrued and accruing interest and legal costs on a solicitor and own client fully indemnity basis (the "**Indebtedness**").

Please note that the Indebtedness will continue to accrue interest at the rates agreed to, and costs and expenses will continue to be incurred by BMO for which Contour will be responsible, until payment of all amounts owing is received by either certified cheque or bank draft at the following address:

9750035.5

Bank of Montreal
c/o Burnet, Duckworth & Palmer LLP
2400, 525-8th Avenue SW
Calgary, Alberta
T2P 1G1

Attention: David LeGeyt

If full payment, as set forth above, is not received by close of business on January 14, 2020, BMO will take whatever steps it deems appropriate to seek repayment of the said amount. To this end we enclose for service upon Contour a Notice of Intention to Enforce Security ("**NOI**") in accordance with section 244 of the *Bankruptcy and Insolvency Act* (Canada). If Contour is prepared to waive the ten day notice period, please endorse the Consent and Waiver located on page 2 of the NOI and return to the undersigned.

For your information, demands will be issued on the guarantors in respect of Contour's indebtedness.

Please note that BMO reserves the right to proceed against Contour: (i) prior to the time stipulated above in the event that it determines that its position has been further jeopardized; and (ii) anytime, or from time to time after any dates stipulated above have passed, and in either case without the necessity of serving a new demand for payment.

If you have any questions, please contact the undersigned.

Yours truly,

BURNET, DUCKWORTH & PALMER LLP



 David LeGeyt
DLG/agt

Encl.

cc: Sandy Hayer & Stanley Julien, BMO – Via Email
Ian Sutherland, McDougall Gauley LLP – Via Email

FORM 86

NOTICE OF INTENTION TO ENFORCE SECURITY

(Subsection 244(1) of the *Bankruptcy and Insolvency Act* (Canada))

To: Contour Realty Inc., an insolvent person (the "**Debtor**").

TAKE NOTICE THAT:

1. Bank of Montreal ("**BMO**"), a secured creditor of the Debtor, intends to enforce its security on the property of the Debtor as set out below:
 - (a) all present and after acquired real and personal property of the Debtor; and
 - (b) all proceeds of the foregoing collateral.
2. The security to be enforced is in the form of:
 - (a) a general security agreement (Saskatchewan) dated August 23, 2013;
 - (b) a specific assignment of lease dated August 29, 2013; and
 - (c) a power of attorney to transfer stock or bonds dated August 29, 2013;(the "**Security**").
3. The total amount of indebtedness secured by the Security is, as of January 2, 2020, the sum of CAD\$2,319,999.72, plus all accrued and accruing interest and legal costs.

BMO will not have the right to enforce its Security until after the expiry of the 10-day period following the sending of this notice, unless the Debtor consents to an earlier enforcement.

DATED at the City of Calgary, in the Province of Alberta, this 4th day of January, 2020.

BURNET, DUCKWORTH & PALMER LLP,
solicitors and agents for Bank of Montreal

Per: 

David LeGeyt

CONSENT AND WAIVER

THE UNDERSIGNED hereby:

Acknowledges receipt of the Notice of Intention to Enforce Security;

Waives the ten days of notice required under section 244 of the *Bankruptcy and Insolvency Act* (Canada); and

Consents to the immediate enforcement by Bank of Montreal of the Security referred to herein.

DATED this _____ day of _____, 2020.

CONTOUR REALTY INC.

Per: _____

Name:

Title:

The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that every entry, no matter how small, should be recorded to ensure the integrity of the financial statements. This includes not only sales and purchases but also expenses, income, and transfers between accounts.

The second part of the document provides a detailed breakdown of the accounting cycle. It outlines the ten steps involved in the process, from identifying the accounting entity to preparing financial statements. Each step is explained in detail, with examples provided to illustrate the concepts.

The third part of the document focuses on the classification of accounts. It discusses the different types of accounts, such as assets, liabilities, equity, revenue, and expense accounts, and how they are used to record and summarize business transactions.

The fourth part of the document covers the process of journalizing and posting. It explains how transactions are recorded in the journal and then posted to the ledger accounts. This process is essential for maintaining the double-entry system and ensuring that the books are balanced.

The fifth part of the document discusses the preparation of financial statements. It outlines the steps involved in calculating the net income, preparing the income statement, balance sheet, and statement of owner's equity. It also discusses the importance of these statements in providing a clear picture of the company's financial performance.

The sixth part of the document covers the closing process. It explains how the temporary accounts (revenue, expense, and dividend) are closed to the permanent accounts (assets, liabilities, and equity) at the end of the accounting period. This process is necessary to reset the temporary accounts for the next period and to update the permanent accounts.

The seventh part of the document discusses the importance of adjusting entries. It explains how these entries are used to record accruals, deferrals, and other adjustments that are necessary to ensure that the financial statements are accurate and reflect the true financial position of the company.

The eighth part of the document covers the process of reconciling the books. It explains how the company's records are compared with the bank statements and other external records to identify and correct any discrepancies. This process is essential for maintaining the accuracy of the accounting records.

The ninth part of the document discusses the importance of internal controls. It outlines the various measures that can be implemented to prevent and detect errors and fraud, such as segregation of duties, authorization, and regular audits.

The tenth part of the document covers the final steps of the accounting process, including the preparation of the final financial statements and the closing of the books. It emphasizes the importance of accuracy and transparency in all aspects of the accounting process.

VIA COURIER & EMAIL - kadair@morris-industries.com

January 4, 2020

Morris Industries (USA) Inc.
2131 Airport Drive
Saskatoon, SK
S7L 7E1

Attention: Kevin Adair

Re: Bank of Montreal – Morris Industries (USA) Inc. ("Morris USA")

We are counsel to Bank of Montreal ("**BMO**") in connection with the credit facilities provided by our client to or on account of Contour Realty Inc. ("**Contour**"), and the obligations outstanding between Morris USA and BMO, including pursuant to:

- a) a continuing unlimited guarantee dated August 23, 2013 by Morris USA to BMO;
- b) a general security agreement dated August 29, 2013;
- c) a postponement and subordination agreement dated August 23, 2013 by Morris USA to BMO; and
- d) a postponement and subordination of all intercompany loans made as of August 23, 2013 by Contour's guarantors (Morris Industries Ltd. Morris Sales & Service Ltd., 101097867 Saskatchewan Ltd., 101098672 Saskatchewan Ltd. and Morris USA) to BMO.

Contour is in default of its obligations to BMO and BMO has today demanded repayment from Contour in the amount of and CAD\$2,319,999.72, plus all accrued and accruing interest and legal costs (the "**Indebtedness**"). Morris USA has guaranteed repayment of the Indebtedness. Accordingly, BMO hereby demands payment from Morris USA in the amount of CAD\$2,319,999.72 as of January 2, 2020.

The Indebtedness will continue to accrue interest at the rates agreed to and costs until payment of all amounts owing is received. Payment may be made by way of certified cheque or bank draft to the following address:

Bank of Montreal
c/o Burnet, Duckworth & Palmer LLP
2400, 525-8th Avenue SW
Calgary, Alberta
T2P 1G1

Attention: David LeGeyt

If full payment, as set forth above, is not received by close of business on January 14, 2020, BMO will take whatever steps it deems appropriate to seek repayment of the said amount. To this end we enclose for service 9764634.5

upon Morris USA a Notice of Intention to Enforce Security ("**NOI**") in accordance with section 244 of the *Bankruptcy and Insolvency Act* (Canada). If Morris USA is prepared to waive the ten day notice period, please endorse the Consent and Waiver located on page 2 of the NOI and return to the undersigned.

Please note that BMO reserves the right to proceed against Morris USA: (i) prior to the time stipulated above in the event that it determines that its position has been further jeopardized; and (ii) anytime, or from time to time after any dates stipulated above have passed, and in either case without the necessity of serving a new demand for payment.

If you have any questions, please contact the undersigned.

Yours truly,

BURNET, DUCKWORTH & PALMER LLP



for: David LeGeyt

DLG/agt

Encl.

cc: Sandy Hayer & Stanley Julien, BMO – Via Email
Ian Sutherland, McDougall Gauley LLP – Via Email

FORM 86

NOTICE OF INTENTION TO ENFORCE SECURITY

(Subsection 244(1) of the *Bankruptcy and Insolvency Act* (Canada))

To: Morris Industries (USA) Inc., an insolvent person (the "**Debtor**").

TAKE NOTICE THAT:

1. Bank of Montreal ("**BMO**"), a secured creditor of the Debtor, intends to enforce its security on the property of the Debtor as set out below:
 - (a) all present and after acquired real and personal property of the Debtor; and
 - (b) all proceeds of the foregoing collateral.
2. The security that is to be enforced is in the form of:
 - (a) a general security agreement dated August 29, 2013;
 - (b) a postponement and subordination agreement made as of August 23, 2013; and
 - (c) a postponement and subordination of all intercompany loans made as of August 23, 2013;(the "**Security**").
3. The total amount of indebtedness secured by the Security is, as of January 2, 2020, the sum of CAD\$2,319,999.72, plus all accrued and accruing interest and legal costs.

BMO will not have the right to enforce its Security until after the expiry of the 10-day period following the sending of this notice, unless the Debtor consents to an earlier enforcement.

DATED at the City of Calgary, in the Province of Alberta, this 4th day of January, 2020.

BURNET, DUCKWORTH & PALMER LLP,
solicitors and agents for Bank of Montreal

Per: 

David LeGeyt

CONSENT AND WAIVER

THE UNDERSIGNED hereby:

Acknowledges receipt of the Notice of Intention to Enforce Security;

Waives the ten days of notice required under section 244 of the *Bankruptcy and Insolvency Act* (Canada); and

Consents to the immediate enforcement by Bank of Montreal of the Security referred to herein.

DATED this _____ day of _____, 2020.

MORRIS INDUSTRIES (USA) INC.

Per: _____

Name:

Title:

The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that every entry, no matter how small, should be recorded to ensure the integrity of the financial statements. This includes not only sales and purchases but also expenses and income. The document also highlights the need for regular reconciliation of bank statements and the company's records to identify any discrepancies early on.

In addition, the document provides a detailed breakdown of the accounting cycle, from identifying the accounting entity to preparing financial statements. It explains how each step contributes to the overall accuracy and reliability of the financial data. The document also includes a section on the importance of internal controls, which are designed to prevent errors and fraud within the organization.

The second part of the document focuses on the practical application of these principles. It provides a series of examples and exercises that illustrate how to record and classify transactions. These examples cover a wide range of business activities, from simple sales to complex transactions involving multiple parties. The document also includes a section on the preparation of the general ledger, which is the central repository for all accounting data.

Finally, the document concludes with a discussion on the importance of transparency and accountability in financial reporting. It stresses that accurate and timely financial statements are essential for the success of any business. By following the principles and procedures outlined in the document, businesses can ensure that their financial records are reliable and trustworthy.

VIA COURIER & EMAIL - kadair@morris-industries.com

January 4, 2020

101098672 Saskatchewan Ltd.
600, 105 – 21st Street East
Saskatoon, SK
S7K 0B3

101098672 Saskatchewan Ltd.
Suite 200, 374 3rd Avenue South
Saskatoon, SK
S7K 1M5

Attention: Kevin Adair

Re: Bank of Montreal – 101098672 Saskatchewan Ltd. ("672")

We are counsel to Bank of Montreal ("**BMO**") in connection with the credit facilities provided by our client to or on account of Contour Realty Inc. ("**Contour**"), and the obligations outstanding between 672 and BMO, including pursuant to:

- a) a continuing unlimited guarantee made as of August 23, 2013 by 672 to BMO;
- b) a general security agreement dated August 23, 2013;
- c) a postponement and subordination agreement made as of August 23, 2013 by 672 to BMO;
- d) a postponement and subordination of all intercompany loans made as of August 23, 2013 by Contour's guarantors (Morris Industries Ltd. Morris Sales & Service Ltd., 101097867 Saskatchewan Ltd., 672 and Morris Industries (USA) Inc.) to BMO; and
- e) a hypothecation of negotiable collateral for all loans dated August 23, 2013 wherein 672 hands BMO the securities enumerated in the document as a pledge to secure all advances made to Contour or 672 and to cover any indebtedness which is or may be due by Contour or 672 to BMO.

Contour is in default of its obligations to BMO and BMO has today demanded repayment from Contour in the amount of and CAD\$2,319,999.72, plus all accrued and accruing interest and legal costs (the "**Indebtedness**"). 672 has guaranteed repayment of the Indebtedness. Accordingly, BMO hereby demands payment from 672 in the amount of CAD\$2,319,999.72 as of January 2, 2020.

The Indebtedness will continue to accrue interest at the rates agreed to and costs until payment of all amounts owing is received. Payment may be made by way of certified cheque or bank draft to the following address:

9764629.5

Bank of Montreal
c/o Burnet, Duckworth & Palmer LLP
2400, 525-8th Avenue SW
Calgary, Alberta
T2P 1G1

Attention: David LeGeyt

If full payment, as set forth above, is not received by close of business on January 14, 2020, BMO will take whatever steps it deems appropriate to seek repayment of the said amount. To this end we enclose for service upon 672 a Notice of Intention to Enforce Security ("**NOI**") in accordance with section 244 of the *Bankruptcy and Insolvency Act* (Canada). If 672 is prepared to waive the ten day notice period, please endorse the Consent and Waiver located on page 2 of the NOI and return to the undersigned.

Please note that BMO reserves the right to proceed against 672: (i) prior to the time stipulated above in the event that it determines that its position has been further jeopardized; and (ii) anytime, or from time to time after any dates stipulated above have passed, and in either case without the necessity of serving a new demand for payment.

If you have any questions, please contact the undersigned.

Yours truly,

BURNET, DUCKWORTH & PALMER LLP

A handwritten signature in blue ink, appearing to read 'DLG', is written over the printed name 'David LeGeyt'. The signature is stylized and cursive.

DLG/agt

Encl.

cc: Sandy Hayer & Stanley Julien, BMO – Via Email
Ian Sutherland, McDougall Gauley LLP – Via Email

FORM 86

NOTICE OF INTENTION TO ENFORCE SECURITY

(Subsection 244(1) of the *Bankruptcy and Insolvency Act* (Canada))

To: 101098672 Saskatchewan Ltd., an insolvent person (the "**Debtor**").

TAKE NOTICE THAT:

1. Bank of Montreal ("**BMO**"), a secured creditor of the Debtor, intends to enforce its security on the property of the Debtor as set out below:
 - (a) all present and after acquired real and personal property of the Debtor; and
 - (b) all proceeds of the foregoing collateral.
2. The security that is to be enforced is in the form of:
 - (a) a general security agreement dated August 23, 2013;
 - (b) a postponement and subordination agreement made as of August 23, 2013;
 - (c) a postponement and subordination of all intercompany loans made as of August 23, 2013; and
 - (d) a hypothecation of negotiable collateral for all loans dated August 23, 2013;(the "**Security**").
3. The total amount of indebtedness secured by the Security is, as of January 2, 2020, the sum of CAD\$2,319,999.72, plus all accrued and accruing interest and legal costs.

BMO will not have the right to enforce its Security until after the expiry of the 10-day period following the sending of this notice, unless the Debtor consents to an earlier enforcement.

DATED at the City of Calgary, in the Province of Alberta, this 4th day of January, 2020.

BURNET, DUCKWORTH & PALMER LLP,
solicitors and agents for Bank of Montreal

Per. 
David LeGeyt

CONSENT AND WAIVER

THE UNDERSIGNED hereby:

Acknowledges receipt of the Notice of Intention to Enforce Security;

Waives the ten days of notice required under section 244 of the *Bankruptcy and Insolvency Act* (Canada); and

Consents to the immediate enforcement by Bank of Montreal of the Security referred to herein.

DATED this _____ day of _____, 2020.

101098672 SASKATCHEWAN LTD.

Per: _____

Name:

Title:

The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that every entry, no matter how small, should be recorded to ensure the integrity of the financial data. This includes not only sales and purchases but also expenses and income. The text suggests that a systematic approach to record-keeping is essential for identifying trends and making informed decisions.

In the second section, the author explores various methods for organizing and analyzing financial data. One key method mentioned is the use of spreadsheets, which allow for easy tracking and calculation of totals and averages. The text also touches upon the importance of regular audits to catch any errors or discrepancies early on.

The third part of the document focuses on budgeting and financial planning. It provides practical advice on how to set realistic goals and allocate resources effectively. The author stresses that a well-defined budget can help in controlling costs and maximizing profits. Additionally, the text discusses the benefits of having a contingency plan in place to handle unexpected financial challenges.

Finally, the document concludes with a summary of the key points discussed. It reiterates the importance of consistency and accuracy in financial record-keeping and encourages the reader to adopt a proactive approach to managing their finances. The author hopes that the information provided will be helpful in achieving long-term financial success.

VIA COURIER & EMAIL - kadair@morris-industries.com

January 4, 2020

101097867 Saskatchewan Ltd.
Suite 200, 374 3rd Avenue South
Saskatoon, SK
S7K 1M5

Attention: Kevin Adair

Re: Bank of Montreal – 101097867 Saskatchewan Ltd. ("867")

We are counsel to Bank of Montreal ("**BMO**") in connection with the credit facilities provided by our client to or on account of Contour Realty Inc. ("**Contour**"), and the obligations outstanding between 867 and BMO, including pursuant to:

- a) a continuing unlimited guarantee made as of August 23, 2013 by 867 to BMO;
- b) a general security agreement dated August 23, 2013;
- c) a postponement and subordination agreement made as of August 23, 2013 by 867 to BMO; and
- d) a postponement and subordination of all intercompany loans made as of August 23, 2013 by Contour's guarantors (Morris Industries Ltd. Morris Sales & Service Ltd., 867, 101098672 Saskatchewan Ltd. and Morris Industries (USA) Inc.) to BMO.

Contour is in default of its obligations to BMO and BMO has today demanded repayment from Contour in the amount of and CAD\$2,319,999.72, plus all accrued and accruing interest and legal costs (the "**Indebtedness**"). 867 has guaranteed repayment of the Indebtedness. Accordingly, BMO hereby demands payment from 867 in the amount of CAD\$2,319,999.72 as of January 2, 2020.

The Indebtedness will continue to accrue interest at the rates agreed to and costs until payment of all amounts owing is received. Payment may be made by way of certified cheque or bank draft to the following address:

Bank of Montreal
c/o Burnet, Duckworth & Palmer LLP
2400, 525-8th Avenue SW
Calgary, Alberta
T2P 1G1

Attention: David LeGeyt

If full payment, as set forth above, is not received by close of business on January 14, 2020, BMO will take whatever steps it deems appropriate to seek repayment of the said amount. To this end we enclose for service 9764616.4

upon 867 a Notice of Intention to Enforce Security ("NOI") in accordance with section 244 of the *Bankruptcy and Insolvency Act* (Canada). If 867 is prepared to waive the ten day notice period, please endorse the Consent and Waiver located on page 2 of the NOI and return to the undersigned.

Please note that BMO reserves the right to proceed against 867: (i) prior to the time stipulated above in the event that it determines that its position has been further jeopardized; and (ii) anytime, or from time to time after any dates stipulated above have passed, and in either case without the necessity of serving a new demand for payment.

If you have any questions, please contact the undersigned.

Yours truly,

BURNET, DUCKWORTH & PALMER LLP



David LeGeyt

DLG/agt

Encl.

cc: Sandy Hayer & Stanley Julien, BMO – Via Email
Ian Sutherland, McDougall Gauley LLP – Via Email

FORM 86

NOTICE OF INTENTION TO ENFORCE SECURITY

(Subsection 244(1) of the *Bankruptcy and Insolvency Act* (Canada))

To: 101097867 Saskatchewan Ltd., an insolvent person (the "**Debtor**").

TAKE NOTICE THAT:

1. Bank of Montreal ("**BMO**"), a secured creditor of the Debtor, intends to enforce its security on the property of the Debtor as set out below:
 - (a) all present and after acquired real and personal property of the Debtor; and
 - (b) all proceeds of the foregoing collateral.
2. The security that is to be enforced is in the form of :
 - (a) a general security agreement dated August 23, 2013;
 - (b) a postponement and subordination agreement made as of August 23, 2013; and
 - (c) a postponement and subordination of all intercompany loans made as of August 23, 2013;(the "**Security**").
3. The total amount of indebtedness secured by the Security is, as of January 2, 2020, the sum of CAD\$2,319,999.72, plus all accrued and accruing interest and legal costs.

BMO will not have the right to enforce its Security until after the expiry of the 10-day period following the sending of this notice, unless the Debtor consents to an earlier enforcement.

DATED at the City of Calgary, in the Province of Alberta, this 4th day of January, 2020.

BURNET, DUCKWORTH & PALMER LLP,
solicitors and agents for Bank of Montreal

Per:



David LeGeyt

CONSENT AND WAIVER

THE UNDERSIGNED hereby:

Acknowledges receipt of the Notice of Intention to Enforce Security;

Waives the ten days of notice required under section 244 of the *Bankruptcy and Insolvency Act* (Canada); and

Consents to the immediate enforcement by Bank of Montreal of the Security referred to herein.

DATED this _____ day of _____, 2020.

101097867 SASKATCHEWAN LTD.

Per: _____

Name:

Title:

The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that every entry, no matter how small, should be recorded to ensure the integrity of the financial statements. This includes not only sales and purchases but also expenses, income, and any other financial activity.

The second part of the document provides a detailed breakdown of the accounting process. It starts with the identification of the accounting cycle, which consists of eight steps: identifying the accounting cycle, analyzing and journalizing the transactions, posting to the ledger, determining debits and credits, preparing a trial balance, adjusting the accounts, preparing financial statements, and closing the books.

The third part of the document discusses the importance of the trial balance. It explains that the trial balance is a statement that lists all the accounts and their balances at a specific point in time. It is used to check the accuracy of the accounting records and to ensure that the debits equal the credits.

The fourth part of the document discusses the importance of the financial statements. It explains that the financial statements are a summary of the company's financial performance over a period of time. They include the income statement, the balance sheet, and the statement of cash flows.

The fifth part of the document discusses the importance of the closing process. It explains that the closing process is the final step in the accounting cycle. It involves transferring the balances of the temporary accounts (revenues, expenses, and dividends) to the permanent accounts (retained earnings and dividends).

VIA COURIER & EMAIL - kadair@morris-industries.com

January 4, 2020

Morris Industries Ltd.
2131 Airport Drive
Saskatoon, SK
S7L 7E1

Morris Industries Ltd.
374 3rd Avenue South
Saskatoon, SK
S7K 1M5

Attention: Kevin Adair

Re: Bank of Montreal – Morris Industries Ltd. ("Morris Industries")

We are counsel to Bank of Montreal ("**BMO**") in connection with the credit facilities provided by our client to or on account of Contour Realty Inc. ("**Contour**"), and the obligations outstanding between Morris Industries and BMO, including pursuant to

- a) a continuing unlimited guarantee made as of August 23, 2013 by Morris Industries to BMO;
- b) a general security agreement dated August 23, 2013;
- c) a consent and assignment of security dated August 29, 2013 between BMO, in its capacity as lender, BMO, in its capacity as collateral agent, Farm Credit Canada, Morris Industries Ltd. and Contour;
- d) a postponement and subordination agreement made as of August 23, 2013 by Morris Industries to BMO; and
- e) a postponement and subordination of all intercompany loans made as of August 23, 2013 by Contour's guarantors (Morris Industries Ltd. S&S, 101097867 Saskatchewan Ltd., 101098672 Saskatchewan Ltd. and Morris Industries (USA) Inc.) to BMO.

Contour is in default of its obligations to BMO and BMO has today demanded repayment from Contour in the amount of and CAD\$2,319,999.72 plus all accrued and accruing interest and legal costs (the "**Indebtedness**"). Morris Industries has guaranteed repayment of the Indebtedness. Accordingly, BMO hereby demands payment from Morris Industries in the amount of CAD\$2,319,999.72 as of January 2, 2020.

The Indebtedness will continue to accrue interest at the rates agreed to and costs until payment of all amounts owing is received. Payment may be made by way of certified cheque or bank draft to the following address:

9764582.5

Bank of Montreal
c/o Burnet, Duckworth & Palmer LLP
2400, 525-8th Avenue SW
Calgary, Alberta
T2P 1G1

Attention: David LeGeyt

If full payment, as set forth above, is not received by close of business on January 14, 2020, BMO will take whatever steps it deems appropriate to seek repayment of the said amount. To this end we enclose for service upon Morris Industries a Notice of Intention to Enforce Security ("**NOI**") in accordance with section 244 of the *Bankruptcy and Insolvency Act* (Canada). If Morris Industries is prepared to waive the ten day notice period, please endorse the Consent and Waiver located on page 2 of the NOI and return to the undersigned.

Please note that BMO reserves the right to proceed against Morris Industries: (i) prior to the time stipulated above in the event that it determines that its position has been further jeopardized; and (ii) anytime, or from time to time after any dates stipulated above have passed, and in either case without the necessity of serving a new demand for payment.

If you have any questions, please contact the undersigned.

Yours truly,

BURNET, DUCKWORTH & PALMER LLP



 David LeGeyt
DLG/agt

Encl.

cc: Sandy Hayer & Stanley Julien, BMO – Via Email
Ian Sutherland, McDougall Gauley LLP – Via Email

FORM 86

NOTICE OF INTENTION TO ENFORCE SECURITY

(Subsection 244(1) of the *Bankruptcy and Insolvency Act* (Canada))

To: Morris Industries Ltd., an insolvent person (the "**Debtor**").

TAKE NOTICE THAT:

1. Bank of Montreal ("**BMO**"), a secured creditor of the Debtor, intends to enforce its security on the property of the Debtor as set out below:
 - (a) all present and after acquired real and personal property of the Debtor; and
 - (b) all proceeds of the foregoing collateral.
2. The security that is to be enforced is in the form of:
 - (a) a general security agreement dated August 23, 2013;
 - (b) a consent and assignment of security dated August 29, 2013;
 - (c) a postponement and subordination agreement dated August 23, 2013; and
 - (d) a postponement and subordination of all intercompany loans dated August 23, 2013;(the "**Security**").
3. The total amount of indebtedness secured by the Security is, as of January 2, 2020, the sum of CAD\$2,319,999.72, plus all accrued and accruing interest and legal costs.

BMO will not have the right to enforce its Security until after the expiry of the 10-day period following the sending of this notice, unless the Debtor consents to an earlier enforcement.

DATED at the City of Calgary, in the Province of Alberta, this 4th day of January, 2020.

BURNET, DUCKWORTH & PALMER LLP,
solicitors and agents for Bank of Montreal

Per: 

David LeGeyt

CONSENT AND WAIVER

THE UNDERSIGNED hereby:

Acknowledges receipt of the Notice of Intention to Enforce Security;

Waives the ten days of notice required under section 244 of the *Bankruptcy and Insolvency Act* (Canada); and

Consents to the immediate enforcement by Bank of Montreal of the Security referred to herein.

DATED this _____ day of _____, 2020.

MORRIS INDUSTRIES LTD.

Per: _____

Name:

Title:

The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that every entry, no matter how small, should be recorded to ensure the integrity of the financial statements. This includes not only sales and purchases but also expenses, income, and any other financial activity.

The second part of the document provides a detailed breakdown of the accounting process. It starts with the identification of the accounting cycle, which consists of eight steps: identifying the accounting cycle, analyzing and journalizing the transactions, posting to the ledger, preparing a trial balance, adjusting the accounts, preparing financial statements, and closing the books. Each step is explained in detail, with examples and practical advice.

The third part of the document focuses on the preparation of financial statements. It covers the balance sheet, the income statement, and the statement of cash flows. It explains how these statements are derived from the accounting records and how they provide a comprehensive view of the company's financial health.

The fourth part of the document discusses the importance of internal controls. It explains how internal controls help to prevent errors and fraud, and how they ensure the accuracy and reliability of the financial information. It provides examples of internal controls and discusses how they should be implemented.

The fifth part of the document covers the topic of depreciation. It explains how depreciation is calculated and how it is recorded in the accounting records. It also discusses the different methods of depreciation and how they affect the financial statements.

The sixth part of the document discusses the importance of reconciling the accounting records with the bank statements. It explains how to identify and correct any discrepancies and how to ensure that the accounting records are accurate and up-to-date.

The seventh part of the document covers the topic of budgeting. It explains how a budget is prepared and how it is used to monitor and control the company's financial performance. It provides examples of budgets and discusses how they should be used.

The eighth part of the document discusses the importance of tax compliance. It explains how to calculate and pay taxes and how to keep accurate records of all tax-related transactions. It also discusses the different types of taxes and how they are calculated.

The ninth part of the document covers the topic of financial ratios. It explains how financial ratios are calculated and how they are used to analyze the company's financial performance. It provides examples of financial ratios and discusses how they should be used.

The tenth part of the document discusses the importance of financial forecasting. It explains how financial forecasts are prepared and how they are used to predict the company's future financial performance. It provides examples of financial forecasts and discusses how they should be used.

VIA COURIER & EMAIL - kadair@morris-industries.com

January 4, 2020

Morris Sales & Service Ltd.
2131 Airport Drive
Saskatoon, SK
S7L 7E1

Morris Sales & Service Ltd.
Suite 200, 374 3rd Avenue South
Saskatoon, SK
S7K 1M5

Attention: Kevin Adair

Re: Bank of Montreal – Morris Sales & Service Ltd. ("S&S")

We are counsel to Bank of Montreal ("**BMO**") in connection with the credit facilities provided by our client to or on account of Contour Realty Inc. ("**Contour**"), and the obligations outstanding between S&S and BMO, including pursuant to:

- a) a continuing unlimited guarantee made as of August 23, 2013 by S&S to BMO;
- b) a general security agreement dated August 23, 2013;
- c) a postponement and subordination agreement made as of August 23, 2013 by S&S to BMO;
- d) a postponement and subordination of all intercompany loans made as of August 23, 2013 by Contour's guarantors (Morris Industries Ltd. S&S, 101097867 Saskatchewan Ltd., 101098672 Saskatchewan Ltd. and Morris Industries (USA) Inc.) to BMO; and
- e) an undertaking regarding discharge or subordination of registrations against S&S dated August 29, 2013.

Contour is in default of its obligations to BMO and BMO has today demanded repayment from Contour in the amount of and CAD\$2,319,999.72, plus all accrued and accruing interest and legal costs (the "**Indebtedness**"). S&S has guaranteed repayment of the Indebtedness. Accordingly, BMO hereby demands payment of from S&S in the amount of CAD\$2,319,999.72 as of January 2, 2020.

The Indebtedness will continue to accrue interest at the rates agreed to and costs until payment of all amounts owing is received. Payment may be made by way of certified cheque or bank draft to the following address:

Bank of Montreal
c/o Burnet, Duckworth & Palmer LLP
2400, 525-8th Avenue SW
Calgary, Alberta
T2P 1G1

Attention: David LeGeyt

9764608.4

If full payment, as set forth above, is not received by close of business on January 14, 2020, BMO will take whatever steps it deems appropriate to seek repayment of the said amount. To this end we enclose for service upon S&S a Notice of Intention to Enforce Security ("**NOI**") in accordance with section 244 of the *Bankruptcy and Insolvency Act* (Canada). If S&S is prepared to waive the ten day notice period, please endorse the Consent and Waiver located on page 2 of the NOI and return to the undersigned.

Please note that BMO reserves the right to proceed against S&S: (i) prior to the time stipulated above in the event that it determines that its position has been further jeopardized; and (ii) anytime, or from time to time after any dates stipulated above have passed, and in either case without the necessity of serving a new demand for payment.

If you have any questions, please contact the undersigned.

Yours truly,

BURNET, DUCKWORTH & PALMER LLP

A handwritten signature in blue ink, appearing to read 'DLG', with a long, sweeping horizontal stroke extending to the right.

David LeGeyt

DLG/agt

Encl.

cc: Sandy Hayer & Stanley Julien, BMO – Via Email
Ian Sutherland, McDougall Gauley LLP – Via Email

FORM 86

NOTICE OF INTENTION TO ENFORCE SECURITY

(Subsection 244(1) of the *Bankruptcy and Insolvency Act* (Canada))

To: Morris Sales & Service Ltd., an insolvent person (the "**Debtor**").

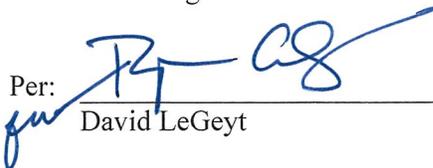
TAKE NOTICE THAT:

1. Bank of Montreal ("**BMO**"), a secured creditor of the Debtor, intends to enforce its security on the property of the Debtor as set out below:
 - (a) all present and after acquired real and personal property of the Debtor; and
 - (b) all proceeds of the foregoing collateral.
2. The security that is to be enforced is in the form of:
 - (a) a general security agreement dated August 23, 2013;
 - (b) a postponement and subordination agreement dated August 23, 2013;
 - (c) a postponement and subordination of all intercompany loans dated August 23, 2013; and
 - (d) an undertaking regarding discharge or subordination of registrations against S&S dated August 29, 2013;(the "**Security**").
3. The total amount of indebtedness secured by the Security is, as of January 2, 2020, the sum of CAD\$2,319,999.72, plus all accrued and accruing interest and legal costs.

BMO will not have the right to enforce its Security until after the expiry of the 10-day period following the sending of this notice, unless the Debtor consents to an earlier enforcement.

DATED at the City of Calgary, in the Province of Alberta, this 4th day of January, 2020.

BURNET, DUCKWORTH & PALMER LLP,
solicitors and agents for Bank of Montreal

Per: 

David LeGeyt

CONSENT AND WAIVER

THE UNDERSIGNED hereby:

Acknowledges receipt of the Notice of Intention to Enforce Security;

Waives the ten days of notice required under section 244 of the *Bankruptcy and Insolvency Act* (Canada); and

Consents to the immediate enforcement by Bank of Montreal of the Security referred to herein.

DATED this _____ day of _____, 2020.

MORRIS SALES & SERVICE LTD.

Per: _____

Name:

Title:

The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that every entry, no matter how small, should be recorded to ensure the integrity of the financial statements. This includes not only sales and purchases but also expenses, income, and transfers between accounts.

The second part of the document provides a detailed explanation of the accounting cycle. It outlines the ten steps involved in the process, from identifying the accounting entity to preparing financial statements. Each step is described in detail, including the necessary documents and procedures to follow.

The third part of the document discusses the various methods used to record transactions. It compares the double-entry system with the single-entry system, highlighting the advantages and disadvantages of each. It also explains how to use T-accounts to organize and summarize the data.

The fourth part of the document covers the process of adjusting the accounts. It explains why adjustments are necessary and how they are made. It discusses the different types of adjustments, such as accruals, deferrals, and depreciation, and provides examples of how to record them.

The fifth part of the document discusses the preparation of financial statements. It explains the different types of statements, such as the balance sheet, income statement, and statement of cash flows, and how they are prepared. It also discusses the importance of comparing the results of the current period with those of the previous period.

The sixth part of the document discusses the closing process. It explains how to close the temporary accounts and transfer their balances to the permanent accounts. It also discusses the importance of reconciling the books and ensuring that the accounts are in balance.

The seventh part of the document discusses the use of accounting software. It explains how to set up the software and how to use it to record transactions and generate financial statements. It also discusses the benefits of using software and the potential risks.

The eighth part of the document discusses the importance of internal controls. It explains how to design and implement controls to prevent errors and fraud. It also discusses the different types of controls, such as segregation of duties and authorization, and provides examples of how to use them.

The ninth part of the document discusses the importance of ethics in accounting. It explains how to identify and avoid conflicts of interest and how to report any wrongdoing. It also discusses the different codes of ethics and provides examples of how to use them.

The tenth part of the document discusses the future of accounting. It explains how technology is changing the industry and how accountants can stay up-to-date. It also discusses the different career paths available in the field and provides examples of how to prepare for them.

VIA COURIER & EMAIL - kadair@morris-industries.com

January 4, 2020

Morris Industries Ltd.
2131 Airport Drive
Saskatoon, SK
S7L 7E1

Attention: Kevin Adair

Re: Bank of Montreal – Morris Industries Ltd. ("Morris Industries")

We are counsel to Bank of Montreal ("**BMO**") in connection with a commitment letter dated June 28, 2019 between BMO, Morris Industries, and Morris Sales & Service Ltd. ("**S&S**") (the "**Morris Industries Loan Agreement**") which supersedes and replaces the prior loan agreement dated May 29, 2018. Reference is also made to the following security:

- a collateral agency and priority agreement between BMO and Farm Credit Canada as lenders and BMO in its capacity as Collateral Agent for BMO and Farm Credit Canada, dated March 31, 2011;
- a general security agreement (Saskatchewan) dated June 5, 2007 granted by Morris Industries in favour of BMO;
- a general security agreement (Manitoba) dated June 5, 2007 granted by Morris Industries in favour of BMO;
- hypothecation of negotiable collateral for all loans dated June 5, 2007 granted by Morris Industries in favour of BMO;
- pledge of fluctuating cash collateral dated December 31, 2007 granted by Morris Industries in favour of BMO;
- subrogation agreement dated June 5, 2007 made by, among others, Morris Industries and S&S in favour of BMO in respect of indebtedness owing to Morris Industries;
- subrogation agreement dated June 5, 2007 made by, among others, Morris Industries, S&S and 101098672 Saskatchewan Ltd. in favour of BMO in respect of indebtedness owing to S&S;
- subrogation agreement dated June 5, 2007 made by Morris Industries (USA) Inc. and Morris Industries in favour of BMO in respect of indebtedness owing to Morris Industries (USA) Inc.;

9749689.5

- subrogation agreement dated June 5, 2007 made by, among others, 101098672 Saskatchewan Ltd., Morris Industries and S&S in favour of BMO in respect of indebtedness owing to 101098672 Saskatchewan Ltd.;
- postponement and subordination agreement dated August 23, 2013 granted by Morris Industries in favour of BMO in respect of indebtedness owing to Morris Industries by Contour Realty Inc.; and
- postponement and subordination of preferred shares rights agreement dated August 31, 2017 granted by 102030340 Saskatchewan Ltd. in favour of BMO (and acknowledged by Morris Industries and S&S) with regards to certain preferred shares issued to 102030340 Saskatchewan Ltd.

(together, the "**Security**").

All amounts due under the Morris Industries Loan Agreement are repayable on demand. Further, although BMO is not required to rely on any defaults to demand repayment, Morris Industries is in default of the following aspects of the Morris Industries Loan Agreement: (i) failure to pay all principal, interest, fees and other amounts owing under the Morris Industries Loan Agreement and under the Security, (ii) failure to observe and comply with all of the other terms and conditions of the Morris Industries Loan Agreement and Security, and (iii) failure to remain in compliance in all material respects with all covenants, agreements and obligations under all material contracts. Morris Industries is in default of the Loan Agreement and the Security, and all amounts owing to BMO under the Loan Agreement and Security are immediately due and payable.

On behalf of BMO, we hereby demand repayment of all amounts due and owing by Morris Industries to BMO under the Morris Industries Facilities Agreement and Security, namely the amount of CAD\$22,455,856.64 as of January 4, 2020, plus all accrued and accruing interest and legal costs on a solicitor and own client fully indemnity basis (the "**Indebtedness**").

Please note that the Indebtedness will continue to accrue interest at the rates agreed to, and costs and expenses will continue to be incurred by BMO for which Morris Industries will be responsible, until payment of all amounts owing is received by either certified cheque or bank draft at the following address:

Bank of Montreal
 c/o Burnet, Duckworth & Palmer LLP
 2400, 525-8th Avenue SW
 Calgary, Alberta
 T2P 1G1

Attention: David LeGeyt

If full payment, as set forth above, is not received by close of business on January 13, 2020, BMO will take whatever steps it deems appropriate to seek repayment of the said amount. To this end we enclose for service upon you a Notice of Intention to Enforce Security ("**NOI**") in accordance with section 244 of the *Bankruptcy and Insolvency Act* (Canada). If you are prepared to waive the ten day notice period, please endorse the Consent and Waiver located on page 2 of the NOI and return to the undersigned.

For your information, demands will be issued on the guarantors in respect of Morris Industries' indebtedness.

Please note that BMO reserves the right to proceed against Morris Industries: (i) prior to the time stipulated above in the event that it determines that its position has been further jeopardized; and (ii) anytime, or from time

to time after any dates stipulated above have passed, and in either case without the necessity of serving a new demand for payment.

If you have any questions, please contact the undersigned.

Yours truly,

BURNET, DUCKWORTH & PALMER LLP

A handwritten signature in blue ink, consisting of a stylized 'D' followed by a long horizontal stroke and a loop.

for David LeGeyt

DLG/agt

Encl.

cc: Sandy Hayer & Stanley Julien, BMO – Via Email
Ian Sutherland, McDougall Gauley – Via Email

FORM 86

NOTICE OF INTENTION TO ENFORCE SECURITY

(Subsection 244(1) of the *Bankruptcy and Insolvency Act* (Canada))

To: Morris Industries Ltd., an insolvent person (the "**Debtor**").

TAKE NOTICE THAT:

1. Bank of Montreal ("**BMO**"), a secured creditor of the Debtor, intends to enforce its security on the property of the Debtor as set out below:
 - (a) all present and after acquired real and personal property of the Debtor; and
 - (b) all proceeds of the foregoing collateral.
2. The security that is to be enforced is in the form of:
 - (a) general security agreement (Saskatchewan), dated June 5, 2007;
 - (b) general security agreement (Manitoba), dated June 5, 2007;
 - (c) hypothecation of negotiable collateral dated June 5, 2007;
 - (d) pledge of fluctuating cash collateral dated December 31, 2007;
 - (e) numerous subrogation agreements dated June 5, 2007; and
 - (f) postponement and subrogation agreement dated August 23, 2013;(the "**Security**").
3. The total amount of indebtedness secured by the Security is, as of January 2 2020, the sum of CAD\$22,455,856.64, plus all accrued and accruing interest and legal costs.

BMO will not have the right to enforce its Security until after the expiry of the 10-day period following the sending of this notice, unless the Debtor consents to an earlier enforcement.

DATED at the City of Calgary, in the Province of Alberta, this 4th day of January, 2020.

BURNET, DUCKWORTH & PALMER LLP,
solicitors and agents for Bank of Montreal

Per: 

David LeGeyt

CONSENT AND WAIVER

THE UNDERSIGNED hereby:

Acknowledges receipt of the Notice of Intention to Enforce Security;

Waives the ten days of notice required under section 244 of the *Bankruptcy and Insolvency Act* (Canada); and

Consents to the immediate enforcement by Bank of Montreal of the Security referred to herein.

DATED this _____ day of _____, 2020.

MORRIS INDUSTRIES LTD.

Per: _____

Name:

Title:

The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that every entry, no matter how small, should be recorded to ensure the integrity of the financial statements. This includes not only sales and purchases but also expenses, income, and any other financial activity.

The second part of the document provides a detailed explanation of the accounting cycle. It outlines the ten steps involved in the process, from identifying the accounting entity to preparing financial statements. Each step is described in detail, including the necessary documents and procedures to follow.

The third part of the document discusses the various methods used to record transactions. It compares the double-entry system with the single-entry system, highlighting the advantages and disadvantages of each. It also explains how to use T-accounts to organize and summarize the data.

The fourth part of the document covers the process of adjusting the accounts. It explains why adjustments are necessary and how they are made. It provides examples of common adjustments, such as depreciation, amortization, and accruals, and shows how they affect the financial statements.

The fifth part of the document discusses the preparation of financial statements. It explains the different types of statements, including the balance sheet, income statement, and statement of cash flows, and how they are prepared from the adjusted accounts. It also provides a checklist of items to check before finalizing the statements.

The sixth part of the document discusses the importance of internal controls. It explains how internal controls help to prevent errors and fraud, and provides a list of common internal control procedures. It also discusses the role of the auditor in verifying the accuracy of the financial statements.

The seventh part of the document discusses the importance of ethics in accounting. It explains the various ethical dilemmas that accountants may face and provides guidance on how to resolve them. It also discusses the consequences of unethical behavior and the importance of maintaining a high standard of integrity.

The eighth part of the document discusses the importance of communication in accounting. It explains how accountants must communicate effectively with their clients, colleagues, and the public. It provides tips on how to write clear and concise reports and how to present information in a way that is easy to understand.

The ninth part of the document discusses the importance of technology in accounting. It explains how software and automation can improve the efficiency and accuracy of accounting processes. It also discusses the challenges of using technology and provides tips on how to overcome them.

The tenth part of the document discusses the importance of continuous learning in accounting. It explains how the field of accounting is constantly evolving and how accountants must stay up-to-date on the latest trends and technologies. It provides resources for finding continuing education opportunities and emphasizes the importance of lifelong learning.

VIA COURIER & EMAIL - kadair@morris-industries.com

January 4, 2020

Morris Sales & Service Ltd.
2131 Airport Drive
Saskatoon, SK
S7L 7E1

Attention: Kevin Adair

Re: Bank of Montreal re: Morris Sales & Service Ltd. ("S&S")

We are counsel to Bank of Montreal ("**BMO**") in connection with a commitment letter dated June 28, 2019 between BMO, Morris Industries Ltd. ("**Morris Industries**") and Morris Sales & Service Ltd. ("**S&S**") (the "**S&S Loan Agreement**") which supersedes and replaces the prior loan agreement dated May 29, 2018. Reference is also made to the following security:

- a general security agreement (Saskatchewan) dated June 5, 2007 granted by S&S in favour of BMO;
- a general security agreement (Manitoba) dated June 5, 2007 granted by S&S in favour of BMO;
- subrogation agreement dated June 5, 2007 made by, among others, Morris Industries and S&S in favour of BMO in respect of indebtedness owing to Morris Industries;
- subrogation agreement dated June 5, 2007 made by, among others, Morris Industries, S&S and 101098672 Saskatchewan Ltd. in favour of BMO in respect of indebtedness owing to S&S;
- subrogation agreement dated June 5, 2007 made by, among others, 101098672 Saskatchewan Ltd., Morris Industries and S&S in favour of BMO in respect of indebtedness owing to 101098672 Saskatchewan Ltd.;
- postponement and subordination agreement dated August 23, 2013 granted by S&S in favour of BMO in respect of indebtedness owing to S&S by Contour Realty Inc.; and
- postponement and subordination of preferred shares rights agreement dated August 31, 2017 granted by 102030340 Saskatchewan Ltd. in favour of BMO (and acknowledged by Morris Industries and S&S) with regards to certain preferred shares issued to 102030340 Saskatchewan Ltd.

(together, the "**Security**").

All amounts due under the S&S Loan Agreement are repayable on demand. Further, although BMO is not required to rely on defaults to issue a demand, S&S is in default of the following positive covenants in the S&S Loan Agreement: (i) failure to pay all principal, interest, fees and other amounts owing under the S&S Loan Agreement.

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Agreement and under the Security, (ii) failure to observe and comply with all of the other terms and conditions of the S&S Loan Agreement and Security, and (iii) failure to remain in compliance in all material respects with all covenants, agreements and obligations under all material contracts. S&S is in default of the Loan Agreement and the Security, and all amounts owing to BMO under the Loan Agreement and Security are immediately due and payable.

On behalf of BMO, we hereby demand repayment of all amounts due and owing by S&S to BMO under the S&S Facilities Agreement and Security, namely the amount of CAD\$18,948,450.41 as of January 2, 2020, plus all accrued and accruing interest and legal costs on a solicitor and own client fully indemnity basis (the "**Indebtedness**").

Please note that the Indebtedness will continue to accrue interest at the rates agreed to, and costs and expenses will continue to be incurred by BMO for which S&S will be responsible, until payment of all amounts owing is received by either certified cheque or bank draft at the following address:

Bank of Montreal
c/o Burnet, Duckworth & Palmer LLP
2400, 525-8th Avenue SW
Calgary, Alberta
T2P 1G1

Attention: David LeGeyt

If full payment, as set forth above, is not received by close of business on January 14, 2020, BMO will take whatever steps it deems appropriate to seek repayment of the said amount. To this end we enclose for service upon you a Notice of Intention to Enforce Security ("**NOI**") in accordance with section 244 of the *Bankruptcy and Insolvency Act* (Canada). If you are prepared to waive the ten day notice period, please endorse the Consent and Waiver located on page 2 of the NOI and return to the undersigned.

For your information, demands will be issued on the guarantors in respect of S&S' indebtedness.

Please note that BMO reserves the right to proceed against S&S: (i) prior to the time stipulated above in the event that it determines that its position has been further jeopardized; and (ii) anytime, or from time to time after any dates stipulated above have passed, and in either case without the necessity of serving a new demand for payment.

If you have any questions, please contact the undersigned.

Yours truly,

BURNET, DUCKWORTH & PALMER LLP



 David LeGeyt

DLG/agt

Encl.

cc: Sandy Hayer & Stanley Julien, BMO – Via Email
Ian Sutherland, McDougall Gauley – Via Email

FORM 86

NOTICE OF INTENTION TO ENFORCE SECURITY

(Subsection 244(1) of the *Bankruptcy and Insolvency Act* (Canada))

To: Morris Sales & Service Ltd., an insolvent person (the "**Debtor**").

TAKE NOTICE THAT:

1. Bank of Montreal ("**BMO**"), a secured creditor of the Debtor, intends to enforce its security on the property of the Debtor as set out below:
 - (a) all present and after acquired real and personal property of the Debtor; and
 - (b) all proceeds of the foregoing collateral.
2. The security that is to be enforced is in the form of:
 - (a) a general security agreement (Saskatchewan) dated June 5, 2007;
 - (b) a general security agreement (Manitoba) dated June 5, 2007;
 - (c) numerous subrogation agreements dated June 5, 2007;
 - (d) a postponement and subordination agreement dated August 23, 2013; and
 - (e) a postponement and subordination of preferred shares rights agreement dated August 31, 2017;(the "**Security**").
3. The total amount of indebtedness secured by the Security is, as of January 2, 2020, the sum of CAD\$18,948,450.41, plus all accrued and accruing interest and legal costs.

BMO will not have the right to enforce its Security until after the expiry of the 10-day period following the sending of this notice, unless the Debtor consents to an earlier enforcement.

DATED at the City of Calgary, in the Province of Alberta, this 4th day of January, 2020.

BURNET, DUCKWORTH & PALMER LLP,
solicitors and agents for Bank of Montreal

Per: 
David LeGeyt

CONSENT AND WAIVER

THE UNDERSIGNED hereby:

Acknowledges receipt of the Notice of Intention to Enforce Security;

Waives the ten days of notice required under section 244 of the *Bankruptcy and Insolvency Act* (Canada); and

Consents to the immediate enforcement by Bank of Montreal of the Security referred to herein.

DATED this _____ day of _____, 2020.

MORRIS SALES & SERVICE LTD.

Per: _____

Name:

Title:

The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that every entry, no matter how small, should be recorded to ensure the integrity of the financial data. This includes not only sales and purchases but also expenses and income. The text suggests that a systematic approach to record-keeping is essential for identifying trends and making informed decisions.

In the second section, the author explores various methods for organizing financial information. One key recommendation is to use a consistent format for all entries, which makes it easier to compare data over time and across different categories. The use of clear, descriptive labels for each entry is also highlighted as a best practice. Additionally, the text mentions the importance of regular reviews and reconciliations to catch any discrepancies early on.

The third part of the document focuses on the role of technology in modern accounting. It discusses how digital tools can streamline the record-keeping process, reduce the risk of human error, and provide real-time access to financial data. However, it also cautions against over-reliance on technology, noting that a solid understanding of the underlying principles remains crucial. The author suggests that a hybrid approach, combining digital tools with manual oversight, is often the most effective.

Finally, the document concludes with a series of practical tips for ensuring long-term success in financial record-keeping. These include setting aside time each day or week for bookkeeping, staying organized with physical and digital files, and seeking professional advice when needed. The overall message is that diligent and consistent record-keeping is the foundation of sound financial management.

VIA COURIER & EMAIL - kadair@morris-industries.com

January 4, 2020

101098672 Saskatchewan Ltd.
600, 105 – 21st Street East
Saskatoon, SK
S7K 0B3

101098672 Saskatchewan Ltd.
2131 Airport Drive
Saskatoon, SK
S7L 7E1

Attention: Kevin Adair

Re: Bank of Montreal – 101098672 Saskatchewan Ltd. ("672")

We are counsel to Bank of Montreal ("**BMO**") in connection with the credit facilities provided by our client to or on account of Morris Industries Ltd. ("**Morris Industries**") and Morris Sales & Service Ltd. ("**S&S**"), and the obligations outstanding between 672 and BMO, including pursuant to:

- a) an unlimited liability continuing guarantee for indebtedness of an incorporated company dated June 5, 2007;
- b) a general security agreement (Saskatchewan) dated August 23, 2013 granted by 672 in favour of BMO;
- c) hypothecation of negotiable collateral for all loans dated September 1, 2008 granted by 672 in favour of BMO;
- d) a subrogation agreement dated June 5, 2007 made by, among others, S&S, Morris Industries and 672 in favour of BMO in respect of indebtedness owing to S&S;
- e) a subrogation agreement dated June 5, 2007 made by, among others, 672, Morris Industries and S&S in favour of BMO in respect of indebtedness owing to 672;
- f) and a postponement and subordination agreement dated August 23, 2013 granted by 672 in favour of BMO in respect of indebtedness owing to 672 by Contour Realty Inc.

Morris Industries and S&S are in default of their obligations to BMO and BMO has today demanded repayment from Morris Industries and S&S in the amount of CAD\$22,455,856.64 and CAD\$18,948,450.41, respectively, plus all accrued and accruing interest and legal costs (the "**Indebtedness**"). 672 has guaranteed repayment of the Indebtedness. Accordingly, BMO hereby demands payment from 672 in the amount of CAD\$22,455,856.64 as of January 2, 2020.

The Indebtedness will continue to accrue interest at the rates agreed to and costs until payment of all amounts owing is received. Payment may be made by way of certified cheque or bank draft to the following address:

9764544.4

Bank of Montreal
c/o Burnet, Duckworth & Palmer LLP
2400, 525-8th Avenue SW
Calgary, Alberta
T2P 1G1

Attention: David LeGeyt

If full payment, as set forth above, is not received by close of business on January 14, 2020, BMO will take whatever steps it deems appropriate to seek repayment of the said amount. To this end we enclose for service upon 672 a Notice of Intention to Enforce Security ("**NOI**") in accordance with section 244 of the *Bankruptcy and Insolvency Act* (Canada). If 672 is prepared to waive the ten day notice period, please endorse the Consent and Waiver located on page 2 of the NOI and return to the undersigned.

Please note that BMO reserves the right to proceed against 672: (i) prior to the time stipulated above in the event that it determines that its position has been further jeopardized; and (ii) anytime, or from time to time after any dates stipulated above have passed, and in either case without the necessity of serving a new demand for payment.

If you have any questions, please contact the undersigned.

Yours truly,

BURNET, DUCKWORTH & PALMER LLP



 David LeGeyt

DLG/agt

Encl.

cc: Sandy Hayer & Stanley Julien, BMO – Via Email
Ian Sutherland, McDougall Gauley LLP – Via Email

FORM 86

NOTICE OF INTENTION TO ENFORCE SECURITY

(Subsection 244(1) of the *Bankruptcy and Insolvency Act* (Canada))

To: 101098672 Saskatchewan Ltd., an insolvent person (the "**Debtor**").

TAKE NOTICE THAT:

1. Bank of Montreal ("**BMO**"), a secured creditor of the Debtor, intends to enforce its security on the property of the Debtor as set out below:
 - (a) all present and after acquired real and personal property of the Debtor; and
 - (b) all proceeds of the foregoing collateral.
2. The security that is to be enforced is in the form of:
 - (a) a general security agreement (Saskatchewan) dated August 23, 2013;
 - (b) hypothecation of negotiable collateral for all loans dated September 1, 2008;
 - (c) subrogation agreements dated June 5, 2007; and
 - (d) a postponement and subordination agreement dated August 23, 2013;(the "**Security**").
3. The total amount of indebtedness secured by the Security is, as of January 2, 2020, the sum of CAD\$22,455,856.64, plus all accrued and accruing interest and legal costs.

BMO will not have the right to enforce its Security until after the expiry of the 10-day period following the sending of this notice, unless the Debtor consents to an earlier enforcement.

DATED at the City of Calgary, in the Province of Alberta, this 4th day of January, 2020.

BURNET, DUCKWORTH & PALMER LLP,
solicitors and agents for Bank of Montreal

Per: 
David LeGeyt

CONSENT AND WAIVER

THE UNDERSIGNED hereby:

Acknowledges receipt of the Notice of Intention to Enforce Security;

Waives the ten days of notice required under section 244 of the *Bankruptcy and Insolvency Act* (Canada); and

Consents to the immediate enforcement by Bank of Montreal of the Security referred to herein.

DATED this _____ day of _____, 2020.

101098672 SASKATCHEWAN LTD.

Per: _____

Name:

Title:

VIA COURIER & EMAIL - kadair@morris-industries.com

January 4, 2020

Contour Realty Inc.
600, 105 – 21st Street East
Saskatoon, SK
S7K 0B3

Contour Realty Inc.
2131 Airport Drive
Saskatoon, SK
S7L 7E1

Attention: Kevin Adair

Re: Bank of Montreal – Contour Realty Inc. ("Contour")

We are counsel to Bank of Montreal ("**BMO**") in connection with the credit facilities provided by our client to or on account of Morris Industries Ltd. ("**Morris Industries**") and Morris Sales & Service Ltd. ("**S&S**"), and the obligations outstanding between Contour and BMO, including pursuant to:

- a) unlimited liability continuing guarantee for indebtedness of an incorporated company dated June 5, 2007 granted by Contour in favour of BMO;
- b) a general security agreement (Saskatchewan) dated August 23, 2013 granted by Contour in favour of BMO; and
- c) a postponement and subordination agreement dated August 23, 2013 granted by Contour in favour of BMO in respect of indebtedness owing to Contour by, among others, Morris Industries, S&S, 101098672 Saskatchewan Ltd. and Morris Industries (USA) Inc.

Morris Industries and S&S are in default of their obligations to BMO and BMO has today demanded repayment from Morris Industries and S&S in the amount of CAD\$22,455,856.64 and CAD\$18,948,450.41, respectively, plus all accrued and accruing interest and legal costs (the "**Indebtedness**"). Contour has guaranteed repayment of the Indebtedness. Accordingly, BMO hereby demands payment from Contour in the amount of CAD\$22,455,856.64 as of January 2, 2020.

The Indebtedness will continue to accrue interest at the rates agreed to and costs until payment of all amounts owing is received. Payment may be made by way of certified cheque or bank draft to the following address:

Bank of Montreal
c/o Burnet, Duckworth & Palmer LLP
2400, 525-8th Avenue SW
Calgary, Alberta
T2P 1G1

Attention: David LeGeyt

9764507.4

If full payment, as set forth above, is not received by close of business on January 14, 2020, BMO will take whatever steps it deems appropriate to seek repayment of the said amount. To this end we enclose for service upon Contour a Notice of Intention to Enforce Security ("**NOI**") in accordance with section 244 of the *Bankruptcy and Insolvency Act* (Canada). If Contour is prepared to waive the ten day notice period, please endorse the Consent and Waiver located on page 2 of the NOI and return to the undersigned.

Please note that BMO reserves the right to proceed against Contour: (i) prior to the time stipulated above in the event that it determines that its position has been further jeopardized; and (ii) anytime, or from time to time after any dates stipulated above have passed, and in either case without the necessity of serving a new demand for payment.

If you have any questions, please contact the undersigned.

Yours truly,

BURNET, DUCKWORTH & PALMER LLP



 David LeGeyt

DLG/agt

Encl.

cc: Sandy Hayer & Stanley Julien, BMO – Via Email
Ian Sutherland, McDougall Gauley LLP – Via Email

FORM 86

NOTICE OF INTENTION TO ENFORCE SECURITY

(Subsection 244(1) of the *Bankruptcy and Insolvency Act* (Canada))

To: Contour Realty Inc., an insolvent person (the "**Debtor**").

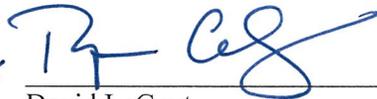
TAKE NOTICE THAT:

1. Bank of Montreal ("**BMO**"), a secured creditor of the Debtor, intends to enforce its security on the property of the Debtor as set out below:
 - (a) all present and after acquired real and personal property of the Debtor; and
 - (b) all proceeds of the foregoing collateral.
2. The security that is to be enforced is in the form of:
 - (a) a general security agreement dated August 23, 2013; and
 - (b) a postponement and subordination agreement dated August 23;(the "**Security**").
3. The total amount of indebtedness secured by the Security is, as of January 2, 2020, the sum of CAD\$22,455,856.64, plus all accrued and accruing interest and legal costs.

BMO will not have the right to enforce its Security until after the expiry of the 10-day period following the sending of this notice, unless the Debtor consents to an earlier enforcement.

DATED at the City of Calgary, in the Province of Alberta, this 4th day of January, 2020.

BURNET, DUCKWORTH & PALMER LLP,
solicitors and agents for Bank of Montreal

Per: 

David LeGeyt

CONSENT AND WAIVER

THE UNDERSIGNED hereby:

Acknowledges receipt of the Notice of Intention to Enforce Security;

Waives the ten days of notice required under section 244 of the *Bankruptcy and Insolvency Act* (Canada); and

Consents to the immediate enforcement by Bank of Montreal of the Security referred to herein.

DATED this _____ day of _____, 2020.

CONTOUR REALTY INC.

Per: _____

Name:

Title:

The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that every entry, no matter how small, should be recorded to ensure the integrity of the financial data. This includes not only sales and purchases but also expenses and income. The text suggests that a systematic approach to record-keeping is essential for identifying trends and making informed decisions.

In the second section, the author explores various methods for organizing financial information. One key recommendation is to use a consistent format for all entries, which makes it easier to compare data over time and across different categories. The use of clear, descriptive labels for each entry is also highlighted as a best practice. Additionally, the text mentions the importance of regular reviews and reconciliations to catch any discrepancies early on.

The third part of the document focuses on the role of technology in modern accounting. It discusses how software solutions can streamline the recording and analysis of financial data, reducing the risk of human error and saving valuable time. The author notes that while technology is a powerful tool, it should be used in conjunction with sound accounting principles and manual oversight.

Finally, the document concludes with a series of practical tips for ensuring the long-term success of a financial record-keeping system. These include the importance of staying organized, keeping up-to-date with changes in accounting standards, and seeking professional advice when needed. The overall message is that a disciplined and systematic approach to financial record-keeping is the foundation of a successful business.

VIA COURIER & EMAIL - kadair@morris-industries.com

January 4, 2020

Morris Industries (USA) Inc.
600, 105 – 21st Street East
Saskatoon, SK
S7K 0B3

Morris Industries (USA) Inc.
2131 Airport Drive
Saskatoon, SK
S7L 7E1

Attention: Kevin Adair

Re: Bank of Montreal – Morris Industries (USA) Inc. ("Morris USA")

We are counsel to Bank of Montreal ("**BMO**") in connection with the credit facilities provided by our client to or on account of Morris Industries Ltd. ("**Morris Industries**") and Morris Sales & Service Ltd. ("**S&S**"), and the obligations outstanding between Morris USA and BMO, including pursuant to:

- a) an unlimited liability continuing guarantee for indebtedness of an incorporated company dated June 5, 2007 granted by Morris USA in favour of BMO;
- b) a general security agreement (Saskatchewan) dated June 5, 2007 granted by Morris USA in favour of BMO;
- c) a subrogation agreement dated June 5, 2007 made by Morris USA and Morris Industries in favour of BMO in respect of indebtedness owing to Morris USA; and
- d) a postponement and subordination agreement dated August 23, 2013 granted by Morris USA in favour of BMO in respect of indebtedness owing to Morris USA by Contour Realty Inc.

Morris Industries and S&S are in default of their obligations to BMO and BMO has today demanded repayment from Morris Industries and S&S in the amount of CAD\$22,455,856.64 and CAD\$18,948,450.41 respectively, plus all accrued and accruing interest and legal costs (the "**Indebtedness**"). Morris USA has guaranteed repayment of the Indebtedness. Accordingly, BMO hereby demands payment from Morris USA in the amount of CAD\$22,455,856.64 as of January 2, 2020.

The Indebtedness will continue to accrue interest at the rates agreed to and costs until payment of all amounts owing is received. Payment may be made by way of certified cheque or bank draft to the following address:

9764561.4

Bank of Montreal
c/o Burnet, Duckworth & Palmer LLP
2400, 525-8th Avenue SW
Calgary, Alberta
T2P 1G1

Attention: David LeGeyt

If full payment, as set forth above, is not received by close of business on January 14, 2020, BMO will take whatever steps it deems appropriate to seek repayment of the said amount. To this end we enclose for service upon Morris USA a Notice of Intention to Enforce Security ("**NOI**") in accordance with section 244 of the *Bankruptcy and Insolvency Act* (Canada). If Morris USA is prepared to waive the ten day notice period, please endorse the Consent and Waiver located on page 2 of the NOI and return to the undersigned.

Please note that BMO reserves the right to proceed against Morris USA: (i) prior to the time stipulated above in the event that it determines that its position has been further jeopardized; and (ii) anytime, or from time to time after any dates stipulated above have passed, and in either case without the necessity of serving a new demand for payment.

If you have any questions, please contact the undersigned.

Yours truly,

BURNET, DUCKWORTH & PALMER LLP



David LeGeyt

DLG/agt

Encl.

cc: Sandy Hayer, & Stanley Julien, BMO – Via Email
Ian Sutherland, McDougall Gauley LLP – Via Email

FORM 86

NOTICE OF INTENTION TO ENFORCE SECURITY

(Subsection 244(1) of the *Bankruptcy and Insolvency Act* (Canada))

To: Morris Industries (USA) Inc., an insolvent person (the "**Debtor**").

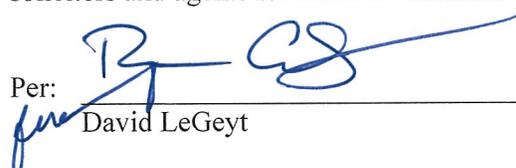
TAKE NOTICE THAT:

1. Bank of Montreal ("**BMO**"), a secured creditor of the Debtor, intends to enforce its security on the property of the Debtor as set out below:
 - (a) all present and after acquired real and personal property of the Debtor; and
 - (b) all proceeds of the foregoing collateral.
2. The security that is to be enforced is in the form of:
 - a) a general security agreement (Saskatchewan) dated June 5, 2007;
 - b) a subrogation agreement dated June 5, 2007; and
 - c) a postponement and subordination agreement dated August 23, 2013;(the "**Security**").
3. The total amount of indebtedness secured by the Security is, as of January 2, 2020, the sum of CAD\$22,455,856.64, plus all accrued and accruing interest and legal costs.

BMO will not have the right to enforce its Security until after the expiry of the 10-day period following the sending of this notice, unless the Debtor consents to an earlier enforcement.

DATED at the City of Calgary, in the Province of Alberta, this 4th day of January, 2020.

BURNET, DUCKWORTH & PALMER LLP,
solicitors and agents for Bank of Montreal

Per: 

David LeGeyt

CONSENT AND WAIVER

THE UNDERSIGNED hereby:

Acknowledges receipt of the Notice of Intention to Enforce Security;

Waives the ten days of notice required under section 244 of the *Bankruptcy and Insolvency Act* (Canada); and

Consents to the immediate enforcement by Bank of Montreal of the Security referred to herein.

DATED this _____ day of _____, 2020.

MORRIS INDUSTRIES (USA) INC.

Per: _____

Name:

Title:

The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that every entry, no matter how small, should be recorded to ensure the integrity of the financial statements. This includes not only sales and purchases but also expenses and income. The document also highlights the need for regular reconciliation of accounts to identify any discrepancies early on.

In addition, the document provides a detailed breakdown of the accounting cycle, which consists of eight steps: identifying the accounting cycle, journalizing, posting, determining debits and credits, preparing a trial balance, adjusting entries, preparing financial statements, and closing the books. Each step is explained in detail, with examples provided to illustrate the process.

The document also covers the preparation of financial statements, including the income statement, balance sheet, and statement of cash flows. It explains how these statements are derived from the accounting records and how they provide a comprehensive view of the company's financial performance and position.

Finally, the document discusses the importance of internal controls and the role of the auditor. It explains how internal controls help to prevent and detect errors and fraud, and how the auditor's role is to provide an independent opinion on the fairness of the financial statements.

VIA COURIER & EMAIL - kadair@morris-industries.com

January 4, 2020

Morris Sales & Service Ltd.
2131 Airport Drive
Saskatoon, SK
S7L 7E1

Attention: Kevin Adair

Re: Bank of Montreal – Morris Sales & Service Ltd. ("S&S")

We are counsel to Bank of Montreal ("**BMO**") in connection with the credit facilities provided by our client to or on account of Morris Industries Ltd. ("**Morris Industries**") and the obligations outstanding between S&S and BMO, including pursuant to:

- a) an unlimited liability continuing guarantee for indebtedness of an incorporated company dated June 5, 2007 granted by S&S in favour of BMO;
- b) an unlimited Manitoba general security agreement dated June 5, 2007;
- c) a Saskatchewan general security agreement dated June 5, 2007;
- d) a subrogation agreement dated June 5, 2007 made by, among others, Morris Industries and S&S in favour of BMO in respect of indebtedness owing to Morris industries;
- e) a subrogation agreement dated June 5, 2007 made by, among others, S&S, Morris Industries and 101098672 Saskatchewan Ltd. in favour of BMO in respect of indebtedness owing to S&S;
- f) a subrogation agreement dated June 5, 2007 made by, among others, 101098672 Saskatchewan Ltd., Morris Industries and S&S, in favour of BMO in respect of indebtedness owing to 101098672 Saskatchewan Ltd.; and
- g) a postponement and subordination agreement dated August 23, 2013 granted by S&S in favour of BMO in respect of indebtedness owing to S&S by Contour Realty Inc.

Morris Industries is in default of its obligations to BMO and BMO has today demanded repayment from Morris Industries in the amount of and CAD\$22,455,856.64, plus all accrued and accruing interest and legal costs (the "**Indebtedness**"). S&S has guaranteed repayment of the Indebtedness. Accordingly, BMO hereby demands payment from S&S in the amount of CAD \$22,455,856.64 as of January 2, 2020.

The Indebtedness will continue to accrue interest at the rates agreed to and costs until payment of all amounts owing is received. Payment may be made by way of certified cheque or bank draft to the following address:

9764500.5

Bank of Montreal
c/o Burnet, Duckworth & Palmer LLP
2400, 525-8th Avenue SW
Calgary, Alberta
T2P 1G1

Attention: David LeGeyt

If full payment, as set forth above, is not received by close of business on January 14, 2020, BMO will take whatever steps it deems appropriate to seek repayment of the said amount. To this end we enclose for service upon S&S a Notice of Intention to Enforce Security ("**NOI**") in accordance with section 244 of the *Bankruptcy and Insolvency Act* (Canada). If S&S is prepared to waive the ten day notice period, please endorse the Consent and Waiver located on page 2 of the NOI and return to the undersigned.

Please note that BMO reserves the right to proceed against S&S: (i) prior to the time stipulated above in the event that it determines that its position has been further jeopardized; and (ii) anytime, or from time to time after any dates stipulated above have passed, and in either case without the necessity of serving a new demand for payment.

If you have any questions, please contact the undersigned.

Yours truly,

BURNET, DUCKWORTH & PALMER LLP



 David LeGeyt

DLG/agt

Encl.

cc: Sandy Hayer & Stanley Julien, BMO – Via Email
Ian Sutherland, McDougall Gauley – Via Email

FORM 86

NOTICE OF INTENTION TO ENFORCE SECURITY

(Subsection 244(1) of the *Bankruptcy and Insolvency Act* (Canada))

To: Morris Sales & Service Ltd., an insolvent person (the "**Debtor**").

TAKE NOTICE THAT:

1. Bank of Montreal ("**BMO**"), a secured creditor of the Debtor, intends to enforce its security on the property of the Debtor as set out below:
 - (a) all present and after acquired real and personal property of the Debtor; and
 - (b) all proceeds of the foregoing collateral.
2. The security that is to be enforced is in the form of:
 - (a) a Saskatchewan general security agreement dated June 5, 2007;
 - (b) a Manitoba general security agreement dated June 5, 2007;
 - (c) various subrogation agreements dated June 5, 2007; and
 - (d) a postponement and subordination agreement dated August 23, 2013;(the "**Security**").
3. The total amount of indebtedness secured by the Security is, as of January 2, 2020, the sum of CAD\$22,455,856.64, plus all accrued and accruing interest and legal costs.

BMO will not have the right to enforce its Security until after the expiry of the 10-day period following the sending of this notice, unless the Debtor consents to an earlier enforcement.

DATED at the City of Calgary, in the Province of Alberta, this 4th day of January, 2020.

BURNET, DUCKWORTH & PALMER LLP,
solicitors and agents for Bank of Montreal

Per: 

David LeGeyt

CONSENT AND WAIVER

THE UNDERSIGNED hereby:

Acknowledges receipt of the Notice of Intention to Enforce Security;

Waives the ten days of notice required under section 244 of the *Bankruptcy and Insolvency Act* (Canada); and

Consents to the immediate enforcement by Bank of Montreal of the Security referred to herein.

DATED this _____ day of _____, 2020.

MORRIS SALES & SERVICE LTD.

Per: _____

Name:

Title:

THIS IS EXHIBIT "B" REFERRED TO IN
THE AFFIDAVIT OF SANDY HAYER.

SWORN BEFORE ME THIS 23RD DAY OF
JULY, 2020.

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

A Notary Public in and for the Province of Alberta

Ryan E. Algar
Barrister and Solicitor

To: Name of Recipient
 Recipient's Firm Name
 Address Line 1
 Address Line 2
 City
 Postal Code email fax #

Client Name(s): Contour Realty

Payout Statement Preparation Date: **June 11, 2020**

Payout calculation is for receipt of funds by BMO prior to close of business: **June 11, 2020**, the "Payout Date".
Future Date Payout, if provided, is an estimate of additional cost and charges for receipt of funds on date indicated
 Payout Calculation is subject to change for: 1) transactions in progress not yet posted, 2) changes in Prime Rate, 3) per diem charges hereafter and 4) regularly scheduled transactions

This Payout Calculation is compiled for: information purposes only, or
 final payout quote not exceeding 15 days to Payout Date
 (check one)

	Account Number	Type of Loan Product	Principal Balance at Payout Quote Date (1)	Uncollected Accrued Interest at Last End of Month (EOM) (2)	Accrued Interest on Principal Balance from EOM to Payout Calculation Date (3)	Uncollected Accrued Interest prior to Payout Date (4)	Payout Penalty (5)	Total Other Charge (**)(6)	Total (7)=sum(1) to (6) inclusive	Per Diem (8)	Interest Rate Basis (9)	Interest Rate Spread (10)
1	36129361590031		\$ 2,319,999.72	\$ 40,184.79	\$ 2,186.89			\$ 2,362,371.40	\$ 218.69	Prime +	1.0000%	
2												
3												
4												
5												
6												
!!												
Totals:			\$ 2,319,999.72	\$ 40,184.79	\$ 2,186.89	\$ -	\$ -	\$ -	\$ 2,362,371.40	\$ 218.69		
			(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)		

PAYOUT AS AT: June 11, 2020

Principal Balance	\$ 2,319,999.72	(A)
Accrued Interest	\$ 42,371.68	(B)+(C)+(D)
Penalty	\$ -	(E)
Total Other Charge **	\$ -	(F)
TOTAL AS AT: June 11, 2020	\$ 2,362,371.40	(G)
Per Diem Rate	\$ 218.69	(H)

FUTURE DATE PAYOUT:(if applicable)

Principal Balance	\$ 2,319,999.72
Accrued Interest	\$ 42,371.68
Penalty	\$ -
Total Other Charge **	\$ -
TOTAL AS AT:	\$ 2,362,371.40
Per Diem Rate	\$ 218.69

Notes:

Prime Rate on Payout Calculation Date: 2.45%

** Other Charges Defined:

\$	-	
\$	-	
\$	-	
\$	-	
\$	-	
** Total Other Charge	\$ -	

To: Name of Recipient
 Recipient's Firm Name
 Address Line 1
 Address Line 2
 City
 Postal Code email fax #

Client Name(s): **Morris Industries**

Payout Statement Preparation Date: **June 11, 2020**

Payout calculation is for receipt of funds by BMO prior to close of business: **June 11, 2020**, the "Payout Date".
Future Date Payout, if provided, is an estimate of additional cost and charges for receipt of funds on date indicated
 Payout Calculation is subject to change for: 1) transactions in progress not yet posted, 2) changes in Prime Rate, 3) per diem charges hereafter and 4) regularly scheduled transactions

This Payout Calculation is compiled for: information purposes only, or
 final payout quote not exceeding 15 days to Payout Date
 (check one)

	Account Number	Type of Loan Product	Principal Balance at Payout Quote Date (1)	Uncollected Accrued Interest at Last End of Month (EOM) (2)	Accrued Interest on Principal Balance from EOM to Payout Calculation Date (3)	Uncollected Accrued Interest prior to Payout Date (4)	Payout Penalty (5)	Total Other Charge (**)(6)	Total (7)=sum(1) to (6) inclusive	Per Diem (8)	Interest Rate Basis (9)	Interest Rate Spread (10)
1	350328460098		\$ 5,900,000.00	\$ -	\$ 19,344.27			\$ 5,919,344.27	\$ 1,934.43	Fixed	12.0000%	
2	350328460096		\$ 8,000,000.00	\$ 278,841.53	\$ 16,830.60			\$ 8,295,672.13	\$ 1,683.06	Prime +	3.2500%	
3	350328460050		\$ 81,722.72	\$ 2,953.86	\$ 177.51			\$ 84,854.09	\$ 17.75	Prime +	3.5000%	
4	2691-1016-682		\$ 10,098,384.40	\$ -	\$ 19,046.83			\$ 10,117,431.23	\$ 1,904.68	Prime +	5.2500%	
5	CAD Mastercard		\$ 24,627.92					\$ 24,627.92	\$ -	Fixed	18.4000%	
6	Leaseline		\$ 2,930,221.94		\$ 52,543.76		\$ 149,138.29	\$ 3,131,903.99	\$ -			
7	USD Mastercard		\$ 823.67					\$ 823.67	\$ 0.41	Fixed	18.4000%	
Totals:			\$ 27,035,780.65	\$ 281,795.39	\$ 107,942.97	\$ -	\$ -	\$ 149,138.29	\$ 27,574,657.30	\$ 5,540.33		
			(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)		

PAYOUT AS AT: June 11, 2020

Principal Balance	\$ 27,035,780.65	(A)
Accrued Interest	\$ 389,738.36	(B)+(C)+(D)
Penalty	\$ -	(E)
Total Other Charge **	\$ 149,138.29	(F)
TOTAL AS AT: June 11, 2020	\$ 27,574,657.30	(G)
Per Diem Rate	\$ 5,540.33	(H)

FUTURE DATE PAYOUT:(if applicable)

Principal Balance	\$ 27,035,780.65
Accrued Interest	\$ 389,738.36
Penalty	\$ -
Total Other Charge **	\$ 149,138.29
TOTAL AS AT:	\$ 27,574,657.30
Per Diem Rate	\$ 5,540.33

Notes:

Other charge is 5% GST on leaseline

Prime Rate on Payout Calculation Date: 2.45%

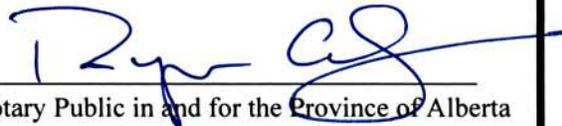
** Other Charges Defined:

\$ -	_____
\$ -	_____
\$ -	_____
\$ -	_____
\$ -	_____

** Total Other Charge

THIS IS EXHIBIT "C" REFERRED TO IN
THE AFFIDAVIT OF SANDY HAYER.

SWORN BEFORE ME THIS 23RD DAY OF
JULY, 2020.

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

A Notary Public in and for the Province of Alberta

Ryan E. Algar
Barrister and Solicitor

Via E-Mail - jmlee@mltaikins.com

June 2, 2020

MLT Aikins LLP
1500 - 410 22nd Street E.
Saskatoon, SK S7K 5T6

Attention: Jeff Lee, Q.C.

**Re: In the matter of a plan of compromise or arrangement of 101098672 Saskatchewan Ltd., Morris Industries Ltd., Morris Sales and Service Ltd., Contour Realty Inc., and Morris Industries (USA) Inc.
Action No. 1884 of 2019**

As you are aware, we act on behalf of Bank of Montreal, the Interim Lender and senior secured creditor in these proceedings.

We write to advise that we have instructions to apply for a Bankruptcy Order in respect of Morris Industries Ltd. and the other debtors in these proceedings. To that end we will make an Application in the CCAA proceedings on June 26, 2020 for an Order lifting the stay of proceedings to allow our client to file and prosecute an Application for Bankruptcy Order.

For clarity, BMO continues to support the proposed sale transaction described in paragraph 22 of the Sixth Monitor's Report and proposes to schedule the hearing of its Application for Bankruptcy Order subsequent to the closing of that sale transaction.

We trust this is satisfactory. Do not hesitate to contact the writer if you wish to discuss this matter.

Yours truly,

BURNET, DUCKWORTH & PALMER LLP



David LeGeyt

DLG/agt

cc: Service List
Sandy Hayer, BMO - via email (sandy.hayer@bmo.com)

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