

Court File No. CV-20-00637427-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

B E T W E E N:

LIQUID CAPITAL EXCHANGE CORP.

Applicant

-and-

1635536 ONTARIO INC. O/A VERSITEC MARINE & INDUSTRIAL,
VERSITEC MARINE HOLDINGS INC., VERSITEC MARINE USA INC.,
DAVID TAYLOR, REUBEN KARY BYRD and DAVID CARPENTER

Respondents

APPLICATION UNDER SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*,
R.S.C. 1985, C. B-3, AS AMENDED AND SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, C. C-43, AS AMENDED

MOTION RECORD

(Returnable November 24, 2021)

November 18, 2021

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SERVICE LIST
November 5, 2021

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NOTICE OF MOTION
(Judgment and Discharge of Receiver)

The Applicant, Liquid Capital Exchange Corp. (“LCX”), will make a Motion to a Judge presiding over the Commercial List on Wednesday, November 24, 2021, at 10:00 a.m., or as soon after that time as the Motion can be heard.

PROPOSED METHOD OF HEARING: The Motion is to be heard (*choose appropriate option*)

By video conference.

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at the following location

<https://us02web.zoom.us/j/85443526936>

THE MOTION IS FOR

- (a) validating service of the within motion record, dispensing with further service thereof and declaring this motion properly returnable November 24, 2021;
- (b) approving the Fourth Report of the Receiver dated November 18, 2021, and the activities and conduct of the Receiver as set out therein (the “**Fourth Report**”), together with the Receiver’s statement of Receipts and Disbursements (“**R&D**”);
- (c) authorizing the Receiver to make the Final Distribution, as more particularly set out in the Fourth Report;
- (d) authorizing the Receiver to complete the Remaining Activities, as defined in the Fourth Report;
- (e) authorizing the Receiver to cause Versitec Canada to make an assignment in bankruptcy and authorizing BDO Canada Ltd. to act as trustee in bankruptcy in respect of the bankruptcy estate of Versitec Canada;
- (f) authorizing the Receiver to assign to LCX any claim, right, title and interest of the Debtors or the Receiver (if any), against any person, in respect of or connected with the transfer of funds out of the BOA Account and BB&T Account to Global and/or the Creditor Payees (each as defined in the Fourth Report), on the condition that

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LCX account back to the Versitec or any trustee or administrator of the Versitec's estate in respect of any recoveries received in excess of the shortfall on its security;

- (g) approving the fees and disbursements of the Receiver and its counsel as set out in the Fee Affidavits appended to the Fourth Report, together with such additional fees and expenses of the receiver and its counsel required to complete the remaining activities, provided that such fees do not exceed the Fee Accrual, as defined in the Fourth Report;
- (h) discharging the Receiver upon the Receiver filing a certificate with the Court confirming that the Receiver has completed the Remaining Activities;
- (i) granting judgment in favour of LCX against each of the Respondents, on a joint and several basis, in the amount of \$776,616.03 together with interest accruing thereon at the rates set out in the agreements between the parties or alternatively as prescribed under the *Courts of Justice Act*;
- (j) the costs of this proceeding;
- (k) Rules, 37, 27.09, 14.05(3) and 21 of the *Rules of Civil Procedure*;
- (l) such further and other Relief as to this Honourable Court may seem just.

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THE GROUNDS FOR THE MOTION ARE

Note re Relief Sought

- (a) The relief sought on this motion is brought forward by LCX on behalf of both LCX and/or the Receiver in an effort to consolidate the record on this Motion;
- (b) The relief in respect of the conclusion of the receivership sought herein (e.g., assignment of claims, distributions and discharge) is contemplated by each of the Applicant and Receiver as that which is required to complete the administration of the estate and to terminate the Receivership, obtain the discharge of the Receiver;
- (c) The judgment sought against the Respondents is contemplated by the Applicant as that required to conclude this proceeding as it pertains to any relief necessary to be sought against the Respondents by LCX herein;

Parties

- (a) LCX is an asset-based lender who extended financing in the form of accounts receivable factoring facilities to the corporate respondents 1635536 Ontario Inc. O/A Versitec Marine & Industrial (“**Versitec Canada**”) and Versitec Marine USA Inc. (“**Versitec USA**”, and together with Versitec Canada, “**Versitec**”);
- (b) Versitec Canada and Versitec USA are related companies who formerly operated as a manufacturer and service supplier to the marine stern tube seal market;

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- (c) The Respondents David Taylor (“**Taylor**”), Reuben Kary Byrd (“Byrd”) and David Carpenter (“**Carpenter**”) were each former or current directors and officers of Versitec and guarantors of the corporate indebtedness of Versitec;

LCX Factoring Agreement and Security

- (d) LCX is the senior ranking secured creditor of Versitec whose indebtedness arising from uncollected/unpaid accounts receivable factored by LCX and accrued fees and costs owed to LCX by the terms of its agreements with Versitec in association with same;
- (e) Agreements between LCX and Versitec include the following:
- (i) A Purchase and Sale Agreement (the “Factoring Agreement”) dated June 21, 2017, setting out the terms of the account receivable factoring facilities extended by LCX to Versitec and the obligations of the parties in respect of same;
 - (ii) As security for performance of Versitec’ s obligations under the Factoring Agreement, LCX was granted the following additional security:
 - (A) A general security agreement (“**GSA**”) dated June 21, 2017, pursuant to which LCX was grant-ed a security interest in all present and after acquired assets of Versitec Canada, registered pursuant to the Personal Property Security Act as Registration No. 20170616 1601 1793 7011; and

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- (B) A GSA dated June 21, 2017, pursuant to which LCX was granted a general security interest in all present and after acquired assets of all present and after acquired assets of Versitec USA, registered pursuant to the UCC as Financing Statement 20174120736;

Guarantees of the Versitec Indebtedness

- (f) Each of the Respondent parties has granted in favour of LCX an unlimited guarantee of the combined corporate indebtedness of Versitec Canada and Versitec USA;
- (g) In the case of Byrd and Taylor, the cross corporate guarantees of the indebtedness of Versitec are additionally supported by collateral mortgages on residential properties located in Port Colborne and Boca Raton, Florida, respectively;

Initiation of this Application

- (h) As a result of various defaults under the terms of the Factoring Agreement as well as concerns about the financial performance of Versitec and its ability to service its debts and fund ongoing operations, LCX issued demand for payment and Notice of Intention to Enforce Security upon Versitec and the guarantors on November 16, 2018;

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- (i) Versitec, the guarantors and LCX and the guarantors entered into a Forbearance Agreement dated April 25, 2019 the terms of which required that LCX be fully repaid on or before December 31, 2019;
- (j) Versitec breach the terms of the Forbearance Agreement and failed to repay LCX on or before the expiry of same, resulting in the commencement of these proceedings;

Brief Procedural Overview of this Proceeding

- (k) Pursuant to the Order of the Honourable Justice Gilmore dated March 9, 2020 Morgan & Partners Inc. was appointed as receiver (the “**Prior Receiver**”) of Versitec;
- (l) By way of an order of the Honourable Justice Koehnen of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) dated February 12, 2021 (the “**Appointment Order**”), BDO Canada Limited was appointed as the substitute receiver (the “**Receiver**”), without security, of all the Property (as defined in the Appointment Order) of Versitec and authorized the Receiver to conduct a sale and investment solicitation process in respect of the assets of Versitec;
- (m) On May 4, 2021 the Court issued an Approval and Vesting Order (the “**AVO**”) authorizing the Receiver to enter into an Asset Purchase Agreement and vesting in and to the Purchaser all of Versitec’s right, title and interest in the Purchased Assets (as defined in the APA) on closing of the subject transaction;

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- (n) The sale was completed on May 31, 2021. On June 22, 2021, the Court issued an Order (the “**June 22nd Order**”) authorizing an interim distribution to LCX from the proceeds of sale realized upon the sale of Versitec’s assets;

Distributions to Date

- (o) The Receiver has paid creditor claims to date as follows:
- (i) A \$145,674.97 deemed trust claim asserted by CRA; and
 - (ii) The Receiver distributed the sum of USD\$81,000 to LCX on June 23, 2021 in accordance with the June 22nd Order;

HST

- (p) CRA has also reassessed Versitec Canada’s H.S.T. account and levied an assessment to reverse the input tax credits previously claimed in respect of the unpaid accounts payable as at March 9, 2020. The amount of this priority claim is \$18,559.80 (the “**HST Claim**”). This amount remains unpaid;
- (q) LCX requests that the Receiver be authorized to cause Versitec Canada to make an assignment into bankruptcy and to act as the bankruptcy trustee for Versitec Canada, which request the Receiver supports for the reasons that:
- (i) Versitec Canada is insolvent is insolvent and has failed to – and continues to fail to - meet its obligations as they come due:

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- (ii) LCX would otherwise be entitled to make an application for a bankruptcy order;
- (iii) the Courts have held that using a bankruptcy to reverse the HST deemed trust is a valid basis for the same;
- (iv) Versitec Canada has no operations, employees or assets; and
- (v) a bankruptcy will not otherwise prejudice any other creditor of Versitec Canada; and, moreover, a trustee in bankruptcy has certain investigatory powers that may be beneficial to all creditors.

Final Distribution

- (r) The June 22nd Order authorized the Receiver to make further distributions to LCX provided that amount distributed to LCX does not exceed the balance of the indebtedness owed to LCX by Versitec;
- (s) The amount of \$776,616.03 remains outstanding and owed to LCX by Versitec as of November 11, 2021 (the “**Remaining LCX Indebtedness**”)
- (t) As per the Receiver’s Interim Statement of Receipts and Disbursements for the period February 12, 2021, to November 10, 2021, at this time the Receiver has a total of \$61,641 CAD equivalent (\$1,057 CAD and \$50,090 USD) in its estate trust accounts.

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- (u) LCX will accordingly suffer a significant shortfall on the indebtedness owed to it by Versitec of more than \$700,000;

Outstanding Claims

- (v) In the Fourth Report, the Receiver has identified a number of potential claims against creditor, some of whom appear to be related parties or parties under the direction and/or control of Byrd, have received payment of creditor claims or transfers of funds to the prejudice of LCX having regard to the relative priorities and insolvency of Versitec. Such claims include:
 - (i) A total of \$1,127,020.91 USD was received from Versitec customers into the BOA Account during the receivership proceedings;
 - (ii) Numerous transactions took place in both Versitec's Bank of America ("**BOA**") Account and the BB&T Account with Global Marine Engineering Inc. ("**Global**"), a company believed to be owned and operated Mr. Byrd, Versitec's former chief executive office. Global appears to be indebted to the Estate in the amount of \$293,122 US;
 - (iii) Further payments of \$170,741.59 made to three creditors of Versitec USA (the "**Creditor Payees**") which may have been made to the prejudice of LCX;

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- (w) The Receiver is not funded to pursue collection of the aforementioned amounts or any other claims against person who may have received funds out of priority or to which they were not entitled to payment (“**Outstanding Claims**”);
- (x) Given the shortfall suffered by LCX, LCX appears to be the only party with an economic interest in potentially pursuing any Outstanding Claims;
- (y) the Receiver proposes to assign and transfer to LCX, any claim, right, title and interest of Versitec and/or the Receiver (if any), against any person, in respect of any Outstanding Claims on the condition that LCX account back to the Versitec or any trustee or administrator of the estate of Versitec Canada or Versitec USA in respect of any recoveries which exceed the shortfall on its security;

Receiver request for approval of fees and conduct

- (z) The Receiver and LCX state that the conduct and activities of the Receiver as set out in the Fourth Report, together with the fees and disbursements of the Receiver and its counsel described in the Fee Affidavits appended thereto (“**Final Fees**”), are reasonable;
- (aa) The Receiver requests that the Fourth Report, conduct and activities of the Receiver set out therein be approved and the receiver be authorized to pay the Final Fees (including the Fee Accrual);

LCX request for judgment against the Respondent parties

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- (bb) LCX requests that judgment be granted in its favour in the amount of the Remaining LCX Indebtedness against each of the responding parties, on a joint and several basis on account of their guarantees of the indebtedness of Versitec to LCX;
- (cc) In this regard, LCX states that:
- (i) To date, none of the Respondents have filed materials in opposition to any of the relief sought by any of LCX, the Prior Receiver or the Substitute Receiver;
 - (ii) Both JMI and BDO addressed in Reports filed with and approved by the Court:
 - (A) That the Respondents' out-of-court objections to LCX's calculation of the indebtedness to LCX was considered by them and investigated;
 - (B) That they had each conducted a review of the relevant documentation and undertaken efforts to independently verify the correct amount owing to LCX;
 - (C) That they had each concluded that LCX's calculations as to the Versitec indebtedness were correct,
 - (iii) None of the Respondents opposed or appealed any of the Orders approving the Prior Receiver or Substituted Receiver's reporting to the Court as to their verification of the Versitec indebtedness, where such efforts were

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specifically undertaken for the purpose of addressing the concerns raised by the Respondents as to the correctness of same;

- (iv) None of the Respondents objected to or opposed the Substitute Receiver's request for authorization to distribute funds to LCX in an amount not to exceed the said Versitec indebtedness to LCX;
- (dd) LCX states that it is entitled to judgments against the Respondents, jointly and severally, in the amount of \$776,616.03 (the "**Judgments**");
- (ee) There is no genuine issue for trial in respect of the Judgments;
- (ff) The question of the balance of indebtedness owed to LCX by Versitec is a matter which has been addressed by this Honourable Court previously in this proceeding and which formed the basis of this Court's authorization to make distribution of funds to LCX pursuant to the June 22, 2021 Order. The June 22 Order was not appealed or opposed by Respondent parties. LCX states that the doctrines of issue estoppel, abuse of process, collateral attack and *res judicata* each apply in the circumstances;
- (gg) Furthermore, by their acknowledgements, covenants and agreements pursuant to Forbearance Agreement, each of the Respondents (but for Carpenter, who was not a signatory to same,) have acknowledged in writing their liability to LCX on the Guarantees in accordance with the terms of same, which acknowledgement LCX relied upon in granting Versitec and the guarantors of the Versitec indebtedness to LCX forbearance from enforcement and in making subsequent advances pursuant

-14-

to the Factoring Agreement. LCX states that the Respondents are estopped from now disputing such liability;

- (d) Such further and other grounds as the lawyers may advise.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the Motion:

- (a) The Affidavit of Jonathan Brindley;
- (b) The Fourth Report and the appendices thereto; and
- (c) Such further and other evidence as the lawyers may advise and this Honourable Court may permit.

November 18, 2021

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Lawyers for the Applicant,
Liquid Capital Exchange Corp.

TO: THE SERVICE LIST

RCP-E 37A (September 1, 2020)

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INDUSTRIAL et al.

Respondents

Court File No. CV-20-00637427-00CL

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PROCEEDING COMMENCED AT
TORONTO

NOTICE OF MOTION

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Lawyers for the Applicant, Liquid Capital Exchange Corp.

RCP-F 4C (September 1, 2020)

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Respondents

AFFIDAVIT

I, Jonathan Brindley, of the City of Mississauga in the Province of Ontario am a principal of the Applicant, Liquid Capital Exchange Corp. (“**LCX**”) and as such have knowledge of the matters herein deposed except as where I have otherwise indicated and in which case I have identified the source of my knowledge and belief.

Parties

1. LCX is an Ontario corporation which provides financial products to small and mid-market businesses seeking temporary financing solutions including accounts receivable and purchase order factoring, asset based lending, working capital advances, and equipment financing and leasing services.
2. 1635536 Ontario Inc. o/a Versitec Marine & Industrial (“**Versitec Canada**”) is an Ontario corporation whose head office and manufacturing plant were located in Port Colborne, Ontario.

- 2 -

Versitec Canada formerly operated as an equipment manufacturer and service supplier to the marine stern tube seal market. Versitec Canada supplied and installed seals for a variety of ship owners and shipyards across the globe with key customers in US, Greece, Germany, Hong Kong, Singapore.

3. Versitec Marine USA Inc. (“**Versitec USA**” and, together with Versitec Canada, “**Versitec**”) is a corporation incorporated pursuant to the laws of Delaware. Versitec USA lists as its address on its corporation profile report the address of 874 Walker Road, Suite C, Delaware, USA, although the Versitec website lists as its contact address a post office box located on Military Road, Niagara Falls, USA.

4. David Taylor (“**Taylor**”) is a resident of Ontario and was the founder of Versitec Canada and Versitec USA. Taylor is listed on the current corporate profile report of Versitec as being a director and the president of Versitec Canada. As at that time of the initiation of these proceedings, it is my understanding that Taylor had little to no ongoing involvement in the day to day business operations of Versitec.

5. David Carpenter (“**Carpenter**”) is a resident of Ontario and is listed as an officer of Versitec Canada on its corporation profile report. At the time of the initiation of these proceedings, Carpenter was no longer employed by either Versitec Canada or Versitec USA.

6. Reuben Byrd (“**Byrd**”) is a resident of Florida and was, up until the sale of the assets of Versitec pursuant to these proceedings on May 31, 2021, acting in the role of Chief Executive Officer of Versitec.

7. Versitec Marine Holdings Inc. (“**Holdings**”) is a Bahamian company which, to my understanding, is a holding company which owns or owned shares of Versitec USA.

The Factoring Facility and Related Security Granted in favour of LCX

- 3 -

8. As set out in my affidavit of March 4, 2020 filed in connection with the original return date scheduled in this Application seeking, *inter alia*, the appointment of a Receiver of Versitec, the Respondents are parties to various agreement with LCX whereby they are each indebted to LCX either directly, or by virtue of their guarantee of the corporate indebtedness of Versitec.

Attached hereto as Exhibit “A” is a true copy of my Affidavit of March 4, 2020, without Exhibits

9. In 2017, Versitec and LCX entered into various agreements by which Versitec established accounts receivable factoring facilities with LCX pursuant opt which LCX agreed to purchase, or factor, qualifying accounts receivable of Versitec.

10. The agreements between LCX and the Respondents include the following:

A. Purchase and Sale Agreement

- (a) A Purchase and Sale Agreement (the “**Factoring Agreement**”) dated June 21, 2017, setting out the terms of the account receivable factoring facilities extended by LCX to Versitec and the obligations of the parties in respect of same.

Attached hereto as Exhibit “B” is a true copy of the Purchase and Sale Agreement

B. Security Granted by Versitec

- (b) As security for performance of Versitec’s obligations under the Factoring Agreement, LCX was granted the following additional security:
- (i) A general security agreement (“**GSA**”) dated June 21, 2017, pursuant to which LCX was granted a security interest in all present and after acquired

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assets of Versitec Canada, registered pursuant to the *Personal Property Security Act* as Registration No. 20170616 1601 1793 7011;

Attached hereto as Exhibit “C” is a true copy of the Versitec Canada GSA

- (ii) A GSA dated June 21, 2017, pursuant to which LCX was granted a general security interest in all present and after acquired assets of all present and after acquired assets of Versitec USA, registered pursuant to the UCC as Financing Statement 20174120736;

Attached hereto as Exhibit “D” is a true copy of Versitec USA GSA

Guarantees of the Indebtedness of Versitec and Guarantor Security

11. As additional security for performance of Versitec’s obligations under the Factoring Agreement, the following guarantees (each, a “**Guarantee**”) of the indebtedness of Versitec were granted by the Respondents:

- (a) An unlimited personal guarantee granted by David Taylor in respect of Versitec’s indebtedness to LCX, dated June 21, 2017 (the “**Taylor Guarantee**”), supported by a demand collateral third mortgage in the amount of \$300,000 (the “**Taylor Mortgage**”) granted over the property municipally known as 518 King Street, Port Colbourne, Ontario (the “**Taylor Property**”) and registered on title to the Taylor Property on May 3, 2019 as Instrument No. PIN 64147 -0114;

Attached hereto as Exhibit “E” is a true copy of the Taylor Guarantee

Attached hereto as Exhibit “F” is a true copy of the PIN for the Taylor Property

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Attached hereto as Exhibit “G” is a true copy of the Taylor Mortgage

- (b) An unlimited personal guarantee granted by Reuben Byrd in respect of Versitec’s indebtedness to LCX, dated April 26, 2019 for Versitec’s Indebtedness to LCX (the “**Byrd Guarantee**”), supported by a demand collateral mortgage in the amount of \$300,000 (the “**Byrd Mortgage**”) granted over the property municipally known as 19480 Saturnia Lakes Drive, Boca Raton, Florida, USA;

Attached hereto as Exhibit “H” is a true copy of the Byrd Guarantee

Attached hereto as Exhibit “I” is a true copy of Byrd Mortgage

- (c) An unlimited personal guarantee granted by David Carpenter (the “**Carpenter Guarantee**”) in respect of Versitec’s indebtedness to LCX, dated June 21, 2017;

Attached hereto as Exhibit “J” is a true copy of the Carpenter Guarantee

- (d) An unlimited guarantee granted by Holdings in respect of Versitec’s indebtedness to LCX, dated June 21, 2017 (the “**Holdings Guarantee**”);

Attached hereto as Exhibit “K” is a true copy of the Holdings Guarantee

- (e) An unlimited guarantee granted by Versitec USA in respect of Versitec Canada’s indebtedness to LCX, dated June 21, 2017 (the “**Versitec USA Guarantee**”);

Attached hereto as Exhibit “L” is a true copy of the Versitec USA Guarantee

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- (f) An unlimited guarantee granted by Versitec Canada in respect of Versitec USA's indebtedness to LCX, dated June 21, 2017 (the "**Versitec Canada Guarantee**");

Attached hereto as Exhibit "M" is a true copy of the Versitec Canada Guarantee

Circumstances Giving Rise to this Application

12. The full circumstances giving rise to this Application are recouner in my March 4, 2020 Affidavit.

13. In brief:

- (a) In 2018, LCX became concerned about an accumulation of aged Versitec accounts receivable which had been purchased by LCX but not collected/paid;
- (b) LCX subsequently learned that certain LCX-factored accounts receivable had been collected by Versitec but not remitted to LCX;
- (c) Versitec appeared to be in financial distress, had missed payroll and did not appear to be able to service it liabilities as they came due, or fully fund operations.

14. LCX's concerns led to the issuance, on November 16, 2018, of demands for payment and Notice of Intention to Enforce Security ("**NITES**") pursuant to s.244 of the *Bankruptcy and Insolvency Act* upon each of the Respondents in their respective capacities as principal debtor or guarantor of the indebtedness of Versitec;

Attached hereto as Exhibit "N" is a true copy of the November 16, 2018 Demands and NITES

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15. On April 25, 2019, the Respondent parties and LCX entered into and executed a forbearance agreement (the “**Forbearance Agreement**”) which provided Verstec would seek replacement financing and, in any event, that all amounts owing to LCX were to be repaid to LCX by December 31, 2019.

Attached hereto as Exhibit “O” is a true copy of the Forbearance Agreement

16. The Forbearance Agreement executed by the parties which terminated shortly prior to the initiation of these proceedings additionally contained the following terms:

- 3(c) the guarantees given by each of Byrd, Taylor and Versitec Marine Holdings, with respect to the Indebtedness, are valid and enforceable in accordance with its terms...
- 3(i) The Borrowers hereby expressly acknowledge and confirm their liability for the Indebtedness to Liquid Capital and the Guarantors confirm their Guarantees and that they are valid and enforceable in accordance with the terms of their respective Guarantees.

17. No replacement financing was obtained by Versitec and LCX was not repaid on or before the expiry of the forbearance period.

18. LCX furthermore had come to have, at or around the time of the expiry of the forbearance period, fresh concerns that Versitec had collected factored accounts receivable belonging to LCX, required to be held in trust under the terms of the Factoring Agreement, and failed to remit same.

Receivership Application

19. The above concerns led to the issuance of the Notice of Application, which was before the court on its initial return of March 9, 2020. At the initial appearance, LCX sought only the appointment of a receiver over Versitec, with the balance of relief claimed in the Application to be addressed at a later date. LCX’s position at the initial return was that the repeated instances of

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non remittance to LCX of factored AR collected by Versitec and required to be held in trust gave rise to a concern that the secured collateral could be at risk if the appointment of a Receiver were delayed.

20. At that appearance, the Respondents (all but for than Carpenter, who did not respond) were represented by counsel. The Respondents opposed the relief sought by LCX on the grounds that they disputed Versitec's indebtedness to LCX and required a lengthy adjournment in order to prepare responding materials.

21. The Honourable Justice Gilmore accepted LCX's submission that there were reasons to be concerned about delay in the appointment of a Receiver over the assets and undertaking of Versitec, granting an Order dated March 9, 2020, appointing Morgan & Partners Inc. ("MCI") as Receiver, without security, of Versitec.

Attached hereto as Exhibit "P" is a true copy of the March 9, 2020 Order and Endorsement of the Honourable Justice Gilmore

22. In light of the Respondent's objections, Her Honour's Order of March 9, 2020, was made without prejudice to the Respondents' ability to file responding materials and return to Court within ten days to seek that the Receiver's appointment be vacated.

23. None of the Respondents have filed responding materials, or any materials at all, in connection with these proceedings.

24. On February 9, 2021, BDO Canada Limited ("BDO") was substituted as Receiver of Versitec, replacing MCI.

25. The balance of the procedural history in this matter is recounted by BDO in the Fourth Report of the Substitute Receiver filed in connection with this motion, and need not be repeated herein.

Consideration of the Versitec Indebtedness

A. First Report of the Prior Receiver, JMI, dated February 5, 2021

26. The First Report of the Receiver (“**First Report**”) was prepared by JMI and filed on February 5, 2021 in connection with a Motion (the “**Substitution Motion**”) whereby JMI (hereinafter the “**Prior Receiver**”) was to be discharged from active duties in connection with the Receivership of Versitec and replaced by BDO (hereinafter, the “**Substitute Receiver**”), who would conduct a sale process for the assets of Versitec and complete the administration of the Receivership.

Attached hereto as Exhibit “Q” is a true copy of the First Report of the Receiver

27. In the First Report, the Prior Receiver reported to Court as follows:

54. Due to a) the necessity to perform a review of accounts receivable in order to determine and identify those factored accounts receivable which could be released to LCX; and b) inquiries made by management and principals of LCX as to independent verification of the amounts owed to LCX, the Receiver has undertaken a thorough review and analysis of the factored accounts receivable and of the amounts outstanding and owed to LCX. **The Receiver has reviewed documentation provided by LCX in support of its calculation that Versitec is indebted to LCX, as of October 19, 2020, in the amount of \$650,380.16. On the basis of its review, the Receiver is satisfied with LCX's calculation**” (emphasis added)

28. The Substitution Motion was heard on February 12, 2021, by the Honourable Justice Koehnen. On that date, His Honour issued an Order substituting BDO as Receiver of Versitec as well as, *inter alia*, approving certain activities of the Prior Receiver as set out in the First Report. The Prior Receiver’s actions and conclusions in performing its review of the amounts owed by Versitec to LCX were among the activities of the Prior Receiver approved by the Court.

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Attached hereto as Exhibit “R” is a true copy of the Order of Justice Koehnen, endorsement of Justice Koehnen and Participant Information Form for the Substitution Motion

29. Both Byrd and his legal counsel attended on the Substitution Motion, but did not oppose any part of the relief sought. No other respondents appearance or opposed.

B. Third Report of the Substitute Receiver BDO and Interim Distribution Order

30. Following completion of the sale of the assets of Versitec, the Substitute Receiver brought a Motion seeking, *inter alia*, authorization to make an interim distribution from the sale proceeds on hand to LCX (the “**Interim Distribution Motion**”).

31. In support of the relief sought on the Interim Distribution Motion, the Substitute Receiver filed the Third Report of the Substitute Receiver (“**Third Report**”) with the Court, wherein the Substitute Receiver, too, addressed the issue of questions raised by the Respondents as to the correctness of LCX’s calculations and the Substitute Receiver’s own review of the available information and its own verification of the amounts owed to LCX. To this end, the Substitute Receiver reported to the court as follows:

3.5.3 LCX had provided Versitec with three (3) different factoring facilities:

- Account 4822 – Canadian dollar account (Versitec Canada);
- Account 4820 – U.S. dollar account (Versitec Canada); and
- Account 4821 – U.S. dollar account (Versitec USA)

A summary of the outstanding balances is as follows:

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Account	Cur.	Net Funds Employed	Penalty for Misdirected Funds	Accrued Fees	Enforcement Costs (1)	Total Balance Owning
4822	CAD	\$ 221,437.83	\$ 24,471.00	\$ 105,230.56	\$ 79,179.93	\$ 430,319.32
4821	USD	\$ 75,105.56	\$ 2,953.00	\$ 58,258.73	\$ -	\$ 136,317.29
4820U	USD	\$ 79,405.50	\$ 14,449.00	\$ 46,171.78	\$ -	\$ 140,026.28
Total stated in Canadian dollars (\$1 USD = \$1.21 CAD)						\$ 764,695.04
Note (1): excluding costs of the Receiver and its legal counsel						

3.5.4 B. Gunning, former management of Versitec, has provided the Receiver with Versitec's own calculations as to the indebtedness owed by Versitec to LCX, which calculations do not agree with the calculations of LCX. Versitec's own calculations, as provided to the Receiver, suggest that it is LCX who is indebted to Versitec.

3.5.5 The Receiver has reviewed LCX's calculations to arrive at the LCX Indebtedness of \$764,695.04. LCX also provided a detailed comparison of Versitec's calculations to LCX's. The primary differences are due to Versitec not accounting for the factoring fees and penalties that LCX was entitled to on advances, misdirected customer payments, reversed advances for invoices presented for factoring but not actually issued to the customer, and costs of enforcing LCX's security.

3.5.6 The Receiver concurs with the amount of the LCX Indebtedness as determined by LCX, based on the documents and records reviewed.

Attached hereto as Exhibit "S" is a true copy of the Third Report of the Receiver, without Exhibits

Attached hereto and marked as Exhibit "T" is a true copy of summaries of account activity and balances owing associated with the Versitec Factoring Facilities

32. The draft order circulated together with the Interim Distribution Motion provided, *inter alia*, as follows:

2. THIS COURT ORDERS that the Third Report and activities of the Receiver described therein are hereby approved...

6. THIS COURT ORDERS that the Receiver shall be and is hereby authorized to make such further distributions to LCX that are, in the opinion of the Receiver, appropriate provided that the aggregate total amount distributed to LCX does not exceed the amount

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owed by Versitec to LCX.

33. On June 22, 2021, at the return of the Interim Distribution Motion, the Honourable Justice Gilmore granted the Order sought and authorized distribution to LCX of such amounts as were available to be distributed, provided that the total distribution to LCX did not exceed Versitec's indebtedness to LCX as set out in the Third Report (the "**Interim Distribution Order**").

Attached hereto as Exhibit "U" is a true copy of the Order of June 22, 2021 Justice Gilmore, Endorsement of Justice Gilmore and participation form submitted to the court.

34. Both Byrd and his legal counsel attended on the Interim Distribution Motion, but did not oppose any part of the relief sought. No other respondents appeared on the motion or opposed the relief sought, including the approval of the Receiver's Third Report and its conclusions therein as to the Versitec Indebtedness. The Substitute Receiver's request for authorization from the Court to distribute funds to LCX from the estate of Versitec up to the amount of the such indebtedness were similarly unopposed.

Current Indebtedness

35. As at June 16, 2021, the date of the Third Report, the indebtedness owed to LCX by Versitec was equal to \$764,695.04 CAD. LCX calculates the current Versitec indebtedness to be \$776,616.03 as at November 11, 2021.

Attached hereto and marked as Exhibit "V" is a true copy of a payout statement for the Versitec Indebtedness current to November 11, 2021

Request for Judgment

36. It is LCX's position that:

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- (a) To date, none of the Respondents has filed materials in opposition to any of the relief sought by any of LCX, the Prior Receiver or the Substitute Receiver;
- (b) Both the Prior Receiver and Substitute Receiver addressed in Reports filed with and approved by the Court:
 - (i) That the Respondents' out-of-court objections to LCX's calculation of the indebtedness was considered by them and investigated;
 - (ii) That they had each conducted a review of the relevant documentation and undertaken efforts to independently verify the correct amount owing to LCX;
 - (iii) That they had each concluded that LCX's calculations as to the Versitec indebtedness were correct,
- (c) None of the Respondents opposed or appealed any of the Orders approving the Prior Receiver or Substituted Receiver's reporting to the Court as to their verification of the Versitec indebtedness, where such efforts were specifically undertaken for the purpose of addressing the concerns raised by the Respondents as to the correctness of same;
- (d) None of the Respondents objected to or opposed the Substitute Receiver's request for authorization to distribute funds to LCX in an amount not to exceed the said Versitec indebtedness to LCX;

37. On the basis of the foregoing I verily believe that the quantum of the indebtedness owed to LCX is not in dispute and as per the Third Report and Interim Distribution Order respecting same was, as at June 16 2021, determined to have been equal to \$764,695.04 CAD.

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38. To my understanding, the only remaining issue with respect to the Versitec indebtedness to LCX which remains to be addressed is the quantum of expenses, costs and fees payable to LCX which have accrued from June 22, 2021 to the date of this motion's return.

39. LCX therefore requjoests judgment in this proceeding against Versitec in the amount of \$776,616.03. LCX similarly requests judgment on the unlimited guarantees of the Versitec indebtedness granted in favour of LCX by each of remaining Respondents Taylor, Byrd, Carpenter, and Holdings in the same amount, together with interest thereon from November 11, 2021 onward at the rates prescribed by the agreements between the parties.

40. I make this affidavit for summary judgment and for no other or improper purpose.

SWORN BEFORE ME at the City of
Toronto, in the Province of Ontario on
November 18, 2021



Commissioner for Taking Affidavits
(or as may be)

STEWART THOM



J. Brindley

(Signature of deponent)
JONATHAN BRINDLEY

This is Exhibit “A” referred to in the Affidavit of Jonathan Brindley sworn by Jonathan Brindley of the City of Mississauga, in the Regional Municipality of Peel, before me at the City of Toronto, in the Province of Ontario, on November 18, 2021 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

STEWART THOM

Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

LIQUID CAPITAL EXCHANGE CORP.

Applicant

-and-

1635536 ONTARIO INC. O/A VERSITEC MARINE & INDUSTRIAL,
VERSITEC MARINE HOLDINGS INC., VERSITEC MARINE USA INC.,
DAVID TAYLOR, REUBEN BYRD and DAVID CARPENTER

Respondents

APPLICATION UNDER SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*,
R.S.C. 1985, C. B-3, AS AMENDED AND SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, C. C-43, AS AMENDED

AFFIDAVIT OF JONATHAN BRINDLEY

I, Jonathan Brindley, of the City of Mississauga in the Province of Ontario am a principal of the applicant, Liquid Capital Exchange Corp. ("LCX") and as such have knowledge of the matters herein deposed except as where I have otherwise indicated and in which case I have identified the source of my knowledge and belief.

Parties

1. LCX is an Ontario corporation which provides various financial services to its customers, including accounts receivable factoring, asset based lending, working capital advances, purchase order and equipment financing and leasing services.

Attached hereto as Exhibit "A" is a true copy of the corporation profile report for LCX

2. 1635536 Ontario Inc. o/a Versitec Marine & Industrial (“**Versitec Canada**”) is an Ontario corporation with a head office and manufacturing plant located in Port Colborne, Ontario. Versitec Canada operates as an equipment manufacturer and service supplier to the marine stern tube seal market. Versitec Canada supplies and installs seals for a variety of ship owners and shipyards across the globe with key customers in the US, Greece, Germany, Hong Kong and Singapore.

Attached hereto as Exhibit “B” is a true copy of the corporation profile report for Versitec Canada

3. Versitec Marine USA Inc. (“**Versitec USA**”) is a corporation incorporated pursuant to the laws of Delaware. Versitec USA lists as its address on its corporation profile report the address of 874 Walker Road, Suite C, Delaware, USA, although the Versitec website lists as its contact address a post office box located on Military Road, Niagara Falls, USA.

Attached hereto as Exhibit “C” is a true copy of the corporation profile report for Versitec USA

4. David Taylor is a resident of Ontario and was the founder of Versitec Canada and Versitec USA. Mr. Taylor is listed on the current corporate profile report of Versitec as being a director and the president of Versitec Canada.

5. David Carpenter is a resident of Ontario and is listed as an officer of Versitec Canada on its corporation profile report. LCX has been advised by Versitec Canada that Mr. Carpenter is no longer employed by Versitec Canada or Versitec USA.

6. Reuben Byrd is a resident of Florida and is, to my understanding, the current Chief Executive Officer of both Versitec Canada and Versitec USA.

7. Versitec Marine Holdings Inc. (“**Holdings**”) is an Bahamian company which, to my understanding, is a holding company which owns or owned shares of Versitec USA.

Agreements

8. On June 21, 2017, Versitec Canada, Versitec USA (collectively, the “**Debtors**”) and LCX executed a Purchase and Sale Agreement (the “**Agreement**”) setting out terms pursuant to which LCX agreed to purchase, or factor, accounts receivable of the Debtors.

9. Terms of the Agreement included:

1. **Purchase and Sale of Accounts.** Pursuant to the terms of this Agreement, Seller agrees to sell, transfer, convey, assign and deliver to Factor, and Factor agrees to purchase and receive from Seller, all of Seller's right, title and interest in and to certain Accounts arising from the sale of Goods or the rendering of services by Seller in the ordinary course of Seller's business...

5. **Notice of Assignment.** Upon Seller's execution of this Agreement, Factor shall be entitled to notify each customer (hereinafter referred to as “Account Debtor”) of the sale and/or assignment of the Accounts in a manner and method as Factor, in its sole discretion, may elect ...

Seller agrees, if so requested by Factor, to use its best efforts to assist Factor in procuring the Account Debtor's acknowledgment and acceptance of such notice of assignment and redirection of payment if requested to do so by Factor. Factor's inability, for whatever reason, to receive Account Debtor's acknowledgment and acceptance may result in the rejection of the Accounts submitted for purchase or revocation of a conditional approval to purchase Accounts without any obligation or liability on the part of Factor.

6. **Security.** In addition to those Accounts Factor purchases, in order to secure the payment of all indebtedness and obligations of Seller to Factor, Seller hereby grants to Factor a security interest in and lien upon all of Seller's presently and after-acquired Personal Property including, without limitation, any and all Reserves and all payments (if any) due or to become due to Seller from the Reserves as well as all monies on deposit, holdbacks and credits, and all Proceeds of the foregoing (collectively, the “Collateral”). Without limiting the foregoing and as a further inducement for Factor to enter into this Agreement with Seller, Seller shall execute and deliver a separate general security agreement concurrently with the execution and delivery of this Agreement by Seller, to secure inter alia, the performance and observance of the provisions under this Agreement on Seller's part to be observed or performed, on terms and conditions and as more fully provided in such separate general security agreement.

8. **Recourse To Seller.** In the event that:

(a) an Account purchased by Factor is not paid in full by the Account Debtor for any reason (or for no reason), on or before the date when due in accordance with its terms...

(d) Factor in its sole and absolute discretion determines that any Account is or has become uncollectible, then, Factor may require the Seller to promptly repurchase such Account from Factor...

10. **Payments Received by Seller.** Should Seller receive payment of all or any portion of an Account sold pursuant to this Agreement, Seller shall immediately notify Factor of the receipt of the payment, hold said payment in trust for Factor separate and apart from Seller's own property and funds, and shall deliver said payment to Factor without delay in the identical form in which received. Should Seller receive a cheque or other instrument of payment representing payment of amounts due to both Factor and Seller, Seller shall surrender said cheque or payment instrument to Factor. Should Seller receive a cheque or other instrument of payment representing payment of amounts due Factor and fail to surrender to Factor, or deposit in a bank account designated by Factor, said cheque or payment instrument within two (2) business days, Seller shall be deemed to have committed a material default in this Agreement. In addition to all other damages to which Factor shall be entitled, Factor shall be entitled, in the event Seller violates its obligations under this paragraph, to charge Seller a misdirected payment fee equal to ten (10%) percent of the amount of the payment instrument or One Thousand Dollars (\$1,000.00), whichever is greater, to compensate Factor for the additional administrative expenses that are likely to be incurred as a result of a breach. In the event any merchandise, the sale of which gave rise to an Account purchased by Factor, is returned to or repossessed by Seller, such merchandise shall be held by Seller in trust for Factor, separate and apart from Seller's own property and subject to Factor's sole direction and control.

11. **Default.** The term "Event of Default" as used in this Agreement shall mean the occurrence of any of the following events:

(a) The failure of Seller to punctually and properly observe, keep or perform any covenant, agreement or condition herein required to be observed, kept or performed; or required under any other agreement or contract that may be executed between Seller and Factor...

(c) The failure of Seller to, within two (2) business days, deliver to Factor or deposit into a bank account designated by Factor, a remittance received by Seller in payment of a purchased Account.

(d) The failure of Seller to pay any indebtedness owed by Seller to Factor whether or not said indebtedness arises hereunder or under some other agreement or contract by and between Seller and Factor...

(f) Seller becomes insolvent, is unable to pay its debts as they mature or makes an assignment for the benefit of creditors...

(l) Factor has reasonable grounds to deem itself insecure...

Attached hereto as Exhibit "D" is a true copy of the Purchase and Sale Agreement and executed blanket notifications of assignment of accounts

Security and Guarantees

10. As security for performance of the Debtors' obligations under the Agreement, LCX was granted the following additional security:

- (a) A general security agreement ("GSA") over all present and after acquired assets of Versitec Canada dated June 21, 2017 and registered pursuant to the *Personal Property Security Act* as Registration No. 20170616 1601 1793 7011;

Attached hereto as Exhibit "E" is a true copy of the Versitec Canada GSA

- (b) A general security agreement over all present and after acquired assets of Versitec USA dated June 21, 2017 and registered pursuant to the UCC as Financing Statement 20174120736;

Attached hereto as Exhibit "F" is a true copy of Versitec USA GSA

11. As additional security for performance of the Debtors' obligations under the Agreements, the following persons (each, a "**Guarantor**") have granted guarantees (each, a "**Guarantee**") of the indebtedness of the Debtors:

- (a) An unlimited personal guarantee granted by David Taylor in respect of the Debtors' indebtedness to LCX, dated June 21, 2017 (the "**Taylor Guarantee**"), supported by a demand collateral third mortgage in the amount of \$300,000 (the "**Taylor Mortgage**") granted over the property having the municipal address of 518 King Street, Port Colbourne, Ontario (the "**Taylor Property**") and registered on title to the Taylor Property on May 3, 2019 as Instrument No. SN587591;

Attached hereto as Exhibit "G" is a true copy of the Taylor Guarantee

Attached hereto as Exhibit "H" is a true copy of the PIN for the Taylor Property

Attached hereto as Exhibit "I" is a true copy of the Taylor Mortgage

- (b) An unlimited personal guarantee granted by Reuben Byrd in respect of the Debtors' indebtedness to LCX, dated April 26, 2019 (the "**Byrd Guarantee**"), supported by a demand collateral mortgage in the amount of \$300,000 (the "**Byrd Mortgage**") granted over the property having the municipal address of 19480 Saturnia Lakes Drive, Boca Raton, Florida, USA;

Attached hereto as Exhibit "J" is a true copy of the Byrd Guarantee

Attached hereto as Exhibit "K" is a true copy of Byrd Mortgage

- (c) An unlimited personal guarantee granted by David Carpenter (the "**Carpenter Guarantee**") in respect of the Debtors' indebtedness to LCX, dated June 21, 2017;

Attached hereto as Exhibit "L" is a true copy of the Carpenter Guarantee

- (d) An unlimited guarantee granted by Holdings in respect of the Debtors' indebtedness to LCX, dated June 21, 2017 (the "**Holdings Guarantee**");

Attached hereto as Exhibit "M" is a true copy of the Holdings Guarantee

- (e) An unlimited guarantee granted by Versitec USA in respect of Versitec Canada's indebtedness to LCX, dated June 21, 2017 (the "**Versitec USA Guarantee**");

Attached hereto as Exhibit "N" is a true copy of the Versitec USA Guarantee

- (f) An unlimited guarantee granted by Versitec Canada in respect of Versitec USA's indebtedness to LCX, dated June 21, 2017 (the "**Versitec Canada Guarantee**");

Attached hereto as Exhibit "O" is a true copy of the Versitec Canada Guarantee

History

12. Since June 2017, Liquid Capital has factored the accounts receivable of the Debtors on more than 50 separate occasions, with factoring volume in excess of CDN\$1,600,000 and US\$1,300,000.

13. Between approximately June 2017 and July 2018, LCX was satisfied with its business relationship and dealings with the Debtors. During this period, the key interfaces at the Debtors for LCX were David Carpenter (controller) and David Swindells (Chief Executive Officer). It appeared to LCX that David Taylor, the president of the Debtors, was less involved in the day-to-day management of the business and spent much of his time overseas.

14. In or around June 2018, Reuben Byrd joined both Versitec Canada and Versitec USA in the stated role of new CEO, to oversee all global operations of the Debtors.

Default and Demands 2018

15. In or around July 2018 through to October 2018, collections on LCX-factored accounts receivable slowed down dramatically, becoming a serious concern for LCX. An unacceptable level of accounts sold to LCX had aged significantly beyond their due date. Because of this situation, in July 2018 LCX suspended any further factoring of the Debtors' accounts receivable.

16. Subsequently, in November 2018, LCX became aware that the Debtors had breached the terms of their Agreement with LCX. In particular, and without limitation:

- (a) LCX learned that certain accounts receivable factored by LCX had been paid to the Debtors and not remitted to LCX as required; and
- (b) LCX learned that the Debtors had recently missed payroll for their employees and, as such, the Debtors appeared to be unable to service their debts generally as they became due and insolvent.

17. On November 16, 2018, LCX made demand upon the Debtors and Guarantors for payment of all amounts outstanding and owed to it on account of moneys advanced to the Debtors. Together with notice of default and demand for repayment, LCX delivered Notice of Intention to Enforce Security (“NITES”) pursuant to s.244 of the *Bankruptcy and Insolvency Act*.

Attached hereto as Exhibit “P” is a true copy of the November 16, 2018 Demands and NITES

Forbearance Agreement

18. In March 2019, Representatives of LCX met with Taylor and Byrd to discuss the outstanding debt to LCX as well as potential terms of forbearance that would:

- (a) facilitate repayment in full of LCX;
- (b) require the Debtors to obtain replacement financing; and
- (c) allow for the continued factoring of the Debtors’ accounts receivable by LCX during the forbearance period, while the Debtors sought replacement financing.

19. LCX was advised at that time that David Carpenter and David Swindells had been diverting accounts receivable from the company, which circumstance had resulted in the various defaults under the LCX Agreements. Byrd and Taylor advised that Carpenter and Swindells had since been terminated, and that they were confident that the Debtors could repay LCX over time if the necessary accounts receivable financing could be provided by LCX during the

repayment/forbearance period and while the Debtors sought out alternative financing to replace LCX. LCX has since learned that Carpenter and Swindells deny these allegations and have sued the Debtors for wrongful dismissal.

20. Terms were reached and a forbearance agreement dated April 25, 2019 was executed (the “**Forbearance Agreement**”) by each of Versitec Canada, Versitec, USA, Versitec Holdings, Byrd, Taylor and LCX (Carpenter, also a Guarantor, was no longer involved with the business). In broad strokes, the Forbearance Agreement provided that all amounts owing to LCX would be repaid to LCX by December 31, 2019 and that the Debtors would seek new financing. During the period from April 26, 2019 to December 31, 2019, LCX would continue to purchase receivables of the Debtors on certain terms as set out therein.

Attached hereto as Exhibit “Q” is a true copy of the Forbearance Agreement

21. Additional terms of the Forbearance Agreement include:

- 1(E): The Debtors’ acknowledgment of their defaults under the Agreement, including failure to remit factored accounts receivable received by the Debtors and breach of trust;
- 3
 - (a) The Debtors’ acknowledgment that each of the documents and agreements comprising the LDX security is valid and enforceable in accordance with its terms;
 - (c) The Debtors’ acknowledgment that the Guarantees given by each of Byrd, Taylor and Versitec Holdings, with respect to the indebtedness of the Debtors are valid and enforceable in accordance with their terms;
 - (j) The Debtors’ and the Guarantors’ confirmation that the demands and NITES sent to them remain in full force and effect throughout the Forbearance Period and that LCX has not, and will not be deemed to have waived, varied, altered or in any other manner whatsoever withdrawn same, and that LCX may continue to rely on the Demands and NITES and in the event of default hereunder, shall be entitled to act on them without the need to issue any further or fresh Demand and/or NITES;
- 3(k) The Debtors and Guarantors acknowledgment and confirmation that their respective liability for the indebtedness to LCX is valid and enforceable and that neither the Debtors nor the Guarantors have any valid defence, claim, cause of action, counterclaim or rights of setoff or right of reduction or any other claim (in

law or in equity) of any kind or nature whatsoever against LCX, its officers, directors or employees;

8. Upon the earlier of (i) the expiry of the Forbearance Period without repayment in whole to LCX; or (ii) the occurrence of an Event of Default of which LCX has given the Borrowers and the Guarantors notice, LCX may immediately terminate all credit facilities, terminate its forbearance hereunder and the Forbearance Period, and take steps to enforce, without further notice or delay, all of its rights and remedies against each of the Borrowers and each Guarantor for such indebtedness, including taking steps to realize on the security and guarantees, which rights and remedies may, at the sole option of LCX include an application to Court for the appointment of a receiver or receiver-manager and each of the Borrowers and the Guarantors consent to such appointment of a receiver and agree that they do not, and will not, oppose such appointment and that LCX can rely upon the consent to appointment of a Receiver contained herein and that such consent shall be ongoing until such time as all Indebtedness is fully repaid. Each of the Borrowers and the Guarantors shall be estopped from disputing their respective consent to the appointment of a receiver following an event of default and termination of the forbearance term and this agreement.

Engagement of Consultant

22. The Forbearance Agreement also provided for the engagement of Newhouse Partners Inc. (the “**Consultant**”) as consultant on the terms of conditions set out in an engagement letter dated March 29, 2019 (the “**Engagement Letter**”).

23. Pursuant to the Engagement letter, the Debtors and Guarantors (excepting Mr. Carpenter) agreed to the retainer of the Consultant as consultant to Liquid Capital for the purpose of conducting a review and advising with respect to all aspects of the Debtors’ financial affairs and operations, LCX’s security over invoices from the Debtors and all matters related thereto and in connection therewith.

Attached hereto as Exhibit “R” is a true copy of the Consultant Engagement Letter

24. The Debtors and the Guarantors (excepting Mr. Carpenter) agreed and acknowledged, by the Engagement letter:

- (a) that they would fully cooperate with the Consultant and give the Consultant complete access at all times to the Debtors' books of account, records and other documents of all kinds and to all of the Debtors' premises and properties; and
- (b) that the principals and management of the Debtors and Guarantors would make themselves available to assist and furnish any information required, including directing the Debtors' accountants to assist the Consultant where necessary.

Breach of Agreements

25. From May 2019 to October 2019, LCX factored approximately CDN \$1,000,000 and US\$500,000 of the Debtors' accounts receivable. During this period, LCX was satisfied with the collection of factored accounts receivable and the Consultant made regular visits with the Debtors to monitor the Debtors' operations.

26. Beginning in or around October of 2019, LCX again began to encounter serious difficulties in its dealings with the Debtors, which difficulties have persisted since that time. In particular, without limitation:

- (a) In October 2019, Byrd refused to grant the Consultant any further access to books and records of the Debtors;
- (b) In November and December 2019, the timely collection of accounts receivable decreased dramatically, in a manner consistent with that encountered in the period prior to the issuance of the November 16, 2018 demands and NITES;
- (c) On November 21, 2019, the first mortgagee on the Taylor Property issued notice of default and demand under its first charge on the Taylor Property;

Attached hereto as Exhibit "S" is a true copy of the first mortgagee demand

- (d) On December 11, 2019, the second mortgagee on the Taylor Property issued notice of default and demand under its second charge on the Taylor Property;

Attached hereto as Exhibit "T" is a true copy of the second mortgagee demand

- (e) No replacement financing was obtained by the Debtors, as required by the Forbearance Agreement, and LCX was not repaid in full all amounts owing to it on December 31, 2019;

- (f) On January 4, 2020, LCX learned, through communications with one of the Debtors' customers, that on November 14, 2019, the Debtors' had delivered correspondence to customers instructing them to pay receivables, including LCX-factored accounts, to a Bank of America account held by Versitec USA, instead of to LCX;

Attached hereto as Exhibit "U" is a true copy of the correspondence delivered to customers by the Debtors on November 14, 2019

- (g) On January 8, 2020, LCX uncovered another instance of Versitec USA misdirecting payments received from Wallem Ship Management Ltd. ("**Wallem**") totalling US\$57,718, prompting LCX to send a factoring breach notice via email to Byrd and Taylor;

Attached hereto as Exhibit "V" is a true copy of correspondence between LCX and Wallem

Attached hereto as Exhibit "W" is a true copy of the notice of factoring breach delivered to the Debtors on January 9, 2020

January, 2020 Demands and NITES

27. On January 16, 2020, LCX delivered further demand for repayment of all outstanding amounts owed to LCX, together with NITES, to the Debtors and all Guarantors.

Attached hereto as Exhibit "X", collectively, are true copies of the January 16, 2020 demands and NITES delivered by LCX

28. Throughout January 2020, LCX attempted to work with the Debtors on resolving these issues. However, despite numerous promises to pay, no funds were received by LCX on account of the outstanding obligations of the Debtors.

Further Breaches

29. The severity of the situation was underscored when, in this context, LCX had a February 27, 2020 exchange of correspondence with Eastern Mediterranean Maritime Limited ("**Eastern Med**"), located in Greece.

30. Eastern Med contacted LCX for advice to resolve confusion about whether €45,000 payable on outstanding factored invoices was to be paid to LCX or to Versitec Canada, as they had received conflicting directions from LCX and the Debtors. Further discussions with Eastern Med revealed that the Debtors had additionally been misrepresenting to LCX what was owed by Eastern Med.

31. When LCX instructed Eastern Med to pay approximately €30,000 (the factored o/s portion) to LCX and the remaining balance to Versitec USA in order to clear overdue factored balances, Florida legal counsel for the Debtors, Kevin Jackson, immediately sent Eastern Med a letter demanding that these funds be paid in full to the Debtors and suggesting that "Versitec Marine" would indemnify for any amounts which Eastern Med may be found liable to LCX.

The letter is signed "Versitec Marine", and not in the correct legal name of any known company. LCX understands from Eastern Med that the funds were transferred as directed by Mr. Jackson. Despite the guarantee offered in Mr. Jackson's letter, these funds have not been paid to LCX.

Attached hereto as Exhibit "Y" is a true copy of correspondence between LCX and Eastern Med

Attached hereto as Exhibit "Z" is a true copy of the correspondence sent by Mr. Jackson to Eastern Med

Current Indebtedness

32. The current balances owed to LCX by the Debtors, as at February 28, 2020, non-inclusive of legal costs to date, is as follows:

AC #	Currency	AR Balance	Net Funds Employed (NFE)	Accrued Fees	Total Balance owing	Per Diem	
1635536 Ontario Inc. o/a Versitec Marine	4822 CDN	237,836.80	249,478.59	35,013.29	284,491.88	237.84	
1635536 Ontario Inc. o/a Versitec Marine	4821 US	95,073.79	78,058.56	15,570.59	93,629.15	95.07	
Versitec Marine USA Inc.	4820U US	75,614.67	93,494.50	12,220.79	105,715.29	75.61	
			Net Funds	Acc Fees	Total Bal Due	Per Diem	
			Total CDN	249,478.59	35,013.29	284,491.88	237.84
			Total US	171,553.06	27,791.38	199,344.44	170.69

33. Attached hereto additionally is a list of all outstanding factored invoices.

Attached hereto as Exhibit "AA" is a true copy of a current list of outstanding factored invoices for Versitec USA and Versitec Canada

Secured Creditors

A. Versitec Canada

34. According to a current *Personal Property Security Act* (“PPSA”) registry search, the following are the senior ranking general secured creditors of Versitec Canada, listed by date of registration:

- (a) BUSINESS DEVELOPMENT BANK OF CANADA (“BDC”) by Registration No. 20140611 1625 2611 6669;
- (b) LIQUID CAPITAL EXCHANGE CORP. by Registration No. 20170616 1601 1793 7011;
- (c) PREMIUM CAPITAL GROUP, INC. by Registration No. 20180629 1744 6083 3900;
- (d) MERCHANT ADVANCE CAPITAL by Registration No. 20181114 0950 6083 7346

Attached hereto and marked as Exhibit “BB” is a true copy of the PPSA registry search results for Versitec Canada

35. Pursuant to a Postponement and Priorities Agreement entered into between LCX, BDC and Versitec Canada, it was agreed that the LCX’s security interest in the assets of Versitec Canada shall have priority over the security interest of BDC in respect of the following:

- (a) All of Versitec Canada’s present and future accounts receivable and inventory;
- (b) All contract rights, instruments, documents, chattel paper and general intangibles related to any of the foregoing, including all of Versitec Canada’s rights as a seller of goods;
- (c) All collateral held by Versitec Canada securing any of the foregoing;

- (d) All cash and non cash proceeds of any of the foregoing, in whatever form, including without limitation any balances maintained in any reserve account with LCX and any returned or repossessed goods;
- (e) All books and records relating to the foregoing.
(collectively, the “Versitec Canada Assets”)

Attached hereto and marked as Exhibit “CC” is a true copy of the Postponement and Priorities Agreement

B. Versitec USA

36. According to a UCC and Federal Tax Liens search conducted in respect of Versitec USA, the following are the senior ranking general secured creditors of Versitec USA, listed by date of registration:

- (a) LIQUID CAPITAL EXCHANGE CORP by Financing Statement 20174120736;
- (b) BANK OF AMERICA, N.A., by Financing Statement 20188822906.
- (c) FIRST CORPORATE SOLUTIONS, AS REPRESENTATIVE, by Financing Statement 20201438326.

Attached hereto and marked as Exhibit “DD” is a true copy of UCC and Federal Tax Liens search results in respect of Versitec USA

Request for the appointment of a Receiver

37. LCX requests the appointment of a Receiver in respect of Versitec USA and the Versitec Canada Assets as a result of the repeated and numerous breaches of the terms of their agreements with LCX, which breaches include, but are not limited to:

- (a) Failure to remit funds received in payment of factored accounts as required under the terms of the Agreement;

- (b) Failure to assist LCX in obtaining the redirection of payments on LCX factored accounts to LCX upon LCX's request for same;
- (c) Failure to provide the Consultant with full access to the books and records of the Debtors as required under the terms of the Engagement Letter, Agreement and Forbearance Agreement;
- (d) Failure to repay LCX in full by December 31, 2019, as required under the terms of the Forbearance Agreement;
- (e) Failure to repay LCX upon demand for payment being made; and
- (f) Breach of trust.

38. As a result of the numerous defaults of the terms of their agreements with LCX, the appointment of a receiver is warranted as :

- (a) Each of the Agreement, Versitec Canada GSA, Versitec USA GSA, and Forbearance Agreement provide that a receiver may be appointed in the event of default under any of these agreements, which default has occurred;
- (b) The Debtors and Guarantors have, by the Forbearance Agreement, consented to the appointment of a Receiver on default under the terms of same, which default has occurred;
- (c) Versitec believes that it is likely that further account debtors of the Debtors have been similarly instructed by the Debtors to deposit payments into US accounts controlled by Mr. Byrd in an attempt to frustrate the ability of LCX to recover such funds; and
- (d) There is good reason to believe that the security of LCX and its ability to recover accounts receivable of the Debtors is at risk if immediate action is not taken.

39. Morgan & Partners Inc. has consented to act as receiver.

Judgment on Guarantees

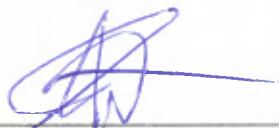
40. LCX further requests that judgment be granted as against each of the Guarantors in respect of the Guarantees granted by them, as set out herein.

Possession of Taylor Residence

41. LCX seeks to enforce the Taylor Mortgage and requests, should this be necessary, an order granting it possession of the Taylor Property for the purpose of listing and selling same or, alternatively, that the Receiver be appointed over the Taylor Property for this purpose.

42. I make this Affidavit for the purpose of this Application and the relief therein sought.

SWORN BEFORE ME at the City of Toronto, in the Province of Ontario on March 4, 2020



Commissioner for Taking Affidavits
(or as may be)

STEWART THOM

}


JONATHAN BRINDLEY

This is Exhibit “B” referred to in the Affidavit of Jonathan Brindley sworn by Jonathan Brindley of the City of Mississauga, in the Regional Municipality of Peel, before me at the City of Toronto, in the Province of Ontario, on November 18, 2021 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

STEWART THOM



PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT (the "**Agreement**") dated as of June 21, 2017 is executed by and between Liquid Capital Exchange Corp., a corporation organized under the laws of the Province of Ontario, having a business address at 5734 Yonge Street, Suite 400, Toronto, ON M2M 4E7 (hereinafter referred to as "**Factor**") and 1635536 Ontario Inc., a corporation organized under the laws of the Province of Ontario, having a business address at 4 Stonebridge Drive, Unit 4, Port Colborne, Ontario L3K 5V4 and Versitec Marine USA Inc., corporation organized under the laws of the State of Delaware, having a business address at 1623 Military Road, #283, Niagara Falls, NY 14304 (each a "**Seller**"). All capitalized terms in this Agreement, unless otherwise defined herein or required by the context, shall have the meanings given those terms (whether or not capitalized) in and as defined under the *Personal Property Security Act* ("**PPSA**") of the Province of Ontario as in effect from time to time. Seller and Factor agree to the following terms and conditions:

1. **Purchase and Sale of Accounts.** Pursuant to the terms of this Agreement, Seller agrees to sell, transfer, convey, assign and deliver to Factor, and Factor agrees to purchase and receive from Seller, all of Seller's right, title and interest in and to certain Accounts arising from the sale of Goods or the rendering of services by Seller in the ordinary course of Seller's business.

2. **Sale Procedure.** Upon Seller's submission of any Account to Factor for purchase, Seller shall execute a Schedule of Accounts in a form provided by and acceptable to Factor for each such Account or group of Accounts that Seller offers for sale to sell to Factor. The Schedule of Accounts must, among other things, identify and describe the Accounts being offered for purchase and the total face amount of such Accounts. Each Account offered for sale to Factor shall be evidenced by an identical duplicate written invoice or other such equivalent document(s) as Factor may require, together with supporting documentation, including, but not limited to, the purchase order or contract referencing the sale of goods and/or services and any modification(s) or amendment(s) thereto and any such other documentation that Factor may request. Factor may accept or reject any Account offered for sale in its sole discretion. Upon submission of any Account to Factor for purchase, Sellers shall not seek or authorize any modification to the terms of the Account.

3. **Purchase Price and Payment.** Factor, in its sole discretion, may advance a percentage (%) (hereinafter referred to as "**Advance**") of the face amount of the Accounts purchased, less the applicable discount fee. The purchase price of any Accounts shall be the amount actually received in payment of such Accounts, but for purposes of any Advance, the purchase price shall be equal to the face amount of the Accounts less any selling, payment or

other discounts offered. In addition, Factor, in its sole discretion, may elect to maintain a reserve from each Advance (hereinafter referred to as "**Reserve**"). As a general rule, Reserves on paid invoices are released upon the request of the Seller or when the Factor's next purchase of Accounts from Seller is funded. Factor, however, may increase or decrease the amount of such Reserve at any time and from time to time if it deems it necessary in order to protect its interests. The Reserve is designed to protect Factor against losses or potential losses that Factor may reasonably anticipate might arise in the future due to, among other things, contingencies, disputes, potential breach of warranties, or other potential non-payments, reductions or losses from the purchase of the Accounts. Payments received will be credited to specific invoices when credit is given by Factor's bank, not to exceed three (3) banking days. The applicable discount fee is calculated based on the discount rate set forth in the Discount Rate Schedule (attached as a schedule hereto and incorporated herein by reference). Factor may condition future purchases on Seller's agreeing to modification(s) of the Discount Rate Schedule. **IT IS THE INTENTION OF THE PARTIES HERETO THAT AS TO ALL ACCOUNTS THAT FACTOR ELECTS TO PURCHASE, SUCH TRANSACTION SHALL CONSTITUTE AN ABSOLUTE ASSIGNMENT OR TRUE SALE OF SUCH ACCOUNTS AND NOT AN ASSIGNMENT INTENDED AS SECURITY AND AS SUCH, SELLER SHALL HAVE NO LEGAL OR EQUITABLE INTEREST IN THE ACCOUNTS SOLD.**

4. **Maximum Amount** It is further understood and agreed that the maximum face amount of purchased accounts sold to Factor and outstanding at any time (the "**Maximum Amount**") shall not exceed the amount set forth on the Discount Rate Schedule (attached as a schedule hereto and incorporated herein by reference), in which event, Factor shall have no obligation to purchase additional Accounts. Factor may however, in its sole and exclusive discretion, increase or decrease the Maximum Amount from time to time.

5. **Notice of Assignment.** Upon Seller's execution of this Agreement, Factor shall be entitled to notify each customer (hereinafter referred to as "**Account Debtor**") of the sale and/or assignment of the Accounts in a manner and method as Factor, in its sole discretion, may elect, which may include Seller's written acknowledgement. Seller agrees that, if so requested by Factor, each document evidencing Accounts (*i.e.*, invoice) shall bear the following language, conspicuously placed, which language may be modified or amended at Factor's request:

This invoice has been assigned, sold and is payable only to Liquid Capital Exchange Corp. **5576 Yonge Street, P.O. Box 10065, Yonge and Finch, North York, ON M2N 0B6**. In the event of any dispute as to quantity, quality or otherwise, notification must be given to Liquid Capital Exchange Corp., in writing, within five (5) days of receipt of goods or rendition of services.

Seller agrees, if so requested by Factor, to use its best efforts to assist Factor in procuring the Account Debtor's acknowledgment and acceptance of such notice of assignment and redirection of payment if requested to do so by Factor. Factor's inability, for whatever reason, to receive Account Debtor's acknowledgment and acceptance may result in the rejection of the Accounts submitted for purchase or revocation of a conditional approval to purchase Accounts without any obligation or liability on the part of Factor.

6. **Security.** In addition to those Accounts Factor purchases, in order to secure the payment of all indebtedness and obligations of Seller to Factor, Seller hereby grants to Factor a security interest in and lien upon all of Seller's presently and after-acquired Personal Property including, without limitation, any and all Reserves and all payments (if any) due or to become due to Seller from the Reserves as well as all monies on deposit, holdbacks and credits, and all Proceeds of the foregoing (collectively, the "**Collateral**"). Without limiting the foregoing and as a further inducement for Factor to enter into this Agreement with Seller, Seller shall execute and deliver a separate general security agreement concurrently with the execution and delivery of this Agreement by Seller, to secure *inter alia*, the performance and observance of the provisions under this Agreement on Seller's part to be observed or performed, on terms and conditions and as more fully provided in such separate general security agreement.

7. **Seller's Representations.** As an inducement for Factor to purchase Accounts from Seller, Seller, and each of its principals as identified on Factor's list of authorized signatories, hereby makes the following representations, warranties and covenants to Factor. The following representations, warranties and covenants shall be, as may be applicable, deemed made upon the execution of this Agreement, in each instance in which Seller submits an Account to Factor for purchase and for long as there are any obligations outstanding under this Agreement from Seller to Factor.

(a) Seller is duly organized and existing under the laws of the Province of Ontario or the laws of the State of Delaware, is duly qualified, and as may be required, properly licensed, is in good standing in such jurisdiction and every other jurisdiction in which it is doing business, the execution, delivery and performance of this Agreement are within its corporate powers and have been duly authorized and are not in contravention of any law or the powers of its charter, bylaws, articles of incorporation, operating agreement, partnership agreement, or other incorporation papers, or of any indenture, agreement or undertaking to which Seller is a party or by which it is bound. Seller's true and correct legal name is as set forth on the signature line below and Seller will notify Factor in writing no less than 30 days prior to any change of name, dba, place of business, jurisdiction of incorporation or corporate status or organizational identification number.

(b) If Seller is operating under a trade or assumed name, said name has been filed with the proper authorities and each name has been provided, in writing, to Factor.

(c) Seller has and will maintain good, clear and undisputed exclusive title to the Accounts offered for sale to Factor hereunder, and such sale will vest absolute ownership to such Accounts in Factor, free and clear of any lien, encumbrances, claims or security interest of any kind or nature including but not limited to Federal and/or Provincial tax liens.

(d) Each Account sold and assigned to Factor shall be an Account based upon a *bona fide* sale and the delivery and acceptance of Goods or performance of services by Seller to an Account Debtor and shall be an unconditional, valid and enforceable obligation of the Account Debtor, with no claim, offset, allowance, discount, deduction, dispute, contingency or counterclaim, which could reduce the amount of such Account, affect the validity thereof, or

hinder Factor's ability to collect or receive payment of the full face amount of said Account.

(e) All information furnished by Seller to Factor, including, but not limited to, past histories of the payment of Account Debtors, and any and all information given to Factor in connection with the Accounts, is true, complete and accurate, and contains no material omissions, misstatements or misrepresentations.

(f) Seller is the sole and absolute owner of the Collateral and any other property in which Factor is given a security interest; has good right and authority to grant a security interest to Factor in such Collateral or other property; there is no presently outstanding lien, security interest or encumbrance in or on the Collateral or proceeds and there is no financing statement covering the Collateral or proceeds on file in any public office except as may show on the exhibit 7(f) attached hereto. There are no judgments outstanding against Seller and there are no actions, charges, suits, proceedings or investigations pending or threatened against Seller or any of its property and none of Seller's inventory has been produced or imported in violation of any applicable law or treaty.

(g) All financial records (including, but not limited to, balance sheets, income statements, federal income tax returns, and Accounts aging, listing or reports) which may have been or may hereafter be furnished to Factor by Seller shall fairly and accurately represent the financial conditions and operating results of Seller as of the dates or for the periods stated thereon. Such financial records shall be accurate and correct in all material respects and complete insofar as necessary to give Factor a true and accurate knowledge of the subject matter.

(h) Seller shall reflect on its books the absolute sale of the Purchased Accounts to Factor. Seller shall furnish Factor, upon request, such information and statements as Factor may request from time to time regarding Seller's business affairs, financial condition and results of its operations. Without limiting the generality of the foregoing, Seller shall provide Factor, on or prior to the thirtieth (30th) day of each month, unaudited financial statements with respect to the prior month and, within ninety (90) days after the end of each of Seller's fiscal years, annual financial statements and such certificates relating to the foregoing as Factor may request including, without limitation, a monthly certificate from the president and chief financial officer of Seller stating whether any Events of Default have occurred and stating in detail the nature of the Events of Default. Seller will furnish to Factor upon request a current listing of all open and unpaid accounts payable and Accounts, and such other items of information that Factor may deem necessary or appropriate from time to time.

(i) If Seller should change the location of the principal office or the offices where the books and records of Seller are kept, Seller shall notify Factor immediately in writing of such change.

(j) The Accounts are due and payable on the selling terms noted on the face of each invoice, none of the Accounts represents a pack, bill and hold sale, or a consignment, guaranteed sale, cash on delivery sale or sale to an affiliate of Seller or to any entity to whom Seller has a financial or performance obligation of any kind.

(k) Seller assigns and transfers to Factor, effective upon an Event of Default hereunder, a nonexclusive right and license to use any trade names, marks, and styles used or owned by Seller together with any goodwill associated therewith, to the extent necessary to enable Factor to realize on the assets of Seller in which Factor has been granted a security interest. Such right and license is granted free of charge with no monetary payment requirement to Seller or any third party.

(l) Each Account Debtor's business is solvent to the best of Seller's knowledge.

(m) Seller has paid and will pay all taxes and governmental charges imposed with respect to sale of Goods and furnish to Factor upon request satisfactory proof of payment and compliance with all federal, state and local tax requirements.

(n) Seller will promptly notify Factor of (i) the filing of any lawsuit against Seller involving amounts greater than Ten Thousand Dollars (\$10,000), and (ii) any attachment or any other legal process levied against Seller.

(o) In no event shall the funds paid to Seller hereunder be used directly or indirectly for personal, family, household or agricultural purposes.

(p) Any invoice or written communication that is issued by Seller to Factor by facsimile or e-mail transmission is a duplicate of the original.

(q) Any electronic communication of data, whether by e-mail, tape, disk, or otherwise, Seller remits or causes to be remitted to Factor shall be authentic and genuine.

(r) Seller's principal(s) acknowledge that the duty to accurately complete each Schedule of Accounts is critical to this Agreement and as such all obligations with respect thereto are non-delegable. Each of Seller's principal(s) acknowledge that he/she shall remain fully responsible for the accuracy of each Schedule of Accounts delivered to Factor regardless of who is delegated the responsibility to prepare and/or complete such Schedule of Accounts.

(s) Seller agrees to execute any and all forms (e.g., Form RC59) that Factor may require in order to enable Factor to obtain and receive tax information issued by Revenue Canada or the Department of the Treasury, Internal Revenue Service, as applicable, or receive refund payments.

8. **Recourse To Seller.** In the event that:

(a) an Account purchased by Factor is not paid in full by the Account Debtor for any reason (or for no reason), on or before the date when due in accordance with its terms.

(b) an Account Debtor objects to the quality of property sold or services performed by Seller, or rejects, revokes acceptance or fails or refuses to accept or receive any property or services represented by any Account purchased by Factor,

(c) an Account Debtor suspends business, requests a general extension of time within which to pay debts or makes an assignment for the benefit of creditors, or if a voluntary assignment, petition or filing in bankruptcy under the *Bankruptcy and Insolvency Act* (Canada) or other applicable law is filed by or with respect to an Account Debtor or a receiver or receiver and manager or other agent or official having similar functions is appointed either privately or by a court by or on behalf of a creditors of an Account Debtor, or if any proceedings are commenced under the *Companies Creditors Arrangement Act* (Canada) or other applicable law, or if an event occurs amounting to a general business failure of an Account Debtor, or

(d) Factor in its sole and absolute discretion determines that any Account is or has become uncollectible, then, Factor may require the Seller to promptly repurchase such Account from Factor by either (i) making payment to Factor of the amount represented by Factor to be owing on such Account or (ii) by providing Factor with another Account acceptable to Factor in its sole discretion with a face value equal to or exceeding the face value of the unpaid Account (the "**Replacement Account**") in substitution therefor or (iii) by Factor charging Seller's Reserve. The method of repayment or replacement shall be determined by Factor in its sole discretion. The provisions of this Section are cumulative to and may be exercised concurrently with any other rights, powers or remedies of Factor.

9. **Power of Attorney.** In order to carry out the intention of the parties hereto, Seller hereby irrevocably appoints Factor, or any person designated by Factor, as its agent and attorney-in-fact, which agency shall be deemed to be coupled with an interest and which appointment shall be irrevocable until all obligations Seller owes Factor are fully satisfied. Factor's express authority under this appointment shall include the rights to (i) sign and endorse on behalf of Seller all cheques, drafts and other forms of payment received by Factor, waiving any notice of presentment and dishonor, whether or not said cheques represent payment on purchased Accounts, (ii) receive, open and dispose of Seller's mail received at Factor's address, (iii) change the Seller's address in order to re-route the delivery of all mail to Factor, (iv) strike out Seller's address on any billing or statement sent to an Account Debtor and substitute Factor's address, (v) in Seller's name demand, sue for, collect and give releases for any and all monies due on or to become due on purchased Accounts, (vi) compromise, prosecute, or defend any and all things necessary and proper to carry out this Agreement, specifically including, but not limited to, executing any documents necessary to perfect or continue the perfection of the security interest granted herein, and (vii) complete and issue any blank notices of assignment of Accounts lodged by Seller with Factor.

10. **Payments Received by Seller.** Should Seller receive payment of all or any portion of an Account sold pursuant to this Agreement, Seller shall immediately notify Factor of the receipt of the payment, hold said payment in trust for Factor separate and apart from Seller's own property and funds, and shall deliver said payment to Factor without delay in the identical form in which received. Should Seller receive a cheque or other instrument of payment representing payment of amounts due to both Factor and Seller, Seller shall surrender said cheque or payment instrument to Factor. Should Seller receive a cheque or other instrument of payment representing payment of amounts due Factor and fail to surrender to Factor, or deposit

in a bank account designated by Factor, said cheque or payment instrument within two (2) business days, Seller shall be deemed to have committed a material default in this Agreement. In addition to all other damages to which Factor shall be entitled, Factor shall be entitled, in the event Seller violates its obligations under this paragraph, to charge Seller a misdirected payment fee equal to ten (10%) percent of the amount of the payment instrument or One Thousand Dollars (\$1,000.00), whichever is greater, to compensate Factor for the additional administrative expenses that are likely to be incurred as a result of a breach. In the event any merchandise, the sale of which gave rise to an Account purchased by Factor, is returned to or repossessed by Seller, such merchandise shall be held by Seller in trust for Factor, separate and apart from Seller's own property and subject to Factor's sole direction and control.

11. **Default.** The term "Event of Default" as used in this Agreement shall mean the occurrence of any of the following events:

(a) The failure of Seller to punctually and properly observe, keep or perform any covenant, agreement or condition herein required to be observed, kept or performed; or required under any other agreement or contract that may be executed between Seller and Factor.

(b) A representation or warranty made by Seller in this Agreement shall prove to be untrue or incorrect or any financial statement or other statement purporting to represent the financial condition of Seller proves to be false or incorrect.

(c) The failure of Seller to, within two (2) business days, deliver to Factor or deposit into a bank account designated by Factor, a remittance received by Seller in payment of a purchased Account.

(d) The failure of Seller to pay any indebtedness owed by Seller to Factor whether or not said indebtedness arises hereunder or under some other agreement or contract by and between Seller and Factor.

(e) The appointment of a receiver or trustee for Seller or the suspension or cessation of Seller's business or operations.

(f) Seller becomes insolvent, is unable to pay its debts as they mature or makes an assignment for the benefit of creditors.

(g) Seller is adjudicated a debtor in bankruptcy or requests, either by way of petition or answer, that Seller be adjudicated a bankrupt or that Seller be allowed or granted any composition, reassignment, extension, reorganization or other relief under any bankruptcy law or any other law for the relief of debtors now or hereafter existing.

(h) An involuntary petition in bankruptcy is filed by or against Seller or any guarantor.

(i) A levy(s) or notice(s) of attachment, execution(s), tax lien(s) or assessment(s) or similar process is issued against Seller or the Collateral.

(j) The dissolution of Seller.

(k) The death or incompetency of any guarantor of Seller's obligation.

(l) Factor has reasonable grounds to deem itself insecure.

(m) If there is a change in the ownership of Seller or Seller sells, leases transfers or otherwise disposes of all or substantially all of Seller's assets or consolidates with or merges into any other entity.

12. **Remedies Upon Default.** Factor shall have the rights and remedies provided in this Agreement and (without limiting the other rights and remedies exercisable by Factor either prior or subsequent to an Event of Default) as available to a Secured Party under the PPSA in effect in any applicable jurisdiction in accordance with general law. Upon the occurrence of an Event of Default, Factor may resort to any one or more of the following remedies. The exercise or election of any particular remedy shall not prevent the concurrent or subsequent exercise or election of any other available remedy:

(a) Declare any indebtedness secured hereby immediately due and payable.

(b) Exercise its rights as a Secured Party and enforce the security interest granted hereunder pursuant to applicable law, including, but not limited to, Factor's right to establish contact with and instruct any and all of Seller's customers to remit payment(s) due or to become due on Accounts directly to Factor at Factor's address, whether or not said payments relate to Accounts purchased by Factor hereunder. Furthermore, Factor shall have the right to establish contact with and instruct any other party from whom Seller may be entitled to receive monies now due or to become due in the future to remit said monies to Factor at Factor's address. In the event Factor deems it necessary to seek equitable relief, including, but not limited to, injunctive or receivership remedies, Seller waives any requirement that Factor post or otherwise obtain or procure any bond. Seller also waives any right to legal fees or costs in the event any equitable relief awarded is subsequently, vacated, dissolved or reversed for whatever reason(s).

(c) Immediately terminate this Agreement as to future transactions, without affecting the rights and obligations of the parties occurring with respect to prior transactions.

(d) Enter the premises of Seller and take possession of the Collateral and of records pertaining to the Accounts and the Collateral.

(e) Grant extensions, compromise claims and settle Accounts for less than face value, all without prior notice to or authority of Seller, except as granted herein.

(f) Exercise all other rights conferred by law or equity or under this Agreement and exercise any remedy existing at law or in equity for the collection of any indebtedness secured hereby and for the enforcement of the covenants and agreements contained in this Agreement. Factor shall be entitled to any form of equitable relief that may be appropriate without having to establish any inadequate remedy at law or other grounds other than to establish that its Collateral is subject to being improperly used, moved, dissipated or withheld from Factor. Factor shall be entitled to freeze, debit and/or effect a set-off against any fund or account Seller may maintain with any bank. In the event Factor deems it necessary to seek equitable relief, including, but not limited to, injunctive or receivership remedies, as a result of an Event of Default. Seller waives any requirement that Factor post or otherwise obtain or procure any bond. Alternatively, in the event Factor, in its sole and exclusive discretion, desires to procure and post a bond, Factor may procure and file with the court a bond in an amount up to and not greater than Ten Thousand Dollars (\$10,000.00) notwithstanding any common or statutory law requirement to the contrary. Upon Factor's posting of such bond it shall be entitled to all benefits as if such bond was posted in compliance with applicable law. Seller also waives any right it may be entitled to, including an award of legal fees or costs, in the event any equitable relief sought by and awarded to Factor is thereafter, for whatever reason(s), vacated, dissolved or reversed. All post-judgment interest shall bear interest at either the contract rate, 18% per annum or such higher rate as may be allowed by law.

13. **Financial Statements.** Seller agrees to keep proper books of record which books shall at all times be open to inspection by Factor. In addition, Seller shall furnish Factor upon request any prior or current income statement, balance sheet, tax return and report, along with any other supplementary financial information requested. Factor shall have the right, at all times during normal business hours, without prior written notice, to examine and make extracts from all books and records of Seller.

14. **Reimbursable Expenses.** In the course of investigating, approving, purchasing and collecting Accounts purchased under this Agreement, Factor may incur routine and/or extraordinary expenses, including, but not limited to long distance telephone, postage, wire transfers, overnight mail delivery, courier delivery, cheque certification, PPSA search and filing fees, other lien search fees, facsimile transmissions, auditing and legal fees, all of which shall be reimbursed to Factor by Seller upon demand or deducted from the proceeds payable on a purchased Account or from the Reserve.

15. **Account Debtor Claims.** Seller shall notify Factor of the assertion of any claim, including any defences, dispute or offset by an Account Debtor with respect to an Account purchased by and assigned to Factor or the merchandise or service relating thereto within three (3) days after receiving such information. Seller may settle all such claims with Factor's approval and at Seller's expense. Factor may, in its sole discretion, opt to settle any Account Debtor claim directly with the Account Debtor involved, at the Seller's expense, upon such terms as Factor may deem advisable at which time Seller shall cease any communications with the respective Account Debtor. In the event Factor exercises its right to settle and compromise Account Debtor claims, Seller hereby specifically agrees to the terms, conditions and provisions of any and all settlements, compromises and other agreements, oral or written, entered into by Factor and

Factor shall be deemed authorized to execute all releases, settlements or compromise agreements, and receive, for and in Seller's name, all money and property that Factor may receive in settlement, release or compromise of Account Debtor claims. The foregoing is discretionary upon the part of Factor and Seller shall have no right to demand or require Factor's exercise of the aforesaid rights. Factor's failure to agree shall not otherwise adversely affect any right(s) of Factor or Seller's waiver(s) herein. In the event of any claim against an Account by the Account Debtor or a breach by Seller of any representation hereunder as to an Account purchased by and assigned to Factor, Seller shall pay the unpaid balance of said Account in accordance with the provision of paragraph 7 above.

16. **Lawyer's Fees.** Seller agrees to pay all reasonable lawyer's fees, court costs and expenses incurred by Factor or its counsel in the event that Factor retains counsel for the purpose of enforcing any rights arising out of the relationship between Seller and Factor or under this Agreement. Seller also acknowledges that Factor may charge and/or setoff against Seller's Reserve all such fees and costs as they are incurred. Notwithstanding the existence of any law, statute, rule, or procedure in any jurisdiction which may provide Seller with a right to lawyer's fees or costs, Seller hereby waives any and all rights to hereafter seek lawyer's fees or costs there under and Seller agrees that Factor exclusively shall be entitled to indemnification and recovery of any and all lawyer's fees or costs in respect to any litigation based hereon, arising out of, or related hereto, whether under, or in connection with, this and/or any agreement executed in conjunction herewith, or any course of conduct, course of dealing, statements (whether verbal or written) or actions of either party.

17. **Notice.** Except for routine day to day business communications, any notice or communication required hereunder shall be in writing and given by personal delivery or delivery service or sent by regular, registered or certified mail, postage prepaid to the addressee at the address shown above or at the most current address that the party has from time to time designated in writing.

18. **Term.** This Agreement shall be effective from the date hereof and shall continue in full force and effect for as long as a balance is owed to Factor from Seller and Factor, whether under this Agreement or otherwise, and for so long as Factor has an outstanding PPSA registration against Seller. Factor or Seller shall be entitled to terminate this Agreement at any time by giving thirty (30) days prior written notice. In addition, Factor shall have the right for any reason or no reason to terminate this Agreement at any time without prior written or oral notice upon the occurrence of an Event of Default. Upon the effective date of termination, all of Seller's obligations, whether incurred under this Agreement or any amendment or supplement thereto or otherwise, shall become immediately due and payable without notice or demand. Notwithstanding any termination, until all of Seller's obligations of every nature whatsoever shall have been fully paid and satisfied, Factor shall retain Factor's security interest in and title to all existing and future Accounts and other Collateral held by Factor hereunder. Until final termination following the notice thereof, Seller shall continue to offer all Accounts to Factor and Factor shall be under no obligation to make any further Advances or purchase any Account. Any termination of this Agreement shall not serve to release any security interest granted herein until all Accounts purchased hereunder and all indebtedness of Seller to Factor has been paid in full

nor shall such termination affect any of the obligations incurred by the parties hereto.

19. **Indemnification**. Seller shall indemnify, defend and save Factor harmless from and against any and all liability, claims, suits, demands, damages, judgments, costs, interest and expenses (including, but not limited to attorney's fees and costs) to which Factor may be subject including any loss arising out of the assertion of any Claim that is made by a party-in-interest in a bankruptcy proceeding that any payment received by Factor from or for the account of an Account Debtor is avoidable under the *Bankruptcy and Insolvency Act* (Canada) or any other debtor relief statute or suffer by reason of any liability or claim arising or resulting from Seller's acts or omission to do any act. This paragraph 19 shall survive termination of this Agreement.

20. **Binding on Future Parties**. The terms and provisions of this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, executors, administrators, estate trustees, personal representatives, successors and assigns. Seller may not assign this Agreement or any of Seller's rights hereunder to any person without Factor's prior written consent and this Agreement shall be deemed to be one of financial accommodation and not assumable by any debtor, trustee or debtor-in-possession in any bankruptcy proceeding without Factor's express written consent and may be suspended in the event a petition in bankruptcy is filed by or against Seller.

21. **No Waiver**. No failure or delay by Factor in exercising any of Factor's powers or rights hereunder, or under any present or future supplement hereto or under any other agreement between Factor and Seller shall operate as a waiver thereof; nor shall any single or partial exercise of any such power or right preclude other or further exercise thereof or the exercise of any other right or power. Factor's rights, remedies and benefits hereunder are cumulative and not exclusive of any rights, remedies or benefits which Factor may have. No waiver by Factor of any provision hereunder shall be deemed to extend to any other provision hereunder.

22. **Severability**. Each and every provision, condition, covenant and representation contained in this Agreement is and shall be construed to be a separate and independent covenant and agreement. In the event any term or provision of this Agreement shall to any extent be declared illegal, contrary to law, invalid or unenforceable, the remainder of this Agreement shall not be affected thereby and this Agreement shall continue in full force and effect as though such term or provision had not been incorporated herein.

23. **Miscellaneous**.

(a) This Agreement is deemed made and shall be governed, interpreted and construed in accordance with the laws of the Province of Ontario.

(b) If two or more individuals, corporations, limited liability companies, partnerships or other business entities or associations (or any combination of two or more thereof) are named above and execute this Agreement as Seller, the liability of each such individual, corporation, partnership, limited liability company or other business entity or association under this Agreement shall be joint and several and the release or discharge by Factor of one shall not

release or discharge the others. In like manner, if Seller named in this Agreement is a partnership or other business entity or association, the members of which are by virtue of statutory or general law subject to personal liability, the liability of each such member shall be joint and several and the release or discharge by Factor of one shall not release or discharge the others. This Agreement shall be interpreted to reflect multiple parties being named and executing this Agreement as Seller. By way of example, the term "Account" includes an account receivable for any party or parties named and executing this Agreement as Seller.

(c) Factor's books and records shall be admissible in evidence without objection as conclusive evidence of the status of the obligations between Factor and Seller. Each statement, report, or accounting rendered or issued by Factor to Seller shall be deemed conclusively accurate and binding on Seller unless within thirty (30) days after the date of issuance Seller notifies Factor to the contrary by registered or certified mail, setting forth with specificity each reason why Seller believes such statement, report, or accounting or any portion thereof is inaccurate, what Seller believes to be correct amount(s) therefor, and supplies detailed, written support for Seller's objection(s). Seller's failure to receive any monthly statement shall not relieve it of the responsibility to request such statement and Seller's failure to do so shall nonetheless bind Seller to whatever Factor's records would have reported.

(d) Any legal proceeding with respect to any controversy arising under, out of, or relating to, this Agreement, any amendment or supplement thereto or to any transactions in connection therewith whether asserted by way of claim, counterclaim, cross claim or otherwise shall be brought and litigated only in the Province of Ontario, in the City of Toronto or in any county in which Factor has a business location, the selection of which shall be in the exclusive discretion of Factor. Seller hereby waives and agrees not to assert, by way of motion, as a defence or otherwise, that any such proceeding, is brought in any inconvenient forum or that the venue thereof is improper.

(e) Seller expressly authorizes Factor to access the systems of and/or communicate with any shipping or trucking company in order to obtain or verify tracking, shipment or delivery status of any merchandise regarding an Account.

(f) Seller acknowledges that there is no, and it will not seek or attempt to establish any, fiduciary relationship between Factor and Seller, and Seller waives any right to assert, now or in the future, the existence or creation of any fiduciary or joint venture relationship between Factor and Seller in any action or proceeding (whether by way of claim, counterclaim, cross claim or otherwise) for damages.

(g) This Agreement (including any addenda executed contemporaneously herewith) is a complete and final agreement, reflects Seller's and Factor's mutual understanding, supersedes any prior agreement or understanding between the parties, and may not be modified or amended orally. But for the promises and representations expressly contained in this Agreement, no other promise or representation of any kind has been made to induce either party to execute this Agreement. Furthermore, Seller and Factor acknowledge that if any such promise or representation has been made, neither has relied, nor shall either be entitled to rely, upon any

such promise or representation in deciding to enter into this Agreement.

(h) In the event Seller's principals, officers or directors form a new entity, whether corporate, partnership, limited liability company or otherwise, similar to that of Seller during the term of this Agreement or merge into any other entity (regardless of whether Seller is the surviving entity), such entity shall be deemed to have expressly assumed the obligations due Factor by Seller under this Agreement. Upon the formation of any such entity, Factor shall be deemed to have been granted an irrevocable power of attorney with authority to execute, on behalf of the newly formed successor business, a PPSA or Uniform Commercial Code financing statement or amendment and have it filed with the appropriate PPSA or Uniform Commercial Code filing office. Factor shall be held-harmless and be relieved of any liability by Seller or such new entity as a result of Factor's filing any PPSA or Uniform Commercial Code financing statement or the resulting perfection of a lien or security interest in any of the successor entity's assets. In addition, Factor shall have the right to notify the successor entity's account debtors of Factor's security interests and lien rights, its right to collect all Accounts, and to notify any new lender who has perfected a security interest or lien in such successor entity's assets.

(i) Seller acknowledges that Factor may obtain financing from a bank or other financial institution or financing sources and in connection herewith: (a) consents to Factor's granting such financial institution or financing source a security interest in all of its rights under Agreement, the documents executed in connection therewith and all collateral thereunder; and (b) agrees that such financial institution or financing source shall be a beneficiary of all its representations, warranties and covenants in this Agreement and may exercise any power of attorney given by Seller to Factor under this Agreement or otherwise.

(j) **Seller and Factor hereby irrevocably waive any right either may have to a trial by jury in respect of any litigation directly or indirectly at any time arising out of, under or in connection with this Agreement or any transaction contemplated hereby or associated herewith. Seller irrevocably waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any such litigation any special, exemplary, punitive or consequential damages, or damages other than, or in addition to, actual damages. Seller certifies that no party hereto nor any representative or agent or counsel for any party hereto has represented, expressly or otherwise, or implied that such party would not, in the event of litigation, seek to enforce the foregoing waivers. Seller acknowledges that Factor has been induced to enter into this Agreement and the transactions contemplated hereby, in part, as a result of the mutual waivers and certifications contained in this paragraph.**

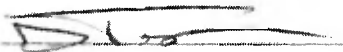
24. **Paragraph Headings.** The paragraph headings contained in this Agreement are for convenience only and shall in no way enlarge or limit the scope of meaning of the paragraphs hereof.

25. **Counterparts.** This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if all signatures were upon the same instrument. Signatures may be affixed manually or digitally and delivery of an executed counterpart of the signature pages to this Agreement by facsimile or by electronic means shall be


effective as delivery of a manually executed counterpart of this Agreement, and any party delivering such an executed counterpart of this Agreement or facsimile or electronic means to any other party shall thereafter also promptly deliver a manually executed counterpart of this Agreement to such other party, provided that the failure to deliver such manually executed counterpart shall not affect the validity, enforceability or binding effect of this Agreement.

SELLER

1635536 ONTARIO INC.

By: 
Name: David Taylor
Title: President

VERSITEC MARINE USA INC.

By: 
Name: David Taylor
Title: President

Executed June 21, 2017

PROVINCE OF ONTARIO, CANADA

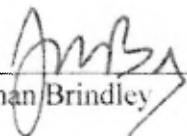
The foregoing instrument was acknowledged before me this 21st day of June, by David Taylor on behalf of each Seller. He is personally known to me or who provided _____ as identification.

Notary Public

FACTOR

LIQUID CAPITAL EXCHANGE CORP.

By: _____


Jonathan Brindley

Executed June 21, 2017



Discount Rate Schedule

Schedule 1

a.	Initial Rate	2.25%
b.	Initial Rate Period	Thirty (30) Days
c.	Further Rate	0.075% per day
d.	Further Rate Period	N/A
e.	Maximum Amount	\$500,000.00
f.	Minimum Charge Per Invoice	N/A
g.	Per Invoice Fee	N/A
h.	Reserve	15%

Handwritten initials:
D.T.
JMB

1635536 ONTARIO INC.
4 Stonebridge Drive, Unit 4, Port Colborne, Ontario L3K 5V4

Attention: Accounts Payable Department

Subject: Payment of Account

1635536 Ontario Inc. o/a Versitec Marine & Industrial ("Versitec") has entered into certain financing arrangements with Liquid Capital Exchange Corp. ("LCX"). As part of those financing arrangements, Versitec has made an absolute assignment to LCX of your outstanding accounts and will be making further such assignments on an ongoing basis with respect to all of your future outstanding accounts.

You are hereby irrevocably authorized and directed to pay all monies due and owing in respect of all your present and future accounts with Versitec to **Liquid Capital Exchange Corp.** at the following address:

Liquid Capital Exchange Corp.
5734 Yonge Street, Suite 400
Toronto, Ontario
M2J 4E7

This authorization and direction is irrevocable until you are advised otherwise in writing signed by authorized signing officers of both Versitec and LCX. Facsimile and other electronically transmitted documents pertaining to these matters are to be considered and treated the same as original documents. It is contemplated that LCX might delay delivery of this letter to you indefinitely. Any such delay shall not adversely affect the validity of the notification or the direction upon delivery.

Please acknowledge your receipt of this notification of absolute assignment and this irrevocable direction by signing below where indicated and sending signed copies by email to Versitec at service@versitec.ca and to LCX at aflomen@liquidcapitalcorp.com. But please note that your receipt of this notification of absolute assignment, without any acknowledgement or acceptance by you, is sufficient to require that payments be made in accordance with this notification and that payments made contrary to this notification might not be applied in satisfaction of your account.


We appreciate our business relationship. Please be assured that the assignment to LCX of your accounts will not disrupt our continued relationship. If you have any questions concerning these matters, please call me directly at 905-834-5566 or Adam Flomen of LCX at 416-222-5599.

Sincerely,

Acknowledged this ___ day of _____, 201__.

1635536 Ontario Inc.
o/a Versitec Marine & Industrial
per:

per:



(authorized signing officer)

(authorized signing officer)

Name: David Taylor
Title: President

Name:
Title:
Telephone #:

VERSITEC MARINE USA INC.
1623 Military Road, #283, Niagara falls, NY 14304

Attention: Accounts Payable Department

Subject: Payment of Account

Versitec Marine USA Inc. ("Versitec USA") has entered into certain financing arrangements with Liquid Capital Exchange Corp. ("LCX"). As part of those financing arrangements, Versitec USA has made an absolute assignment to LCX of your outstanding accounts and will be making further such assignments on an ongoing basis with respect to all of your future outstanding accounts.

You are hereby irrevocably authorized and directed to pay all monies due and owing in respect of all your present and future accounts with Versitec USA to **Liquid Capital Exchange Corp.** at the following address:

Liquid Capital Exchange Corp.
5734 Yonge Street, Suite 400
Toronto, Ontario
M2J 4E7

This authorization and direction is irrevocable until you are advised otherwise in writing signed by authorized signing officers of both Versitec USA and LCX. Facsimile and other electronically transmitted documents pertaining to these matters are to be considered and treated the same as original documents. It is contemplated that LCX might delay delivery of this letter to you indefinitely. Any such delay shall not adversely affect the validity of the notification or the direction upon delivery.

Please acknowledge your receipt of this notification of absolute assignment and this irrevocable direction by signing below where indicated and sending signed copies by email to Versitec USA at service@versitec.ca and to LCX at aflomen@liquidcapitalcorp.com. But please note that your receipt of this notification of absolute assignment, without any acknowledgement or acceptance by you, is sufficient to require that payments be made in accordance with this notification and that payments made contrary to this notification might not be applied in satisfaction of your account.

We appreciate our business relationship. Please be assured that the assignment to LCX of your accounts will not disrupt our continued relationship. If you have any questions concerning these matters, please call me directly at 905-834-5566 or Adam Flomen of LCX at 416-222-5599.

Sincerely,

Acknowledged this ___ day of _____, 201__.

Versitec Marine USA Inc.

per:

per:



(authorized signing officer)

(authorized signing officer)

Name: David Taylor

Name:

Title: President

Title:

Telephone #:

This is Exhibit “C” referred to in the Affidavit of Jonathan Brindley sworn by Jonathan Brindley of the City of Mississauga, in the Regional Municipality of Peel, before me at the City of Toronto, in the Province of Ontario, on November 18, 2021 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

STEWART THOM

GENERAL SECURITY AGREEMENT

1. SECURITY INTEREST

1.01 For value received, the undersigned 1635536 ONTARIO INC., a corporation incorporated under the laws of the Province of Ontario (the "**Debtor**"), hereby grants to LIQUID CAPITAL EXCHANGE CORP. (the "**Creditor**"), by way of mortgage, charge, assignment and transfer, a security interest (the "**Security Interest**") in the undertaking of the Debtor and in all of the Debtor's present and after acquired personal property including, without limitation, in all Goods (including all parts, accessories, attachments, special tools, additions and accessions thereto), Accounts, Chattel Paper, Documents of Title (whether negotiable or not), Equipment, Instruments, Intangibles, Inventory, Money and Securities now owned or hereafter owned or acquired by or on behalf of the Debtor or in which the Debtor has any right, title or interest whatsoever or wheresoever (including such as may be returned to or repossessed by the Debtor) and in all Proceeds and renewals thereof, accretions thereto and substitutions therefor (the "**Collateral**"), and including, without limitation, all of the following now owned or hereafter owned or acquired by or on behalf of the Debtor:

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

1.02 The Security Interest granted hereby shall not extend or apply to and the Collateral shall not include the last day of the term of any lease or agreement therefor but upon the enforcement of the Security Interest the Debtor shall stand possessed of such last day in trust to assign the same to any person acquiring such term, including, without limitation, the Creditor.

1.03 The terms “**Accessions**”, “**Account**”, “**Chattel Paper**”, “**Document of Title**”, “**Equipment**”, “**Goods**”, “**Instrument**”, “**Intangible**”, “**Inventory**”, “**Money**”, “**Personal Property**”, “**Proceeds**” and “**Security**” whenever used herein shall be interpreted pursuant to their respective meanings when used in the *Personal Property Security Act* of Ontario, as amended from time to time, which Act, including amendments thereto and any Act substituted therefor and amendments thereto is herein referred to as the “**P.P.S.A.**”. Provided always that the term “**Goods**” when used herein shall not include “**Consumer Goods**” of the Debtor as that term is defined in the P.P.S.A., and the term “**Inventory**” when used herein shall include livestock and the young thereof after conception, crops that become growing crops, fish after they are caught, minerals or hydrocarbons after they are extracted and timber after it is cut. Any reference herein to the “**Collateral**” shall, unless the context otherwise requires, be deemed a reference to the “**Collateral or any part thereof**”.

2. INDEBTEDNESS SECURED

2.01 The Security Interest granted hereby secures payment and performance of any and all obligations, indebtedness and liability of the Debtor to the Creditor (including, without limitation, interest thereon) present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, wheresoever and howsoever incurred and any ultimate unpaid balance thereof and whether the same is at any time and from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether the Debtor be bound alone or with another or others and whether as principal or surety (hereinafter collectively called the “**Indebtedness**”). If the Security Interest in the Collateral is not sufficient, in the event of default, to satisfy all Indebtedness of the Debtor, the Debtor acknowledges and agrees that the Debtor shall continue to be liable for any Indebtedness remaining outstanding and the Creditor shall be entitled to pursue full payment thereof.

3. REPRESENTATIONS AND WARRANTIES OF THE DEBTOR

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

- (a) the Collateral is genuine and owned by the Debtor free of all security interests, mortgages, liens, claims, charges or other encumbrances (hereinafter collectively called “**Encumbrances**”), save for the Security Interest and those Encumbrances shown on Schedule “A” hereto or hereafter approved in writing, prior to their creation or assumption, by the Creditor (hereinafter collectively called “**Permitted Encumbrances**”); provided, that nothing in the foregoing definition of “**Permitted Encumbrances**” or otherwise in this Agreement (including, without limitation, Schedule “A”) shall (i) be construed as evidencing an intention or agreement on the part of the Creditor that the Security Interest or the Indebtedness be or have been subordinated to any such Permitted Encumbrances or (ii) cause any such subordination to occur.
- (b) to the best of the knowledge, information and belief of the Debtor, (i) each Debt, Chattel Paper and Instrument constituting the Collateral is enforceable in accordance with its terms against the party obligated to pay the same (the “**Account Debtor**”),

and the amount represented by the Debtor to the Creditor from time to time as owing by each Account Debtor or by all Account Debtors will be the correct amount actually and unconditionally owing by such Account Debtor or Account Debtors, except for normal cash discounts where applicable, and (ii) no Account Debtor now has any defence, set off, claims or counterclaim against the Debtor which can be asserted against the Creditor, whether in any proceeding to enforce the Collateral or otherwise; and

- (c) the locations specified in Schedule "B" hereto as to the location of the business operations and records of the Debtor are accurate and complete and, with respect to Goods (including, without limitation, Inventory) constituting the Collateral, the locations specified in Schedule "B" hereto are accurate and complete, save for Goods in transit to such locations and Inventory on lease or consignment; and all fixtures or Goods about to become fixtures and all crops and all oil, gas or other minerals to be extracted and all timber to be cut which forms part of the Collateral will be situate at one of such locations.

4. COVENANTS OF THE DEBTOR

4.01 So long as this Security Agreement remains in effect the Debtor covenants and agrees:

- (a) to defend the Collateral against the claims and demands of all other parties claiming the same or an interest therein; to keep the Collateral free from all Encumbrances, except for the Security Interest and the Permitted Encumbrances; and not to sell, exchange, transfer, assign, lease, or otherwise dispose of the Collateral or any interest therein without the prior written consent of the Creditor; provided always, that, until default, the Debtor may, in the ordinary course of the Debtor's business, sell or lease Inventory and, subject to section 7.01 hereof, use monies available to the Debtor and the Debtor may sell or otherwise dispose of equipment which has become worn out or damaged or otherwise unsuitable for its purpose on condition that the Debtor shall substitute therefor, subject to the Security Interest, property of equal or greater value so that the Collateral shall not thereby be in any way reduced or impaired;
- (b) to notify the Creditor in writing promptly of:
- (i) any change in the information contained herein or in the Schedules hereto relating to the Debtor, the Debtor's business or the Collateral;
 - (ii) the details of any significant acquisition of Collateral;
 - (iii) the details of any claims or litigation affecting the Debtor or the Collateral;
 - (iv) any significant loss of or damage to the Collateral;
 - (v) any material default by any Account Debtor in payment or other performance of its obligations with respect to the Collateral; and

- (vi) the return to or repossession by the Debtor of the Collateral;
- (c) to keep the Collateral in good order, condition and repair and not to use the Collateral in violation of the provisions of this Security Agreement or any other agreement relating to the Collateral or any policy insuring the Collateral or any applicable statute, law, by-law, rule, regulation or ordinance;
- (d) to do, execute, acknowledge and deliver such financing statements, financing change statements and further assignments, transfers, documents, acts, matters, information and things (including, without limitation, further schedules hereto) as may be reasonably requested by the Creditor of or with respect to the Collateral in order to give effect to these presents and to pay all costs for searches and filings in connection therewith;
- (e) to pay all taxes, rates, levies, assessments and other charges of every nature which may be lawfully levied, assessed or imposed against or in respect of the Debtor or the Collateral as and when the same become due and payable;
- (f) to insure the Collateral for such periods, in such amounts, on such terms and against loss or damage by fire and such other risks as the Creditor shall reasonably direct with loss payable to the Creditor and the Debtor, as insureds, as their respective interests may appear, and to pay all premiums therefor;
- (g) to prevent the Collateral, save Inventory sold or leased as permitted hereby, from being or becoming an accession to other property not charged by this Security Agreement;
- (h) to carry on and conduct the business of the Debtor in a proper and efficient manner and so as to protect and preserve the Collateral and to keep, in accordance with generally accepted accounting principles, consistently applied, proper books of account for the Debtor's business as well as accurate and complete records concerning the Collateral, and mark in the manner specified by the Creditor from time to time any and all such records and the Collateral at the Creditor's request so as to indicate the Security Interest; and
- (i) to deliver to the Creditor from time to time promptly upon request:
 - (i) any Documents of Title, Instruments, Securities and Chattel Paper constituting, representing or relating to the Collateral;
 - (ii) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to the Collateral for the purpose of inspecting, auditing or copying the same;

- (iii) all financial statements prepared by or for the Debtor regarding the Debtor's business;
- (iv) all policies and certificates of insurance relating to the Collateral; and
- (v) such information concerning the Collateral, the Debtor and the Debtor's business and affairs as the Creditor may reasonably request.

5. USE AND VERIFICATION OF THE COLLATERAL

5.01 Subject to compliance with the Debtor's covenants contained herein and section 7.01 hereof, the Debtor may, until default, possess, operate, collect, use and enjoy and deal with the Collateral in the ordinary course of the Debtor's business in any manner not inconsistent with the provisions hereof; provided always that the Creditor shall have the right at any time and from time to time to verify the existence and state of the Collateral in any manner the Creditor may consider appropriate and the Debtor agrees to furnish all assistance and information and to perform all such acts as the Creditor may reasonably request in connection therewith and for such purpose to grant to the Creditor or its agents access to all places where the Collateral may be located and to all premises occupied by the Debtor.

6. SECURITIES

6.01 If the Collateral at any time includes shares in any affiliates of the Debtor, the Debtor authorizes the Creditor, upon the expiry of 180 days from the date of this Security Agreement without the Indebtedness having been repaid in full, to transfer the same or any part thereof into its own name or that of its nominee(s). If the Collateral at any time includes other Securities (other than shares in any affiliates of the Debtor), the Debtor authorizes the Creditor, upon default, to transfer the same or any part thereof into its own name or that of its nominee(s) so that the Creditor or its nominee(s) may appear of record as the sole owner thereof. After any transfer as aforesaid, the Debtor waives all right to receive any notices or communications received by the Creditor or its nominee(s) as such registered owner. Subject to the foregoing, upon the request of the Creditor, the Debtor will instruct the issuer, clearing agency, custodian or nominee to make an entry in its records of the Creditor's security interest in the Securities so as to effect delivery to and possession by the Creditor of those securities.

7. COLLECTION OF DEBTS

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

8. INCOME FROM AND INTEREST ON THE COLLATERAL

8.01 Until default, the Debtor reserves the right to receive any monies constituting income from or interest on the Collateral and if the Creditor receives any such monies prior to default, the Creditor shall either credit same against the Indebtedness or pay the same promptly to the Debtor.

8.02 After default, the Debtor will not request or receive any monies constituting income from or interest on the Collateral and if the Debtor receives any such monies without any request by it, the Debtor will pay the same promptly to the Creditor.

9. INCREASES, PROFITS, PAYMENTS OR DISTRIBUTIONS

9.01 Whether or not default has occurred, the Debtor authorizes the Creditor:

- (a) to receive any increase in or profits on the Collateral (other than money) and to hold the same as part of the Collateral. Money so received shall be treated as income for the purposes of sections 8.01 and 8.02 hereof and dealt with accordingly; and
- (b) to receive any payment or distribution upon redemption or retirement or upon dissolution and liquidation of the issuer of the Collateral; to surrender such Collateral in exchange therefor; and to hold any such payment or distribution as part of the Collateral.

9.02 If the Debtor receives any such increase or profits (other than money) or payments or distributions, the Debtor will deliver the same promptly to the Creditor to be held by the Creditor as herein provided.

10. DISPOSITION OF MONIES

10.01 Subject to any applicable mandatory requirements of the P.P.S.A., all monies collected or received by the Creditor pursuant to or in exercise of any right it possesses with respect to the Collateral shall be applied or reapplied on account of the Indebtedness in such manner as the Creditor deems best in its sole discretion or, at the opinion of the Creditor, may be held unappropriated in a collateral account or released to the Debtor, all without prejudice to the liability of the Debtor or the rights of the Creditor hereunder, and any surplus shall be accounted for as required by law.

11. EVENTS OF DEFAULT

11.01 The happening of any of the following events or conditions shall constitute default hereunder which is herein referred to as "**default**":

- (a) the non-payment when due, whether by acceleration or otherwise, of any principal or interest forming part of the Indebtedness or the failure of the Debtor to observe or perform any obligation, covenant, term, provision or condition contained in this Security Agreement or any other agreement between the Debtor and the Creditor;

- (b) the death of or a declaration of incompetency by a court of competent jurisdiction with respect to the Debtor, if an individual;
- (c) the bankruptcy or insolvency of the Debtor; the filing against the Debtor of a petition in bankruptcy; the making of an authorized assignment or proposal for the benefit of creditors by the Debtor; the appointment of a receiver or trustee for the Debtor or for any assets of the Debtor; or the institution by or against the Debtor of any other type of insolvency proceeding under the *Bankruptcy and Insolvency Act* (Canada) or otherwise;
- (d) the institution by or against the Debtor of any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against or winding up of affairs of the Debtor;
- (e) if any Encumbrance affecting the Collateral becomes enforceable against the Collateral;
- (f) if the Debtor ceases or threatens to cease to carry on business or makes or agrees to make a bulk sale of assets without complying with applicable law or commits or threatens to commit an act of bankruptcy;
- (g) if any execution, sequestration, extent or other process of any court becomes enforceable against the Debtor or if a distress or analogous process is levied upon the assets of the Debtor or any part thereof; or
- (h) if any certificate, statement, representation, warranty or audit report heretofore or hereafter furnished by or on behalf of the Debtor pursuant to or in connection with this Security Agreement, or otherwise (including, without limitation, the representations and warranties contained herein) or as an inducement to the Creditor to extend any credit to or to enter into this or any other agreement with the Debtor, proves to have been false or inaccurate in any material respect at the time as of which the facts therein set forth were stated or certified, or proves to have omitted any substantial contingent or unliquidated liability or claim against the Debtor; or if upon the date of execution of this Security Agreement, there shall have been any material adverse change in any of the facts disclosed by any such certificate, representation, statement, warranty or audit report, which change shall not have been disclosed to the Creditor at or prior to the time of such execution.

12. ACCELERATION

12.01 The Creditor, in its sole discretion, may declare all or any part of the Indebtedness which is not by its terms payable on demand to be immediately due and payable, without demand or notice of any kind, in the event of default, or, if the Creditor in good faith believes and has commercially reasonable grounds to believe that a material adverse change has occurred in the financial and business position of the Debtor. The provisions of this section 12.01 are not intended

in any way to affect any right of the Creditor with respect to Indebtedness which may now or hereafter be payable on demand.

13. REMEDIES

13.01 Upon default, the Creditor may appoint or reappoint by instrument in writing, any person or persons, whether an officer or officers or an employee or employees of the Creditor or not, to be a receiver or receivers (hereinafter called a "Receiver", which term when used herein shall include a receiver and manager) of the Collateral (including any interest, income or profits therefrom) and may remove any Receiver so appointed and appoint another in his stead. Any such Receiver shall, so far as concerns responsibility for his acts, be deemed the agent of the Debtor and not the Creditor, and the Creditor shall not be in any way responsible for any misconduct, negligence, or non-feasance on the part of any such Receiver, his servants, agents or employees. Subject to the provisions of the instrument appointing him, any such Receiver shall have power to take possession of the Collateral, to preserve the Collateral or its value, to carry on or concur in carrying on all or any part of the business of the Debtor and to sell, lease or otherwise dispose of or concur in selling, leasing or otherwise disposing of the Collateral. To facilitate the foregoing powers, any such Receiver may, to the exclusion of all others, including the Debtor, enter upon by peaceable or forcible means at any time of the day or night, use and occupy all premises owned or occupied by the Debtor wherein the Collateral may be situate, maintain the Collateral upon such premises, borrow money on a secured or unsecured basis and use the Collateral directly in carrying on the Debtor's business or as security for loans or advances to enable him to carry on the Debtor's business or otherwise, as such Receiver shall, in his discretion, determine. Except as may be otherwise directed by the Creditor, all monies received from time to time by such Receiver in carrying out his appointment shall be received in trust for and paid over to the Creditor. Every such Receiver may, in the discretion of the Creditor, be vested with all or any of the rights and powers of the Creditor.

13.02 Upon default, the Creditor may, either directly or through its agents or nominees, exercise all the powers and rights given to a Receiver by virtue of section 13.01 hereof.

13.03 The Creditor may take possession of, collect, demand, sue on, enforce, recover and receive the Collateral and give valid and binding receipts and discharges therefor and in respect thereof and, upon default, the Creditor may sell, lease or otherwise dispose of the Collateral in such manner, at such time or times and place or places, for such consideration and upon such terms and conditions as to the Creditor may seem reasonable.

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

13.05 The Debtor acknowledges that the Creditor or any Receiver appointed by it may take possession of the Collateral wherever it may be located and by any method permitted by law and the Debtor agrees upon request from the Creditor or any such Receiver to assemble and deliver possession of the Collateral at such place or places as directed.

13.06 In the event of default, the Debtor agrees to pay all costs, charges and expenses reasonably incurred by the Creditor or any Receiver appointed by it, whether directly or for services rendered (including reasonable solicitors and auditors costs, other legal expenses and Receiver remuneration), in operating the Debtor's accounts, in enforcing this Security Agreement, taking and maintaining custody of, preserving, repairing, processing, preparing for dispositions and disposing of the Collateral and in enforcing or collecting indebtedness and all such costs, charges and expenses together with any monies owing as a result of any borrowing by the Creditor or any Receiver appointed by it, as permitted hereby, shall be a first charge on the proceeds of realization, collection or disposition of the Collateral and shall be secured hereby.

13.07 Unless the Collateral in question is perishable, the Creditor believes on reasonable grounds that the Collateral in question will decline speedily in value, the Collateral in question is of the type customarily sold on a recognized market, the cost and storage of the Collateral is disproportionately large relative to its value or a court of competent jurisdiction orders otherwise, the Creditor will give the Debtor such notice, if any, of the date, time and place of any public sale or of the date after which any private disposition of the Collateral is to be made, as may be required by the P.P.S.A.

14. MISCELLANEOUS

14.01 The Debtor hereby authorizes the Creditor to file such financing statements, financing change statements and other documents and do such acts, matters and things (including completing and adding schedules hereto identifying the Collateral or any permitted Encumbrances affecting the Collateral or identifying the locations at which the Debtor's business is carried on and the Collateral and records relating thereto are situate) as the Creditor may deem appropriate to perfect on an ongoing basis and continue the Security Interest, to protect and preserve the Collateral and to realize upon the Security Interest and the Debtor hereby irrevocably constitutes and appoints any officer or director from time to time of the Creditor the true and lawful attorney of the Debtor, with full power of substitution, to do any of the foregoing in the name of the Debtor whenever and wherever it may be deemed necessary or expedient.

14.02 Without limiting any other right of the Creditor, whenever Indebtedness is immediately due and payable or the Creditor has the right to declare Indebtedness to be immediately due and payable (whether or not it has so declared), the Creditor may, in its sole discretion, set off against such Indebtedness any and all monies then owed to the Debtor by the Creditor in any capacity, whether or not due, and the Creditor shall be deemed to have exercised such right of setoff immediately at the time of making its decision to do so even though any charge therefor is made or entered on the Creditor's records subsequent thereto.

14.03 Upon the Debtor's failure to perform any of its duties hereunder, the Creditor may, but shall not be obligated to, perform any or all of such duties, and the Debtor shall pay to the Creditor, forthwith upon written demand therefor, an amount equal to the expense incurred by the Creditor in so doing plus interest thereon from the date such expense is incurred until it is paid at the rate of 18% per annum.

14.04 The Creditor may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges and otherwise deal with the Debtor, debtors of the Debtor, sureties and others and with the Collateral and other security as the Creditor may see fit without prejudice to the liability of the Debtor or the Creditor's right to hold and realize the Security Interest. Furthermore, after default, the Creditor may demand, collect and sue on the Collateral in either the Debtor's or the Creditor's name, at the Creditor's option, and may endorse the Debtor's name on any and all cheques, commercial paper, and any other Instruments pertaining to or constituting the Collateral.

14.05 No delay or omission by the Creditor in exercising any right or remedy hereunder or with respect to any Indebtedness shall operate as a waiver thereof or of any other right or remedy, and no single or partial exercise thereof shall preclude any other or further exercise thereof or the exercise of any other right or remedy. Furthermore, the Creditor may remedy any default by the Debtor hereunder or with respect to any Indebtedness in any reasonable manner without waiving the default remedied and without waiving any other prior or subsequent default by the Debtor. All rights and remedies of the Creditor granted or recognized herein are cumulative and may be exercised at any time and from time to time independently or in combination.

14.06 The Debtor waives protest, notice of protest, notice of presentment and notice of dishonour of any Instrument constituting the Collateral at any time held by the Creditor on which the Debtor is in any way liable and subject to section 13.07 hereof, notice of any other action taken by the Creditor.

14.07 This Security Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, personal legal representatives, successors and assigns. In any action brought by an assignee of this Security Agreement and the Security Interest or any part thereof to enforce any rights hereunder, the Debtor shall not assert against the assignee any claim or defence which the Debtor now has or hereafter may have against the Creditor. If more than one Debtor executes this Security Agreement the obligations of such Debtors hereunder shall be joint and several.

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

14.09 Subject to the requirements of section 13.07 hereof, whenever either party hereto is required or entitled to notify or direct the other or to make a demand or request upon the other, such notice, direction, demand or request shall be in writing and shall be sufficiently given if delivered by mail to the party for whom it is intended at the last known address of such party or if sent by prepaid

registered mail addressed to the party for whom it is intended at the last known address of such party. Either party may notify the other pursuant hereto of any change in such party's address to be used for the purposes hereof.

14.10 This Security Agreement and the security created hereby is in addition to and not in substitution for any other security now or hereafter held by the Creditor and is, and is intended to be, a continuing Security Agreement and shall remain in full force and effect until all Indebtedness contracted for or created, and any extensions or renewals thereof, together with interest accruing thereon shall be paid in full and this Security Agreement is discharged. If all of the Indebtedness has been paid and satisfied and the Debtor has otherwise observed and performed all of its obligations under this Security Agreement and is not then in default hereunder, then the Creditor shall at the request and expense of the Debtor release and discharge the Security Interest and execute and deliver such deeds and other instruments as shall be requisite therefor.

14.11 The headings used in this Security Agreement are for convenience only and are not to be considered a part of this Security Agreement and do not in any way limit or amplify the terms and provisions of this Security Agreement.

14.12 When the context so requires, the singular number shall be read as if the plural were expressed and the provisions hereof shall be read with all grammatical changes necessary dependant upon the person referred to being a male, female, firm or corporation.

14.13 In the event any provisions of this Security Agreement, as amended from time to time, shall be deemed invalid or void, in whole or in part, by any Court of competent jurisdiction, the remaining terms and provisions of this Security Agreement shall remain in full force and effect.

14.14 Nothing herein contained shall in any way obligate the Creditor to grant, continue, renew, extend time for payment of or accept anything which constitutes or would constitute Indebtedness.

14.15 The Security Interest created hereby shall attach when this Security Agreement is signed by the Debtor and delivered to the Creditor. The Debtor and the Creditor acknowledge that value has been given and the Debtor has rights in the Collateral.

14.16 The Debtor acknowledges and agrees that in the event it amalgamates with any other company or companies it is the intention of the parties hereto that the term "**Debtor**" when used herein shall apply to each of the amalgamating companies and to the amalgamated company, such that the Security Interest granted hereby:

- (a) shall extend to "**Collateral**" (as that term is herein defined) owned by each of the amalgamating companies and the amalgamated company at the time of amalgamation and to any "**Collateral**" thereafter owned or acquired by the amalgamated company; and
- (b) shall secure the "**Indebtedness**" (as that term is herein defined) of each of the amalgamating companies and the amalgamated company to the Creditor at the time

of amalgamation and any "Indebtedness" of the amalgamated company to the Creditor thereafter arising. The Security Interest shall attach to "Collateral" owned by each company amalgamating with the Debtor, and by the amalgamated company, at the time of amalgamation, and shall attach to any "Collateral" thereafter owned or acquired by the amalgamated company when such becomes owned or is acquired.

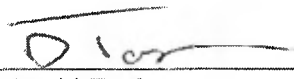
14.17 This Security Agreement and the transactions evidenced hereby shall be governed by and construed in accordance with the laws of the Province of Ontario as the same may from time to time be in effect, including, where applicable, the P.P.S.A.

15. COPY OF AGREEMENT

15.01 The Debtor hereby acknowledges receipt of a copy of this Security Agreement and all financing statements in respect hereof. In the event that the Creditor pays to the Debtor any penalties pursuant to the P.P.S.A., then the Debtor shall indemnify and hold harmless the Creditor from all costs, expenses, penalties or charges arising in connection with any action by or on behalf of the Debtor pursuant to the P.P.S.A.

IN WITNESS WHEREOF the Debtor has executed this Security Agreement as of the 21st day of June, 2017.

1635536 ONATRIO INC.

By:  c/s
Name: David Taylor
Title: President
(Authorized Signing Officer)

SCHEDULE "A"
to the foregoing General Security Agreement

Encumbrances

Security interests perfected by registration under P.P.S.A. as of the date of the foregoing General Security Agreement under the following:

1. Registration numbers 658638099, 705792672 and 726825069 in favour of Royal Bank of Canada;
2. Registration number 697035501 in favour of Business Development Bank of Canada;
3. Registration number 720962226 in favour of Indcom Leasing Inc.
4. Registration number 727632207 in favour of GM Financial Canada Leasing Ltd.

SCHEDULE "B"
to the foregoing General Security Agreement

1. **Business Locations**

4 Stonebridge Drive, Unit 4, Port Colborne, Ontario L3K 5V4

2. **Location of Records relating to Collateral**

4 Stonebridge Drive, Unit 4, Port Colborne, Ontario L3K 5V4

3. **Locations of Collateral**

4 Stonebridge Drive, Unit 4, Port Colborne, Ontario L3K 5V4

This is Exhibit “D” referred to in the Affidavit of Jonathan Brindley sworn by Jonathan Brindley of the City of Mississauga, in the Regional Municipality of Peel, before me at the City of Toronto, in the Province of Ontario, on November 18, 2021 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

STEWART THOM

SECURITY AGREEMENT

SECURITY AGREEMENT dated as of June 21, 2017, between **VERSITEC MARINE USA INC.**, a Delaware corporation, with address of 1623 Military Road, #283, Niagara Falls, NY 14304 ("**Debtor**"), and **LIQUID CAPITAL EXCHANGE CORP.**, an Ontario (Canada) corporation, with address of 5734 Yonge Street, Suite 400, Ontario M2M 4E7 ("**Secured Party**").

WHEREAS, Debtor has executed a financing facility agreement and a purchase and sale agreement of even date herewith (collectively, the "**Facility Agreement**") with Secured Party, pursuant to which Secured Party, subject to the terms and conditions contained therein, is to extend certain financial accommodations to or for the benefit of Debtor; and

WHEREAS, it is a condition precedent to Secured Party's extending financial accommodations to or for the benefit of Debtor under the Facility Agreement that Debtor executes and delivers to Secured Party a security agreement in substantially the form hereof; and

WHEREAS, Debtor wishes to grant a security interest in favor of Secured Party provided in this Agreement;

NOW, THEREFORE, in consideration of the promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Definitions.** Unless the context requires otherwise, all capitalized terms used in this Agreement without definitions have the respective meanings provided therefor in the Facility Agreement.

"**Client**", as used herein, means Debtor.

"**Default**", as used herein, means the failure of Debtor or any other party primarily or secondarily liable or responsible to perform any obligation under this Security Agreement or under the Obligations, including without limitation, the obligation to make payments on time or to perform any other obligation under this Security Agreement, the Facility Agreement, the Facility Documents, or the Security Documents.

"**Event of Default**," as used herein, means the failure of Debtor to pay or perform any of the Obligations as and when due to be paid or performed under the terms of the Facility Agreement, the Facility Documents or the Security Documents.

"**Facility Documents**," as used herein, means the Factoring Agreement, all documents executed in connection with or as security for the Factoring Agreement or the Facility Agreement or any other Obligations.

"**Obligations**," as used herein, means all of the indebtedness, obligations and liabilities of Debtor to Secured Party, individually or collectively, whether direct or indirect, joint or several, absolute or contingent, due or to become due, now existing or hereafter arising under or in respect of the Facility Agreement, any schedules of accounts, promissory notes or other instruments or agreements executed and delivered pursuant thereto or in connection therewith or this Agreement.

secured or unsecured, due or to become due, whether originally contracted with Secured Party or acquired in any manner (including by way of participation) by Secured Party, including without limitation the following indebtedness, obligations and liabilities, if any, of Debtor to Secured Party:

- (a) All recourse obligations of Debtor now or hereafter accruing under that certain purchase and sale agreement (the "**Factoring Agreement**") of even date herewith with a maximum amount of **FIVE HUNDRED THOUSAND AND NO/100 DOLLARS (\$500,000.00)**, executed by and between Debtor and 1635536 Ontario Inc. and Secured Party;
- (c) All obligations of Debtor now or hereafter accruing under this Security Agreement, including, the repayment of (i) any amount that Secured Party may advance or spend for the maintenance or preservation of the Collateral and (ii) any other expenditures that Secured Party may make under the provisions of this Security Agreement or for the benefit of Debtor;
- (d) All amounts owed under any renewal, rearrangement, modification and/or extension of any of the foregoing; and
- (e) Any of the foregoing that arises after the filing of a petition by or against Debtor under the Bankruptcy Code, even if the obligations do not accrue because of the automatic stay under Bankruptcy Code §362 or otherwise.

"**Security Documents**," as used herein, means this Security Agreement and all other documents executed in connection with or as security for the Factoring Agreement, or any other Obligations.

"**State**," as used herein, means the State of Texas. All terms defined in the Uniform Commercial Code of the State and used in this Agreement have the same definitions in this Agreement as specified therein. However, if a term is defined in Article 9 of the Uniform Commercial Code of the State differently from in another Article of the Uniform Commercial Code of the State, the term has the meaning specified in Article 9.

2. **Grant of Security Interest.** Debtor grants to Secured Party, to secure the payment and performance in full of all of the Obligations, a security interest in and to and pledges and assigns to Secured Party the following and all proceeds, products, additions, substitutions and accessions thereof and thereto (all of the same being hereinafter called the "**Collateral**"):

All of the following properties, assets and rights of Debtor, wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof: all personal and fixture property of every kind and nature including without limitation all goods (including inventory, equipment and any accessions thereto), instruments (including promissory notes), documents, accounts (including health-care-insurance receivables), chattel paper (whether tangible or electronic), deposit accounts, letter-of-credit rights (whether or not the letter of credit is evidenced by a writing), commercial tort claims, securities and all other investment property, supporting obligations, any other contract rights or rights to the payment of money, insurance claims and proceeds, and all general intangibles (including all payment intangibles). Secured Party acknowledges that the attachment of its security interest in any additional commercial tort claim as original collateral is subject to Debtor's compliance with Section 4.7.

3. **Authorization to File Financing Statements.** Debtor irrevocably authorizes Secured Party at any time and from time to time to file in any filing office in any Uniform Commercial Code jurisdiction any initial financing statements and amendments thereto that (a) indicate the Collateral (i) as all assets of Debtor or words of similar effect, regardless of whether any particular asset comprised in the Collateral falls within the scope of Article 9 of the Uniform Commercial Code of the State or such jurisdiction, or (ii) as being of an equal or lesser scope or with greater detail, and (b) provide any other information required by part 5 of Article 9 of the Uniform Commercial Code of the State, or such other jurisdiction, for the sufficiency or filing office acceptance of any financing statement or amendment, including (i) whether Debtor is an organization, the type of organization and any organizational identification number issued to Debtor and, (ii) in the case of a financing statement filed as a fixture filing or indicating Collateral as as-extracted collateral or timber to be cut, a sufficient description of real property to which the Collateral relates. Debtor agrees to furnish any such information to Secured Party promptly upon Secured Party's request. Debtor also ratifies its authorization for Secured Party to have filed in any Uniform Commercial Code jurisdiction any like initial financing statements or amendments thereto if filed prior to the date hereof.

4. **Other Actions.** To further the attachment, perfection and first priority of, and the ability of Secured Party to enforce, Secured Party's security interest in the Collateral, and without limitation on Debtor's other obligations in this Agreement, Debtor agrees, in each case at Debtor's expense, to take the following actions with respect to the following Collateral:

4.1. **Promissory Notes and Tangible Chattel Paper.** If Debtor at any time holds or acquires any promissory notes or tangible chattel paper that is Collateral, Debtor will forthwith endorse, assign and deliver the same to Secured Party, accompanied by such instruments of transfer or assignment duly executed in blank as Secured Party may from time to time specify.

4.2. **Deposit Accounts.** For each deposit account that Debtor at any time opens or maintains, Debtor will, at Secured Party's request and option, pursuant to an agreement in form and substance satisfactory to Secured Party, either (a) cause the depository bank to comply at any time with instructions from Secured Party to such depository bank directing the disposition of funds from time to time credited to such deposit account, without further consent of Debtor, or (b) arrange for Secured Party to become the customer of the depository bank with respect to the deposit account, with Debtor being permitted, only with the consent of Secured Party, to exercise rights to withdraw funds from such deposit account. The provisions of this paragraph will not apply to (i) any deposit account for which Debtor, the depository bank and Secured Party have entered into a cash collateral agreement specially negotiated among Debtor, the depository bank and Secured Party for the specific purpose set forth therein, (ii) a deposit account for which Secured Party is the depository bank and is in automatic control, and (iii) deposit accounts specially and exclusively used for payroll, payroll taxes and other employee wage and benefit payments to or for the benefit of Debtor's salaried employees.

4.3. **Investment Property.** If Debtor at any time holds or acquires any certificated securities that is Collateral, Debtor will forthwith endorse, assign and deliver the same to Secured Party, accompanied by such instruments of transfer or assignment duly executed in blank as Secured Party may from time to time specify. If any securities now or hereafter acquired by Debtor are uncertificated and are issued to Debtor or its nominee directly by the issuer thereof, Debtor will immediately notify Secured Party thereof and, at Secured Party's request and option, pursuant to an

agreement in form and substance satisfactory to Secured Party, either (a) cause the issuer to agree to comply with instructions from Secured Party as to such securities, without further consent of Debtor or such nominee, or (b) arrange for Secured Party to become the registered owner of the securities. If any securities, whether certificated or uncertificated, or other investment property now or hereafter acquired by Debtor are held by Debtor or its nominee through a securities intermediary or commodity intermediary, Debtor will immediately notify Secured Party thereof and, at Secured Party's request and option, pursuant to an agreement in form and substance satisfactory to Secured Party, either (i) cause such securities intermediary or (as the case may be) commodity intermediary to agree to comply with entitlement orders or other instructions from Secured Party to such securities intermediary as to such securities or other investment property, or (as the case may be) to apply any value distributed on account of any commodity contract as directed by Secured Party to such commodity intermediary, in each case without further consent of Debtor or such nominee, or (ii) in the case of financial assets or other investment property held through a securities intermediary, arrange for Secured Party to become the entitlement holder with respect to such investment property, with Debtor being permitted, only with the consent of Secured Party, to exercise rights to withdraw or otherwise deal with such investment property. Secured Party agrees with Debtor that Secured Party will not give any such entitlement orders or instructions or directions to any such issuer, securities intermediary or commodity intermediary, and will not withhold its consent to the exercise of any withdrawal or dealing rights by Debtor, unless an Event of Default has occurred and is continuing, or, after giving effect to any such investment and withdrawal rights not otherwise permitted by the Facility Documents, would occur. The provisions of this paragraph will not apply to any financial assets credited to a securities account for which Secured Party is the securities intermediary.

4.4. Collateral in the Possession of a Bailee. If any Collateral is at any time in the possession of a bailee, Debtor will promptly notify Secured Party thereof and, at Secured Party's request and option, will promptly obtain an acknowledgement from the bailee, in form and substance satisfactory to Secured Party, that the bailee holds such Collateral for the benefit of Secured Party, and that such bailee agrees to comply, without further consent of Debtor, with instructions from Secured Party as to such Collateral. Secured Party agrees with Debtor that Secured Party will not give any such instructions unless an Event of Default has occurred and is continuing or would occur after taking into account any action by Debtor with respect to the bailee.

4.5. Electronic Chattel Paper and Transferable Records. If Debtor at any time holds or acquires Collateral that is an interest in any electronic chattel paper or any "transferable record," as that term is defined in Section 201 of the federal Electronic Signatures in Global and National Commerce Act, or in Section 16 of the Uniform Electronic Transactions Act as in effect in any relevant jurisdiction, Debtor will promptly notify Secured Party thereof and, at the request and option of Secured Party, will take such action as Secured Party may reasonably request to vest in Secured Party control, under Section 9-105 of the Uniform Commercial Code, of such electronic chattel paper or control under Section 201 of the federal Electronic Signatures in Global and National Commerce Act or, as the case may be, Section 16 of the Uniform Electronic Transactions Act, as so in effect in such jurisdiction, of such transferable record. Secured Party agrees with Debtor that Secured Party will arrange, pursuant to procedures satisfactory to Secured Party and so long as such procedures will not result in Secured Party's loss of control, for Debtor to make alterations to the electronic chattel paper or transferable record permitted under UCC Section 9-105 or, as the case may be, Section 201 of the federal Electronic Signatures in Global and National Commerce Act or Section 16 of the Uniform Electronic Transactions Act for a party in control to make without loss

of control, unless an Event of Default has occurred and is continuing or would occur after taking into account any action by Debtor with respect to such electronic chattel paper or transferable record.

4.6. Letter-of-Credit Rights. If Debtor is at any time a beneficiary under a letter of credit that is Collateral, Debtor will promptly notify Secured Party thereof and, at the request and option of Secured Party, Debtor will, pursuant to an agreement in form and substance satisfactory to Secured Party, either (i) arrange for the issuer and any confirmer or other nominated person of such letter of credit to consent to an assignment to Secured Party of the proceeds of the letter of credit, or (ii) arrange for Secured Party to become the transferee beneficiary of the letter of credit, with Secured Party agreeing, in each case, that the proceeds of the letter to credit are to be applied as provided in the Credit Agreement.

4.7. Commercial Tort Claims. If Debtor at any time holds or acquires a commercial tort claim that is Collateral, Debtor will immediately notify Secured Party in a writing signed by Debtor of the particulars thereof and grant to Secured Party in such writing a security interest therein and in the proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance satisfactory to Secured Party.

4.8. Other Actions as to Any and All Collateral. Debtor further agrees, at the request and option of Secured Party, to take any and all other actions Secured Party may determine to be necessary or useful for the attachment, perfection and first priority of, and the ability of Secured Party to enforce, Secured Party's security interest in any and all of the Collateral, including, without limitation, (a) executing, delivering and, where appropriate, filing financing statements and amendments relating thereto under the Uniform Commercial Code, to the extent, if any, that Debtor's signature thereon is required therefor, (b) causing Secured Party's name to be noted as secured party on any certificate of title for a titled good if such notation is a condition to attachment, perfection or priority of, or ability of Secured Party to enforce, Secured Party's security interest in such Collateral, (c) complying with any provision of any statute, regulation or treaty of the United States as to any Collateral if compliance with such provision is a condition to attachment, perfection or priority of, or ability of Secured Party to enforce, Secured Party's security interest in such Collateral, (d) obtaining governmental and other third party waivers, consents and approvals in form and substance satisfactory to Secured Party, including, without limitation, any consent of any licensor, lessor or other person obligated on Collateral, (e) obtaining waivers from mortgagees and landlords in form and substance satisfactory to Secured Party and (f) taking all actions under any earlier versions of the Uniform Commercial Code or under any other law, as reasonably determined by Secured Party to be applicable in any relevant Uniform Commercial Code or other jurisdiction, including any foreign jurisdiction.

5. Relation to Other Security Documents. The provisions of this Agreement supplement the provisions of any other agreement between Debtor and Secured Party that secures the payment or performance of, or is executed in connection with any of the Obligations. Nothing contained in any such other agreement may derogate from any of the rights or remedies of Secured Party hereunder.

6. Representations and Warranties Concerning Debtor's Legal Status. Debtor's exact legal name and address are as set forth in the first paragraph of this Security Agreement unless Debtor has previously delivered to Secured Party a certificate signed by Debtor and entitled "Perfection Certificate" (the "**Perfection Certificate**") reflecting different information. Debtor represents and warrants to Secured

Party as follows: (a) Debtor's exact legal name is that indicated above or in the Perfection Certificate, if any and on the signature page hereof, (b) Debtor is an organization of the type, and is organized in the jurisdiction set forth above or in the Perfection Certificate, if any, (c) the Perfection Certificate, if any, or any UCC-1 Financing Statement accurately sets forth Debtor's organizational identification number or accurately states that Debtor has none, (d) the Perfection Certificate, if any, accurately sets forth Debtor's place of business or, if more than one, its chief executive office, as well as Debtor's mailing address, if different, (e) all other information set forth on the Perfection Certificate, if any, pertaining to Debtor is accurate and complete, and (f) that there has been no change in any information provided above or in the Perfection Certificate, if any, since the date on which it was executed by Debtor.

7. **Covenants Concerning Debtor's Legal Status.** Debtor covenants with Secured Party as follows: (a) without providing at least thirty (30) days prior written notice to Secured Party, Debtor will not change its name, its place of business or, if more than one, chief executive office, or its mailing address or organizational identification number if it has one, (b) if Debtor does not have an organizational identification number and later obtains one, Debtor must forthwith notify Secured Party of such organizational identification number, (c) if Debtor is an entity, then Debtor will not change its type of organization, jurisdiction of organization or other legal structure, and (d) if Debtor is an entity, then Debtor will preserve its existence and not, in one transaction or a series of related transactions, merge into or consolidate with any other entity, or sell all or substantially all of its assets.

8. **Representations and Warranties Concerning Collateral, etc.** Debtor represents and warrants to Secured Party as follows: (a) Debtor is the owner of or has other rights in or power to transfer the Collateral, free from any right or claim or any person or any adverse lien, security interest or other encumbrance, except for the security interest created by this Agreement and other liens permitted by the Facility Agreement, (b) none of the Collateral constitutes, or is the proceeds of, "farm products" as defined in Section 9-102(a)(34) of the Uniform Commercial Code of the State, (c) none of the account debtors or other persons obligated on any of the Collateral is a governmental authority covered by the Federal Assignment of Claims Act or like federal, state or local statute or rule in respect of such Collateral, (d) Debtor holds no commercial tort claim except as indicated on the Perfection Certificate, if any, and (e) Debtor has at all times operated its business in compliance with all applicable provisions of the federal Fair Labor Standards Act, as amended, and with all applicable provisions of federal, state and local statutes and ordinances dealing with the control, shipment, storage or disposal of hazardous materials or substances, (f) all other information set forth in the first paragraph of this Security Agreement or the Perfection Certificate, if any, pertaining to the Collateral is accurate and complete, and (g) that there has been no change in any information provided in the first paragraph of this Security Agreement or in the Perfection Certificate, if any, since the date on which it was executed by Debtor.

9. **Covenants Concerning Collateral, etc.** Debtor covenants with Secured Party as follows: (a) the Collateral, to the extent not delivered to Secured Party pursuant to Section 4, will be kept only at those locations listed in the first paragraph of this Security Agreement or on the Perfection Certificate, if any, and Debtor will not remove the Collateral from such locations, without providing at least thirty (30) days prior written notice to Secured Party, (b) except for the security interest herein granted and liens permitted by the Facility Agreement, Debtor will be the owner of or have other rights in the Collateral free from any right or claim of any other person, lien, security interest or other encumbrance, and Debtor will defend the same against all claims and demands of all persons at any time claiming the same or any interests therein adverse to Secured Party, (c) Debtor will not pledge, mortgage or create, or suffer to exist any right of any person in or claim by any person to the Collateral, or any security interest, lien or encumbrance in the Collateral in favor of any person, other than Secured Party except for liens permitted by the Facility

Agreement, (d) Debtor will keep the Collateral in good order and repair and will not use the same in violation of law or any policy of insurance thereon, (e) Debtor will permit Secured Party, or its designee, to inspect the Collateral at any reasonable time, wherever located, (f) Debtor will pay promptly when due all taxes, assessments, governmental charges and levies upon the Collateral or incurred in connection with the use or operation of such Collateral or incurred in connection with this Agreement, (g) Debtor will continue to operate, its business in compliance with all applicable provisions of the federal Fair Labor Standards Act, as amended, and with all applicable provisions of federal, state and local statutes and ordinances dealing with the control, shipment, storage or disposal of hazardous materials or substances, and (h) Debtor will not sell or otherwise dispose, or offer to sell or otherwise dispose, of the Collateral or any interest therein except for (i) sales and leases of inventory and licenses of general intangibles in the ordinary course of business and (ii) so long as no Event of Default has occurred and is continuing, sales or other dispositions of obsolescent items of equipment consistent with past practices.

10. **Insurance.**

10.1. **Maintenance of Insurance.** Debtor will maintain with financially sound and reputable insurers insurance with respect to its properties and business against such casualties and contingencies as are in accordance with general practices of businesses engaged in similar activities in similar geographic areas. Such insurance will be in such minimum amounts that Debtor will not be deemed a co-insurer under applicable insurance laws, regulations and policies and otherwise will be in such amounts, contain such terms, be in such forms and be for such periods as may be reasonably satisfactory to Secured Party. In addition, all such insurance will be payable to Secured Party as loss payee under a "standard" or "New York" loss payee clause. Without limiting the foregoing, Debtor will (i) keep all of its physical property insured with casualty or physical hazard insurance on an "all risks" basis, with broad form flood and earthquake coverages and electronic data processing coverage, with a full replacement cost endorsement and an "agreed amount" clause in an amount equal to 100% of the full replacement cost of such property, (ii) maintain all such workers' compensation or similar insurance as may be required by law, and (iii) maintain, in amounts and with deductibles equal to those generally maintained by businesses engaged in similar activities in similar geographic areas, general public liability insurance against claims of bodily injury, death or property damage occurring, on, in or about the properties of Debtor; business interruption insurance; and product liability insurance.

10.2. **Insurance Proceeds.** The proceeds of any casualty insurance in respect of any casualty loss of any of the Collateral will, subject to the rights, if any, of other parties with an interest having priority in the property covered thereby, (i) so long as no Default or Event of Default has occurred and is continuing and to the extent that the amount of such proceeds is less than \$5,000.00, be disbursed to Debtor for direct application by Debtor solely to the repair or replacement of Debtor's property so damaged or destroyed, and (ii) in all other circumstances, be held by Secured Party as cash collateral for the Obligations. Secured Party may, at its sole option, disburse from time to time all or any part of such proceeds so held as cash collateral, upon such terms and conditions as Secured Party may reasonably prescribe, for direct application by Debtor solely to the repair or replacement of Debtor's property so damaged or destroyed, or Secured Party may apply all or any part of such proceeds to the Obligations.

10.3. **Continuation of Insurance.** All policies of insurance must provide for at least thirty (30) days prior written cancellation notice to Secured Party. In the event of failure by Debtor to provide and maintain insurance as herein provided, Secured Party may, at its option, provide such insurance

and charge the amount thereof to Debtor. Debtor must furnish Secured Party with certificates of insurance and policies evidencing compliance with the foregoing insurance provision.

11. **Collateral Protection Expenses; Preservation of Collateral.**

11.1. **Expenses Incurred by Secured Party.** In Secured Party's discretion, if Debtor fails to do so, Secured Party may discharge taxes and other encumbrances at any time levied or placed on any of the Collateral, maintain any of the Collateral, make repairs thereto and pay any necessary filing fees or insurance premiums. Debtor agrees to reimburse Secured Party on demand for all expenditures so made. Secured Party has no obligation to Debtor to make any such expenditures, nor will the making thereof be construed as the waiver or cure of any Default or Event of Default.

11.2. **Secured Party's Obligations and Duties.** Anything herein to the contrary notwithstanding, Debtor will remain obligated and liable under each contract or agreement comprised in the Collateral to be observed or performed by Debtor thereunder. Secured Party has no obligation or liability under any such contract or agreement by reason of or arising out of this Agreement or the receipt by Secured Party of any payment relating to any of the Collateral, nor will Secured Party be obligated in any manner to perform any of the obligations of Debtor under or pursuant to any such contract or agreement, to make inquiry as to the nature or sufficiency of any payment received by Secured Party in respect of the Collateral or as to the sufficiency of any performance by any party under any such contract or agreement, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to Secured Party or to which Secured Party may be entitled at any time or times. Secured Party's sole duty with respect to the custody, safe keeping and physical preservation of the Collateral in its possession, under Section 9-207 of the Uniform Commercial Code of the State or otherwise, will be to deal with such Collateral in the same manner as Secured Party deals with similar property for its own account.

11.3 **Collateral Protection Insurance Notice.** NOTICE TO DEBTOR: In connection with this Security Agreement and the Obligations, Debtor is required to:

1. Keep the Collateral insured against damage in, at least, an amount that Secured Party specifies;
2. Purchase the insurance from an insurer that is authorized to do business in the State of Texas or an eligible surplus lines insurer;
3. Name Secured Party as the person to be paid under the policy in the event of a loss; and
4. Deliver to Secured Party a copy of the insurance policy and proof of payment of Debtor's insurance premiums.

If Debtor fails to meet any of these requirements, then Secured Party may obtain collateral protection insurance on Debtor's behalf at Debtor's expense. If Secured Party purchases insurance for the Collateral, then Debtor will be responsible for the cost of that insurance, including interest and any other charges incurred by Secured Party in connection with obtaining the collateral protection insurance.

12. **Securities and Deposits.** Secured Party may at any time following and during the continuance of a Default and Event of Default, at its option, transfer to itself or any nominee any securities constituting Collateral, receive any income thereon and hold such income as additional Collateral or apply it to the Obligations. Whether or not any Obligations are due, Secured Party may following and during the continuance of a Default and Event of Default demand, sue for, collect, or make any settlement or compromise which it deems desirable with respect to the Collateral. Regardless of the adequacy of Collateral or any other security for the Obligations, any deposits or other sums at any time credited by or due from Secured Party to Debtor may at any time be applied to or set off against any of the Obligations.

13. **Notification to Account Debtors and Other Persons Obligated on Collateral.** Debtor will, at the request and option of Secured Party, notify account debtors and other persons obligated on any of the Collateral of the security interest of Secured Party in any account, chattel paper, general intangible, instrument or other Collateral and that payment thereof is to be made directly to Secured Party or to any financial institution designated by Secured Party as Secured Party's agent therefor, and Secured Party may itself, without notice to or demand upon Debtor, so notify account debtors and other persons obligated on Collateral. After the making of such a request or the giving of any such notification, Debtor will hold any proceeds of collection of accounts, chattel paper, general intangibles, instruments and other Collateral received by Debtor as trustee for Secured Party without commingling the same with other funds of Debtor and will turn the same over to Secured Party in the identical form received, together with any necessary endorsements or assignments. Secured Party will apply the proceeds of collection of accounts, chattel paper, general intangibles, instruments and other Collateral received by Secured Party to the Obligations, such proceeds to be immediately credited after final payment in cash or other immediately available funds of the items giving rise to them.

14. **Power of Attorney.**

14.1. **Appointment and Powers of Secured Party.** Debtor irrevocably constitutes and appoints Secured Party and any officer or agent thereof, with full power of substitution, as its true and lawful attorneys-in-fact with full irrevocable power and authority in the place and stead of Debtor or in Secured Party's own name, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute any and all documents and instruments that may be necessary or useful to accomplish the purposes of this Agreement and, without limiting the generality of the foregoing, gives said attorneys the power and right, on behalf of Debtor, without notice to or assent by Debtor, to do the following:

- (a) upon the occurrence and during the continuance of a Default or an Event of Default, generally to sell, transfer, pledge, make any agreement with respect to or otherwise dispose of or deal with any of the Collateral in such manner as is consistent with the Uniform Commercial Code of the State and as fully and completely as though Secured Party were the absolute owner thereof for all purposes, and to do, at Debtor's expense, at any time, or from time to time, all acts and things which Secured Party deems necessary or useful to protect, preserve or realize upon the Collateral and Secured Party's security interest therein, in order to effect the intent of this Agreement, all at least as fully and effectively as Debtor might do, including, without limitation, (i) the filing and prosecuting of registration and transfer applications with the appropriate federal, state, local or other agencies or authorities with respect to trademarks, copyrights and patentable inventions and processes, (ii) upon written notice to Debtor, the exercise of voting rights with respect

to voting securities, which rights may be exercised, if Secured Party so elects, with a view to causing the liquidation of assets of the issuer of any such securities, and (iii) the execution, delivery and recording, in connection with any sale or other disposition of any Collateral, of the endorsements, assignments or other instruments of conveyance or transfer with respect to such Collateral; and

(b) to the extent that Debtor's authorization given in Section 3 is not sufficient, to file such financing statements with respect hereto, with or without Debtor's authentication or signature, or a photocopy of this Agreement in substitution for a financing statement, as Secured Party may deem appropriate and to execute in Debtor's name such financing statements and amendments thereto and continuation statements which may require Debtor's signature.

14.2. Ratification by Debtor. To the extent permitted by law, Debtor ratifies all that said attorneys will lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and is irrevocable.

14.3. No Duty on Secured Party. The powers conferred on Secured Party hereunder are solely to protect its interests in the Collateral and will not impose any duty upon Secured Party to exercise any such powers. Secured Party is accountable only for the amounts that it actually receives as a result of the exercise of such powers, and neither it nor any of its officers, directors, employees or agents are responsible to Debtor for any act or failure to act, except for Secured Party's own gross negligence or willful misconduct.

15. Rights and Remedies. If an Event of Default has occurred and is continuing, Secured Party, without any other notice to or demand upon Debtor, has in any jurisdiction in which enforcement hereof is sought, in addition to all other rights and remedies, the rights and remedies of a secured party under the Uniform Commercial Code of the State and any additional rights and remedies which may be provided to a secured party in any jurisdiction in which Collateral is located, including, without limitation, the right to take possession of the Collateral, and for that purpose Secured Party may, so far as Debtor can give authority therefor, enter upon any premises on which the Collateral may be situated and remove the same therefrom without a breach of the peace. Secured Party may in its discretion require Debtor to assemble all or any part of the Collateral at such location or locations within the jurisdiction(s) of Debtor's principal office(s) or at such other locations as Secured Party may reasonably designate. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Secured Party will give to Debtor at least ten (10) Business Days prior written notice of the time and place of any public sale of Collateral or of the time after which any private sale or any other intended disposition is to be made. Debtor hereby acknowledges that ten (10) Business Days prior written notice of such sale or sales is reasonable notice. In addition, Debtor waives any and all rights that it may have to a judicial hearing in advance of the enforcement of any of Secured Party's rights and remedies hereunder, including, without limitation, its right following an Event of Default to take immediate possession of the Collateral and to exercise its rights and remedies with respect thereto. SECURED PARTY MAY ENFORCE ITS RIGHTS UNDER THIS AGREEMENT WITHOUT RESORT TO PRIOR JUDICIAL PROCESS OR JUDICIAL HEARING. DEBTOR EXPRESSLY WAIVES, RENOUNCES AND KNOWINGLY RELINQUISHES ANY AND ALL LEGAL RIGHTS WHICH MIGHT OTHERWISE REQUIRE SECURED PARTY TO ENFORCE ITS RIGHTS BY JUDICIAL PROCESS. IN SO PROVIDING FOR NON-JUDICIAL REMEDIES, DEBTOR RECOGNIZES AND CONCEDES THAT SUCH REMEDIES ARE CONSISTENT WITH THE USAGE OF THE TRADE, ARE

RESPONSIVE TO COMMERCIAL NECESSITY, AND ARE THE RESULT OF BARGAIN AT ARM'S LENGTH. NOTHING HEREIN IS INTENDED TO PREVENT SECURED PARTY OR DEBTOR FROM RESORTING TO JUDICIAL PROCESS AT EITHER PARTY'S OPTION.

16. **Standards for Exercising Rights and Remedies.** To the extent that applicable law imposes duties on Secured Party to exercise remedies in a commercially reasonable manner, Debtor acknowledges and agrees that it is not commercially unreasonable for Secured Party (a) to fail to incur expenses reasonably deemed significant by Secured Party to prepare Collateral for disposition or otherwise to fail to complete raw material or work in process into finished goods or other finished products for disposition, (b) to fail to obtain third party consents for access to Collateral to be disposed of, or to obtain or, if not required by other law, to fail to obtain governmental or third party consents for the collection or disposition of Collateral to be collected or disposed of, (c) to fail to exercise collection remedies against account debtors or other persons obligated on Collateral or to fail to remove liens or encumbrances on or any adverse claims against Collateral, (d) to exercise collection remedies against account debtors and other persons obligated on Collateral directly or through the use of collection agencies and other collection specialists, (e) to advertise dispositions of Collateral through publications or media of general circulation, whether or not the Collateral is of a specialized nature, (f) to contact other persons, whether or not in the same business as Debtor, for expressions of interest in acquiring all or any portion of the Collateral, (g) to hire one or more professional auctioneers to assist in the disposition of Collateral, whether or not the collateral is of a specialized nature, (h) to dispose of Collateral by utilizing Internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets, (i) to dispose of assets in wholesale rather than retail markets, (j) to disclaim disposition warranties, (k) to purchase insurance or credit enhancements to insure Secured Party against risks of loss, collection or disposition of Collateral or to provide to Secured Party a guaranteed return from the collection or disposition of Collateral, or (l) to the extent deemed appropriate by Secured Party, to obtain the services of other brokers, investment bankers, consultants and other professionals to assist Secured Party in the collection or disposition of any of the Collateral. If Secured Party sells any of the Collateral upon credit, then Debtor will be credited only with payments actually made by the purchaser, received by Secured Party and applied to the indebtedness of the purchaser. In the event the purchaser fails to pay for the Collateral, Secured Party may resell the Collateral and Debtor will be credited with the proceeds of the sale. In the event Secured Party purchases any of the Collateral being sold, Secured Party may pay for the Collateral by crediting some or all of the Obligations. Secured Party may be the purchaser of any or all Collateral so sold and hold the same thereafter in its own right free from any claim of Debtor or right of redemption. No such purchase or holding by Secured Party will be deemed a retention by Secured Party in satisfaction of the Obligations. Debtor acknowledges that the purpose of this Section 16 is to provide non-exhaustive indications of what actions or omissions by Secured Party would fulfill Secured Party's duties under the Uniform Commercial Code or other law of the State or any other relevant jurisdiction in Secured Party's exercise of remedies against the Collateral and that other actions or omissions by Secured Party will not be deemed to fail to fulfill such duties solely on account of not being indicated in this Section 16. Without limitation upon the foregoing, nothing contained in this Section 16 may be construed to grant any rights to Debtor or to impose any duties on Secured Party that would not have been granted or imposed by this Agreement or by applicable law in the absence of this Section 16.

17. **No Waiver by Secured Party, etc.** Secured Party will not be deemed to have waived any of its rights or remedies in respect of the Obligations or the Collateral unless such waiver is in writing and signed by an authorized officer of Secured Party. No delay or omission on the part of Secured Party in exercising any right or remedy will operate as a waiver of such right or remedy or any other right or remedy. A waiver on any one occasion may not be construed as a bar to or waiver of any right or remedy on any

future occasion. All rights and remedies of Secured Party with respect to the Obligations or the Collateral, whether evidenced by this Agreement or by any other instrument or papers, are cumulative and may be exercised singularly, alternatively, successively or concurrently at such time or at such times as Secured Party deems expedient.

18. **Suretyship Waivers by Debtor.** Debtor waives demand, notice, notice of intention to accelerate, notice of acceleration, notice of intention to foreclose, notice of dishonor, presentment, notice of nonperformance, protest, notice of acceptance of this Agreement, notice of loans made, credit extended, Collateral received or delivered or other action taken in reliance hereon and all other demands and notices of any description. Debtor waives any right to require Secured Party to proceed against any person, exhaust any Collateral, or pursue any other remedy in Secured Party's power and waives any defense arising by reason of any disability or other defense of Debtor or any other person, or by reason of the cessation from any cause whatsoever of the liability of Debtor or any other person. All dealings between Debtor and Secured Party, whether or not resulting in the creation of Obligations, are conclusively presumed to have been had or consummated in reliance upon this Security Agreement. Until all of the Obligations is paid in full, Debtor has no right to subrogation; waives any right to enforce any remedy that Secured Party now has or may hereafter have against Debtor or against any other person; and waives any benefit of and any right to participate in any Collateral or security whatsoever now or hereafter held by Secured Party. With respect to both the Obligations and the Collateral, Debtor assents to any extension or postponement of the time of payment or any other indulgence, to any substitution, exchange or release or impairment, or of failure to perfect any security interest in any Collateral, to the addition or release of any party or person primarily or secondarily liable, to the acceptance of partial payment thereon and the settlement, compromising or adjusting of any thereof, all in such manner and at such time or times as Secured Party may deem advisable. Secured Party has no duty as to the collection or protection of the Collateral or any income therefrom, the preservation of rights against prior parties, or the preservation of any rights pertaining thereto beyond the safe custody thereof as set forth in Section 11.2. Debtor further waives any and all other suretyship defenses. Secured Party is under no duty whatsoever to make or give any presentment, demand for performance, notice of nonperformance, protest, notice of protest, notice of dishonor, notice of intention to accelerate, notice of acceleration, notice of intention to foreclose, or other notice or demand in connection with any Collateral or the Obligations, or to preserve any rights against prior parties.

19. **Marshalling.** Secured Party is not required to marshal any present or future collateral security (including but not limited to the Collateral) for, or other assurances of payment of, the Obligations or any of them or to resort to such collateral security or other assurances of payment in any particular order, and all of its rights and remedies hereunder and in respect of such collateral security and other assurances of payment are cumulative and in addition to all other rights and remedies, however existing or arising. To the extent that it lawfully may, Debtor agrees that it will not invoke any law relating to the marshalling of collateral that might cause delay in or impede the enforcement of Secured Party's rights and remedies under this Agreement or under any other instrument creating or evidencing any of the Obligations or under which any of the Obligations is outstanding or by which any of the Obligations is secured or payment thereof is otherwise assured, and, to the extent that it lawfully may, Debtor irrevocably waives the benefits of all such laws.

20. **Proceeds of Dispositions; Expenses.** Debtor must pay to Secured Party on demand any and all expenses, including reasonable attorneys' fees and disbursements, incurred or paid by Secured Party in protecting, preserving or enforcing Secured Party's rights and remedies under or in respect of any of the Obligations or any of the Collateral. After deducting all of said expenses, the residue of any proceeds of collection or sale or other disposition of the Collateral will, to the extent actually received in cash, be applied

to the payment of the Obligations in such order or preference as Secured Party may determine or in such order or preference as is provided in the Facility Agreement, proper allowance and provision being made for any Obligations not then due. Upon the final payment and satisfaction in full of all of the Obligations and after making any payments required by Sections 9-608(a)(1)(C) or 9-615(a)(3) of the Uniform Commercial Code of the State, any excess will be returned to Debtor. In the absence of final payment and satisfaction in full of all of the Obligations, Debtor will remain liable for any deficiency.

21. **Overdue Amounts.** Until paid, all amounts due and payable by Debtor under this Agreement will be a debt secured by the Collateral and bear, whether before or after judgment, interest at the maximum non-usurious rate of interest allowed by applicable law.

22. **Governing Law; Consent to Jurisdiction.** THIS AGREEMENT IS GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF TEXAS. Debtor agrees that any action or claim arising out of, or any dispute in connection with, this Agreement, any rights, remedies, obligations, or duties hereunder, or the performance or enforcement hereof or thereof, may be brought in the courts of the State or any federal court sitting therein and consents to the non-exclusive jurisdiction of such court and to service of process in any such suit being made upon Debtor by mail at the address for notice to Debtor set out above. Debtor waives any objection that it may now or hereafter have to the venue of any such suit or any such court or that such suit is brought in an inconvenient court.

23. **Waiver of Jury Trial.** DEBTOR WAIVES ITS RIGHT TO A JURY TRIAL WITH RESPECT TO ANY ACTION OR CLAIM ARISING OUT OF ANY DISPUTE IN CONNECTION WITH THIS AGREEMENT, ANY RIGHTS, REMEDIES, OBLIGATIONS, OR DUTIES HEREUNDER, OR THE PERFORMANCE OR ENFORCEMENT HEREOF OR THEREOF. Except as prohibited by law, Debtor waives any right which it may have to claim or recover in any litigation referred to in the preceding sentence any special, exemplary, punitive or consequential damages or any damages other than, or in addition to, actual damages. Debtor (i) certifies that neither Secured Party nor any representative, agent or attorney of Secured Party has represented, expressly or otherwise, that Secured Party would not, in the event of litigation, seek to enforce the foregoing waivers or other waivers contained in this Agreement, and (ii) acknowledges that, in entering into the Facility Agreement and the other Facility Documents to which Secured Party is a party, Secured Party is relying upon, among other things, the waivers and certifications contained in this Section 23.


24. **Miscellaneous.** The headings of each section of this Agreement are for convenience only and do not define or limit the provisions thereof. This Agreement and all rights and obligations hereunder are binding upon Debtor and Debtor's respective successors and assigns, and inure to the benefit of Secured Party and Secured Party's successors and assigns. If any term of this Agreement is held to be invalid, illegal or unenforceable, the validity of all other terms hereof will in no way be affected thereby, and this Agreement will be construed and be enforceable as if such invalid, illegal or unenforceable term had not been included herein. Debtor acknowledges receipt of a copy of this Agreement.

[The following page is the signing page.]

IN WITNESS WHEREOF, intending to be legally bound, Debtor has caused this Agreement to be duly executed as of the date first above written.

DEBTOR:

VERSITEC MARINE USA INC.,
a Delaware corporation

By: 
Name: DAVID TAYLOR
Title: PRESIDENT

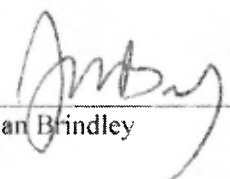
THE PROVINCE OF ONTARIO, CANADA

This instrument was acknowledged before me on the 21st day of June, 2017, by David Taylor, President of **VERSITEC MARINE USA INC.**, a Delaware corporation, for and on behalf of said corporation.

Notary Public, Province of Ontario

SECURED PARTY:

LIQUID CAPITAL EXCHANGE CORP.
an Ontario (Canada) corporation

By: 
Jonathan Brindley

This is Exhibit “E” referred to in the Affidavit of Jonathan Brindley sworn by Jonathan Brindley of the City of Mississauga, in the Regional Municipality of Peel, before me at the City of Toronto, in the Province of Ontario, on November 18, 2021 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

STEWART THOM

CONTINUING GUARANTEE AND POSTPONEMENT OF CLAIM

FOR VALUABLE CONSIDERATION, the receipt and sufficiency of which is acknowledged, the undersigned **DAVID TAYLOR**, an individual resident in the City of Port Colborne, in the Province of Ontario (the "**Guarantor**"), hereby covenants and agrees with and absolutely and unconditionally guarantees to **LIQUID CAPITAL EXCHANGE CORP.** (the "**Creditor**"), payment forthwith after demand as hereinafter provided, of the debts or liabilities, whether direct, contingent or otherwise, present or future, matured or not, which any or all of **1635536 ONTARIO INC.**, a corporation incorporated under the laws of the Province of Ontario, and **VERSITEC MARINE USA INC.**, a corporation incorporated under the laws of the State of Delaware, (collectively the "**Debtors**" and each a "**Debtor**") has incurred or is under or may incur or be under to the Creditor, whether arising from dealings between the Creditor and any of the Debtors or from any dealings or proceedings by which any of the Debtors may become in any manner whatsoever liable to the Creditor whether as principal or surety or otherwise and the Guarantor guarantees to the Creditor the payment of all costs, expenses and solicitor's fees incurred by the Creditor in connection with any default on the part of any of the Debtors in making payment to the Creditor.

THE GUARANTOR FURTHER COVENANTS AND AGREES THAT:

1. Continuing Guarantee: This shall be a contract of continuing guarantee intended to cover any number of transactions and shall cover present debts or liabilities (if any) of each of the Debtors to the Creditor and all debts or liabilities incurred after the date hereof and shall apply to and secure any ultimate balance due or remaining due to the Creditor and shall be binding as a continuing obligation on the Guarantor, it being agreed that a fresh cause of action shall be deemed to arise in respect of each default on the part of any of the Debtors.
2. Recourse: The Creditor shall not be bound to exhaust its recourse against any of the Debtors, the Guarantor, other parties or any securities or guarantees which it may hold before making a demand upon the Guarantor for payment, and the liability of the Guarantor arises when notice in writing is given to the Guarantor as hereinafter provided, requiring payment. The Guarantor renounces all benefits of discussion and division.
3. Extension of Time Etc: The Creditor may grant extensions of time or other indulgences to any of the Debtors, the Guarantor, or to any other parties liable to the Creditor on or in respect of any indebtedness hereby guaranteed and may take and give up securities, accept compositions, settlements and compromises, grant releases and discharges, extensions of credit or variations of lending terms and otherwise deal with any of the Debtors, the Guarantor or any other party as the Creditor may deem expedient, and may give up or modify or abstain from filing, perfecting, recording or registering or taking advantage of any securities or instruments held by it as collateral and may realize the said securities in any manner that the Creditor considers expedient, all without obtaining the consent of the Guarantor and without giving notice to the Guarantor, and may in its absolute discretion appropriate and apply all monies received from any of the Debtors, the Guarantor or other parties, or from the said securities, upon such part of any of the respective Debtors' debts or liabilities as it may consider best, and from time to time may revoke or alter any such appropriation, all of the foregoing without prejudice to or in any way limiting or lessening the liability of the Guarantor under this guarantee.

4. Loss of Security: Any loss of or in respect of securities received by the Creditor from any of the Debtors, the Guarantor or any other person, whether occasioned through default or negligence of the Creditor or otherwise, shall not discharge *pro tanto* or lessen the liability of the Guarantor under this guarantee and postponement of claim.

5. Postponement: Any debts now or hereafter owed by any or all of the Debtors to the Guarantor or any claims now or hereafter made against any or all of the Debtors are and shall be held by the Guarantor for the further security of the Creditor, and, as between the Guarantor and the Creditor, are hereby postponed to the indebtedness now or hereafter owed by any or all the respective Debtors to the Creditor, and any such debts and claims of the Guarantor shall be held in trust for the Creditor and shall be collected, enforced or proved subject to and for the purposes of this guarantee and postponement of claim and any monies received by the Guarantor in respect thereof shall upon demand be paid over to the Creditor on account of the said debts and claims; and no such debt or claim of the Guarantor against any or all of the respective Debtors shall be released or withdrawn by the Guarantor unless the Creditor's written consent to such release or withdrawal is first obtained and the Guarantor shall not permit the prescription of any such debt or claim by any statute of limitations nor assign any such debt or claim to any person other than the Creditor nor ask for or obtain any security or negotiable paper for or other evidence of any such debt or claim except for the purpose of delivering the same to the Creditor. The Creditor may at any time give notice to any or all of the Debtors requiring such Debtors to pay to the Creditor any or all of the debts or claims of the Guarantor against such Debtors and in that event such debts and claims are hereby assigned and transferred to the Creditor. In the event of liquidation, winding up or bankruptcy of any of the Debtors (whether voluntary or compulsory) or in the event that any of the Debtors shall make a bulk sale of any of their respective assets within the provisions of any bulk sales act or similar legislation or any composition with creditors or scheme of arrangement, any and all dividends or other monies which may be due or payable to the Guarantor in respect of the debts or claims of the Guarantor against the Debtors are hereby assigned and transferred to and shall be due and be paid to the Creditor, and for such payment to the Creditor this shall be sufficient warrant and authority to any person making the same. The Guarantor shall at any time and from time to time at the request of and as required by the Creditor, make, execute and deliver all statements of claim, proofs of claim, assignments and other documents and do all matters and things which may be necessary or advisable for the protection of the rights of the Creditor under and by virtue of this instrument.

6. Default: Upon default in payment of any sum owing by any of the Debtors to the Creditor at any time, the Creditor may treat the whole of the indebtedness hereby secured as due and payable and may forthwith collect all or any part of the total amount hereby guaranteed and may apply the sum so collected upon any of the respective Debtors' debts or liabilities as it may consider best.

7. Accounts: The account settled or stated by or between the Creditor and any of the respective Debtors shall be accepted by the Guarantor as conclusive evidence that the balance or amount thereby appearing due by such Debtors to the Creditor is so due.

8. Change in Corporate Status: Any change or changes in the name, objects, capital, control or constitution of any of the Debtors shall not affect or in any way limit or lessen the liability of

the Guarantor hereunder, and, in any such case, the provisions hereof shall be applicable to all transactions occurring and all debts and liabilities incurred as well after as before such change or changes, and this guarantee and postponement of claim shall extend to any person, firm or corporation acquiring or from time to time carrying on the business of any of the Debtors.

9. Powers of Debtor: The Creditor shall not be concerned to see or enquire into the powers of any of the Debtors or any of their respective directors, officers, partners or agents acting or purporting to act on behalf of any Debtor, and this guarantee and postponement of claim shall apply notwithstanding any irregularity, defect or informality in the powers of any of the Debtors or any of their respective directors, officers, partners or agents acting or purporting to act on behalf of any Debtor and whether or not any of the Debtors is a legal or suable entity and whether or not the execution and delivery of any agreement, document or instrument is beyond the powers of any of the Debtors or their respective directors, officers, partners or agents.

10. Payments by Guarantor: Should the Creditor receive from the Guarantor a payment or payments in full or on account of the liability under this guarantee and postponement of claim, the Guarantor shall not be entitled to claim repayment against any of the Debtors until the Creditor's claims against all of the Debtors have been paid in full; and in case of liquidation, winding up or bankruptcy of any of the Debtors (whether voluntary or compulsory) or in the event that any Debtor shall make a bulk sale of its assets within the provisions of any bulk sales act or similar legislation or any composition with creditors or scheme of arrangement, the Creditor shall have the right to rank for its full claim and receive all dividends or other payments in respect thereof until its claim has been paid in full and the Guarantor shall continue to be liable for any balance which may be owing to the Creditor by any of the Debtors. In the event of valuation by the Creditor of any of its securities and the retention thereof by the Creditor, such valuation and retention shall not, as between the Creditor and the Guarantor, be considered as a purchase of such securities, or as payment or satisfaction or reduction of any of the respective Debtors' debts or liabilities to the Creditor, or any part thereof.

11. Guarantee in Addition to Other Securities: This guarantee and postponement of claim shall be in addition, supplemental and without prejudice to any other guarantees, postponement agreements and/or securities, negotiable or otherwise, which the Creditor now possesses or hereafter will possess in respect of the liabilities hereby secured or intended so to be secured, and the Creditor shall be under no obligation to marshal in favour of the Guarantor any guarantees, postponement agreements and/or securities or any of the funds or assets which the Creditor may be entitled to receive or have a claim upon.

12. Waiver of Notice Etc.: The Guarantor hereby expressly waives and dispenses with notice of acceptance of this guarantee and postponement of claim, notices of non-payment and non-performance, notices of amounts of indebtedness of the respective Debtors outstanding at any time, protests, demands, enforcement of other security, foreclosure and possessory remedies and the Creditor shall not be bound to exhaust its recourse against any of the Debtors or any other person before it proceeds against the Guarantor.

13. Payment: The Guarantor shall make payment to the Creditor of the amount of any liability of the Guarantor forthwith after demand is made therefor in writing. A demand shall be effectually

made when it is addressed to the Guarantor at the last address of the Guarantor known to the Creditor and is either delivered or posted, prepaid and registered. The liability of the Guarantor shall bear interest, at a rate per annum equal to the greater of (i) the highest annual interest rate applicable to the indebtedness and obligations of the Debtors or any part thereof, and (ii) twelve percent (12%) in excess of the prime lending rate of interest expressed as a rate per annum which the principal Canadian banker of the Creditor establishes as a reference rate of interest in order to determine the interest rate it will charge on that date for loans in Canadian dollars to its customers, in effect at noon on the date in question, from the date of such demand to the date of payment. Any demand so sent shall be deemed to be received and served on the third business day following the day on which it is mailed or on the date of delivery, if delivered.

14. Further Assurances Etc.: The Guarantor agrees to execute such further assurances and do all such further acts and things as may be reasonably required by the Creditor from time to time to perfect or to carry out the provisions and intent hereof. The Guarantor hereby irrevocably appoints and constitutes the Creditor, through any duly authorized officer or employee of the Creditor, to be the true and lawful attorney of the Guarantor, in the name of the Guarantor and on its behalf to execute such assurances and perform such acts and things.

15. Liquidation, Bankruptcy Etc.: In the event of the liquidation, winding up or bankruptcy of any of the Debtors, whether voluntary or compulsory, or in the event that any of the Debtors shall make any composition with creditors or scheme of arrangement, the liability of the Guarantor to the Creditor shall not be lessened nor limited in any manner whatsoever.

16. Principal Debtor: Any sum which may not be recoverable from the Guarantor on the basis of a guarantee shall be recoverable from the Guarantor as sole or principal debtor on demand, with interest thereon at the rate specified to be recoverable from the Guarantor pursuant to this guarantee and postponement of claim.

17. Assignment: The Creditor may in its absolute discretion assign its rights hereunder without notice thereof to the Guarantor.

18. Death: The death or loss or diminution of capacity of the Guarantor shall not affect or in any way limit or lessen the liability of the Guarantor hereunder.

19. Termination: The Guarantor may, by notice in writing delivered to the Creditor at the head office of the Creditor, terminate the Guarantor's further liability hereunder in respect of any debts or liabilities of any of the Debtors incurred or arising after the expiration of thirty (30) days from the date of receipt of such notice by the Creditor. All debts or liabilities of any of the Debtors incurred or arising whether direct, contingent or otherwise and whether matured or not prior to the expiry of such thirty (30) day period shall continue to be guaranteed by the Guarantor as herein contemplated and the Guarantor shall continue to be liable therefor. Any termination of further liability by any one or more other guarantors of the debts, liabilities and indebtedness of any of the Debtors to the Creditor, shall not affect or prevent the continuance of the liability hereunder of the Guarantor.

20. Possession of Guarantee: This guarantee and postponement of claim shall be operative and binding upon the Guarantor and possession of this instrument by the Creditor shall be conclusive evidence against the Guarantor that this instrument was not delivered in escrow or pursuant to any agreement or that it should not be effective until any conditions precedent or subsequent have been complied with. This guarantee and postponement of claim may be executed and delivered by facsimile and a facsimile copy so executed and delivered shall be deemed to be an original.

21. Severability: Any provision of this instrument which is illegal, prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such illegality, prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

22. Receipt: The Guarantor acknowledges receiving a copy of this instrument.

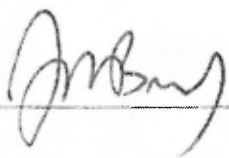
23. Entire Guarantee: There are no representations, collateral agreements or conditions with respect to this guarantee and postponement of claim or affecting the liability of the Guarantor hereunder other than as contained herein.

24. Applicable Law: This guarantee and postponement of claim shall be governed by and construed in accordance with the laws of Ontario and the laws of Canada applicable therein.

25. Succession: This guarantee shall enure to the benefit of the Creditor and its successors and assigns and shall be binding upon the Guarantor and the Guarantor's heirs, executors, administrators and personal legal representatives.

IN WITNESS WHEREOF this guarantee and postponement of claim has been executed under seal and delivered by the Guarantor, as of the 21st day of June, 2017.

SIGNED, SEALED & DELIVERED
in the presence of



Witness



David Taylor /s

CONTINUING GUARANTEE AND POSTPONEMENT OF CLAIM

AFFIDAVIT OF SUBSCRIBING WITNESS

I, Jonathan Brindley of the _____ of _____, in the Province of Ontario, MAKE OATH AND SAY THAT I am the subscribing witness to the attached Continuing Guarantee and Postponement of Claim by DAVID TAYLOR in favour of LIQUID CAPITAL EXCHANGE CORP. respecting 1635536 Ontario Inc. and Versitec Marine USA Inc. and I was present and saw it executed at the City of Port Colborne, in the Province of Ontario on the 21st day of June, 2017 by a person who identified himself to me as being David Taylor.

SWORN BEFORE ME at the _____ of _____, in the Province of Ontario this _____ day of June, 2017.

A Commissioner, etc.

This is Exhibit “F” referred to in the Affidavit of Jonathan Brindley sworn by Jonathan Brindley of the City of Mississauga, in the Regional Municipality of Peel, before me at the City of Toronto, in the Province of Ontario, on November 18, 2021 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

STEWART THOM



PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

LAND
REGISTRY
OFFICE #59

64147-0114 (LT)

PAGE 1 OF 2
PREPARED FOR shalan01
ON 2020/03/03 AT 14:59:13

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

PROPERTY DESCRIPTION: PT BLK F PL 775 W/S VICTORIA ST & PT LT 1 PL 777, PTS 1 & 2 59R5190 EXCEPT PT 1, 59R11601 & PT 1, 59R14873; T/W R0525634; CITY OF PORT COLBORNE

PROPERTY REMARKS:

ESTATE/QUALIFIER:
FEE SIMPLE
LT CONVERSION QUALIFIED

RECENTLY:
DIVISION FROM 64147-0095

PIN CREATION DATE:
2014/01/20

OWNERS' NAMES

CAPACITY SHARE

TAYLOR, DAVID

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/CHKD
** PRINTOUT INCLUDES ALL DOCUMENT TYPES AND DELETED INSTRUMENTS SINCE 2014/01/20 **						
**SUBJECT, ON FIRST REGISTRATION UNDER THE LAND TITLES ACT, TO:						
** SUBSECTION 44(1) OF THE LAND TITLES ACT, EXCEPT PARAGRAPH 11, PARAGRAPH 14, PROVINCIAL SUCCESSION DUTIES						
** AND ESCHEATS OR FORFEITURE TO THE CROWN.						
** THE RIGHTS OF ANY PERSON WHO WOULD, BUT FOR THE LAND TITLES ACT, BE ENTITLED TO THE LAND OR ANY PART OF						
** IT THROUGH LENGTH OF ADVERSE POSSESSION, PRESCRIPTION, MISDESCRIPTION OR BOUNDARIES SETTLED BY						
** CONVENTION.						
** ANY LEASE TO WHICH THE SUBSECTION 70(2) OF THE REGISTRY ACT APPLIES.						
**DATE OF CONVERSION TO LAND TITLES: 1999/01/18 **						
RO436081	1985/09/21	BYLAW				C
59R5190	1987/02/13	PLAN REFERENCE				C
SN292467	2010/09/09	TRANSFER		*** DELETED AGAINST THIS PROPERTY *** WICKENS, LYNDA JEAN	MELANSON, STEWART JAMES	
REMARKS: PLANNING ACT STATEMENTS						
SN292468	2010/09/09	CHARGE		*** DELETED AGAINST THIS PROPERTY *** MELANSON, STEWART J.	THE BANK OF NOVA SCOTIA	
SN304038	2011/01/20	NOTICE		*** DELETED AGAINST THIS PROPERTY *** MELANSON, STEWART J.	THE BANK OF NOVA SCOTIA	
REMARKS: AGREEMENT AMENDING CHARGE SN292468						
SN453042	2015/11/24	TRANSFER	\$292,490	MELANSON, STEWART JAMES	TAYLOR, DAVID	C
SN453043	2015/11/24	CHARGE	\$235,000	TAYLOR, DAVID	GOLDEN HORSESHOE INVESTMENT INC	C

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



PARCEL REGISTER (ABBREVIATED) FOR PROPERTY IDENTIFIER

LAND
REGISTRY
OFFICE #59

64147-0114 (LT)

PAGE 2 OF 2
PREPARED FOR shalan01
ON 2020/03/03 AT 14:59:13

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

REG. NUM.	DATE	INSTRUMENT TYPE	AMOUNT	PARTIES FROM	PARTIES TO	CERT/ CHKD
SN455197	2015/12/14	DISCH OF CHARGE		*** COMPLETELY DELETED *** THE BANK OF NOVA SCOTIA		
		REMARKS: SN292468. SN304038				
SN502443	2017/03/03	CHARGE		*** COMPLETELY DELETED *** TAYLOR, DAVID	633561 ONTARIO LIMITED	
SN572732	2018/11/21	CHARGE	\$125,000	TAYLOR, DAVID	ORVITZ, STEVAN	C
SN572783	2018/11/22	DISCH OF CHARGE		*** COMPLETELY DELETED *** 633561 ONTARIO LIMITED		
		REMARKS: SN502443.				
SN587591	2019/05/03	CHARGE	\$300,000	TAYLOR, DAVID	LIQUID CAPITAL EXCHANGE CORP	C
SN593701	2019/07/02	LIEN	\$65,392	HER MAJESTY THE QUEEN IN RIGHT OF CANADA AS REPRESENTED BY THE MINISTER OF NATIONAL REVENUE		C
		REMARKS: TAX LIEN				

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

This is Exhibit “G” referred to in the Affidavit of Jonathan Brindley sworn by Jonathan Brindley of the City of Mississauga, in the Regional Municipality of Peel, before me at the City of Toronto, in the Province of Ontario, on November 18, 2021 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

STEWART THOM

LRO # 59 **Charge/Mortgage**

Registered as SN587591 on 2019 05 03 at 15:43

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

yyyy mm dd Page 1 of 3

Properties

PIN 64147 - 0114 LT *Interest/Estate* Fee Simple
Description PT BLK F PL 775 W/S VICTORIA ST & PT LT 1 PL 777, PTS 1 & 2 59R5190 EXCEPT PT
 1, 59R11601 & PT 1, 59R14873; T/W R0525634; CITY OF PORT COLBORNE
Address 518 KING STREET
 PORT COLBORNE

Chargor(s)

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

Name TAYLOR, DAVID
Address for Service 518 King St, Port Colborne, Ontario, L3K
 4H6

I am at least 18 years of age.

I am not a spouse

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

Chargee(s)*Capacity**Share*

Name LIQUID CAPITAL EXCHANGE CORP
Address for Service 5734 Yonge St, Suite 400, Toronto, Ontario, M2M 4E7

Statements

Schedule: See Schedules

Provisions

Principal \$300,000.00 *Currency* CDN
Calculation Period
Balance Due Date On Demand
Interest Rate As stated in mortgage
Payments
Interest Adjustment Date
Payment Date On Demand
First Payment Date
Last Payment Date
Standard Charge Terms 200033
Insurance Amount Full insurable value
Guarantor

Signed By

Matthew Ryan Dobbie 51 Wolseley Street acting for Signed 2019 05 03
 Toronto Chargor(s)
 M5T 1A4

Tel 647-341-5249

Fax 647-341-9239

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

Submitted By

LAW OFFICE OF MATTHEW DOBBIE 51 Wolseley Street 2019 05 03
 Toronto
 M5T 1A4

Tel 647-341-5249

Fax 647-341-9239

Fees/Taxes/Payment

Statutory Registration Fee \$64.40
Total Paid \$64.40

SCHEDULE TO CHARGE

1. The Chargor hereby charge the lands and premises described in this Charge (the "Property") to the Chargee as collateral security for payment on demand of all present and future indebtedness and liabilities of the Chargor to the Chargee, whether direct or indirect, absolute or contingent, matured or not, including without limitation the following: (i) all present and future indebtedness and liabilities of the Chargor under any continuing guarantee and postponement of claim agreement given by them to the Chargee, or any renewal or replacement thereof; (ii) any forbearance agreement, or any renewal or replacement thereof, (iii) all present and future indebtedness and liabilities of the Chargor under any mortgage and security agreement, or any renewal or replacement thereof, and (iv) any other agreement under which the Chargor owes money to, or is indebted to the Chargee, or the Chargor has provided a guarantee for the debt or obligation of a third party (collectively the "Indebtedness") together with interest and performance of each Chargor's other obligations under this Charge.
2. This Charge shall be a general and continuing collateral security for payment of the Indebtedness and performance of each Chargor's other obligations under this Charge notwithstanding any fluctuation or change in the amount, nature or form of the Indebtedness or in the documentation or security now or later held by the Chargee with respect to the Indebtedness, or in the names of the parties to any such documents or security, and notwithstanding the fact that there may be no Indebtedness outstanding at any particular time, and this Charge shall not be deemed to have been redeemed or become void or discharged as a result of any such event or circumstance.
3. This Charge is in addition to and not in substitution for any other security now or later held by the Chargee for all or any part of the Indebtedness. This Charge shall not create any merger or discharge any or all of the Indebtedness or any other debt owing to the Chargee or any other document or security now or later held by the Chargee. This Charge shall not affect any other security now or later held by the Chargee for the Indebtedness or the liability of any person or any of the Chargee's remedies with respect to the Indebtedness. The taking of a judgment or judgments against either or both Chargor in respect of any of the agreements or obligations in this Charge or in respect of all or any part of the Indebtedness or otherwise shall not operate as a merger of any such agreements or obligations or of all or any part of the Indebtedness or of the security created by this Charge and shall not affect the security created by this Charge or the Chargee's right to pursue any other remedies or to enforce either or both Chargor's other obligations or the Chargee's right to interest on the Indebtedness at the Interest Rate. Any such judgment may provide that interest thereon be computed at a maximum interest rate equal to the Interest Rate until such judgment is fully paid and satisfied.
4. Payments or other monies received by the Chargee may be applied by it on any part of the Indebtedness determined by it from time to time.
5. This Charge shall in no way prejudice or otherwise affect any right the Chargee may have independently of this Charge to recover all or any part of the Indebtedness from each Chargor and, if the Indebtedness exceeds the principal amount set out in this Charge, the Chargee may conclusively determine which part of the Indebtedness not exceeding such amount shall be secured by this Charge.
6. The obligation of each Chargor or any other person to pay the Indebtedness, and the Chargee's rights or remedies hereunder or otherwise, shall not be affected by any increase, reduction, discontinuation or variation of either or both Chargor's commercial arrangements, any extension of time or other indulgence, any taking or giving up of securities or abstaining from taking, perfecting or registering security, any acceptance of compositions or proposals, granting releases and discharges, or otherwise dealing with the Chargor or any other persons or securities as the Chargee may see fit. The Chargee may delay enforcing any of its rights

- 2 -

under this Charge or any other document relating to the Indebtedness without losing or impairing such rights, and may waive any breach of the Chargor' obligations under this Charge or any such document without affecting the Chargee's rights in respect of any other existing breach or any subsequent breach of the same or a different nature. No such waiver shall be effective unless made in writing and signed by an officer of the Chargee. The Chargee may release others from any liability to pay all or any part of the Indebtedness without releasing either or both Chargor. The Chargee may release its interest under this Charge in all or any part of the Property whether or not the Chargee receives any value and shall be accountable to the Chargor only for monies which the Chargee actually receives. If the Chargee releases its interest in part of the Property, the remainder of the Property shall continue to secure the Indebtedness in an amount not exceeding the principal amount set out in this Charge, and the Chargor' obligation under this Charge will continue unchanged. No sale or other dealing with all or any part of the Property and no amendment of this Charge or any other security or document relating to the Indebtedness shall in any way affect the obligation of each Chargor or any other person to pay the Indebtedness.

7. Wherever and to the extent that any provision of this schedule is inconsistent with the provisions of the standard charge terms incorporated in this Charge, or with the covenants deemed to be included in this Charge by the Land Registration Reform Act, (Ontario), the respective provision of this schedule shall prevail.
8. Any default by either or both Chargor or any other person under any document or security relating to the Indebtedness shall constitute a default under this Charge. Any default under this Charge shall constitute a default under any document or security relating to the Indebtedness.
9. On payment in full of the Indebtedness and all other amounts secured by this Charge and performance of all other obligations of the Chargor hereunder, and on payment of the Chargee's reasonable discharge fee, the Chargee shall execute and deliver to the Chargor a discharge of this Charge.
10. If the Chargor should sell, transfer or further encumber the Property, then at the option of the Chargee and notwithstanding anything to the contrary in this Charge or in any other documents relating to the Indebtedness, the full amount of the Indebtedness shall immediately become due and payable at the option of the Chargee.

This is Exhibit “H” referred to in the Affidavit of Jonathan Brindley sworn by Jonathan Brindley of the City of Mississauga, in the Regional Municipality of Peel, before me at the City of Toronto, in the Province of Ontario, on November 18, 2021 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

STEWART THOM

GUARANTEE

TO: LIQUID CAPITAL EXCHANGE, INC.

FOR VALUABLE CONSIDERATION, receipt whereof is hereby acknowledged, the undersigned and each of them (if more than one) hereby jointly and severally guarantee(s) payment to LIQUID CAPITAL EXCHANGE, INC. (hereinafter called "LCX") of all debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by Versitec Marine USA Inc., a Delaware Corporation (hereinafter called the "COMPANY"), to LCX or remaining unpaid by the COMPANY to LCX, heretofore or hereafter incurred or arising and whether incurred by or arising from agreement or dealings between LCX and the COMPANY, and without limiting the generality hereof, in particular under a Purchase and Sale Agreement between LCX and the COMPANY dated April 26, 2019, or by or from any agreement or dealings with any third party by which LCX may be or become in any manner whatsoever a creditor of the COMPANY or however otherwise incurred or arising anywhere within or outside the country where this guarantee is executed and whether the COMPANY be bound alone or with another or others and whether as principal or surety (such debts and liabilities being hereinafter called the "liabilities") with interest from the date of demand for payment at the rate of Wall Street Journal Prime Interest Rate plus 12% per annum;

This guarantee shall be a continuing guarantee and shall cover all the liabilities, and it shall apply to and secure any ultimate balance due or remaining unpaid to LCX, plus interest thereon from the date of demand at the rate of interest indicated above.

LCX shall not be bound to exhaust its recourse against the COMPANY or others or any securities it may at any time hold before being entitled to payment from the undersigned of the liabilities. The undersigned renounce(s) to all benefits of discussion and division.

This guarantee and agreement shall not be affected by the death or loss or diminution of capacity of the undersigned or any of them or by any change in the name of the COMPANY or in the membership or share ownership of the COMPANY through the death or retirement of one or more partners, members or shareholders or the introduction of one or more other parties or otherwise, or by the acquisition of the COMPANY's business by a corporation, or by any change whatsoever in the objects, capital structure or constitution of the COMPANY, or by the COMPANY being amalgamated with a corporation, but shall notwithstanding the happening of any such event continue to apply to all the liabilities whether theretofore or thereafter incurred or arising and in this instrument the term "THE COMPANY" shall include every such firm and corporation.

The payment of all present and future debts of the COMPANY to the Guarantor are hereby postponed and subordinated to LCX as security for any existing and/or future liabilities of the COMPANY to LCX. This subordination shall subsist for the duration of the relationship between the COMPANY and LCX unless otherwise agreed to in writing.

It is agreed that LCX, without the consent of the undersigned and without exonerating in whole or in part the undersigned, or any of them (if more than one), may grant time, renewals, extensions, indulgences, releases and discharges to, may take securities from and give the same and any or all existing securities up to, may abstain from taking securities from, or from perfecting securities of, may accept compositions from, and may otherwise change the terms of any of the debts and liabilities hereby guaranteed and otherwise deal with the COMPANY and all other persons (including the undersigned, or any one of them, and any other guarantor) and securities, as LCX may see fit.

This guarantee and agreement shall extend to and enure to the benefit of LCX and its successors and assigns, and every reference herein to the undersigned or to each of them or to any of them, is a reference to and shall be construed as including the undersigned and the heirs, executors, administrators, legal representatives, successors and assigns of the undersigned or of each of them or any of them, as in the case may be, to and upon all of whom this guarantee and agreement shall extend and be binding.

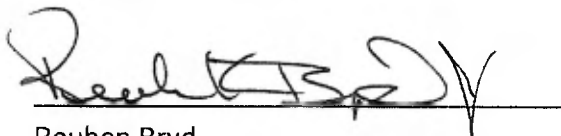
THIS GUARANTEE, THE INTERPRETATION AND CONSTRUCTION OF THIS GUARANTEE AND OF ANY PROVISION OF THIS GUARANTEE AND OF ANY ISSUE RELATING TO THE TRANSACTIONS CONTEMPLATED BY THIS GUARANTEE SHALL BE GOVERNED BY THE LAWS OF THE STATE OF TEXAS, NOT INCLUDING CONFLICT OF LAWS RULES.

ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS GUARANTEE MAY BE BROUGHT IN THE COURTS OF THE STATE OF TEXAS OR IN THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF TEXAS, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF THE UNDERSIGNED CONSENTS TO THE NON-EXCLUSIVE JURISDICTION OF THOSE COURTS. EACH OF THE UNDERSIGNED AND LCX IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO VENUE ON THE GROUNDS OF *FORUM NON CONVENIENS*, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY SUCH ACTION OR PROCEEDING IN SUCH JURISDICTION.

EACH OF THE UNDERSIGNED AND LCX HEREBY IRREVOCABLY WAIVES ITS RESPECTIVE RIGHT TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS GUARANTY, THE TRANSACTIONS CONTEMPLATED HEREBY OR ANY RELATIONSHIP BETWEEN ANY OF THE PARTIES HERETO AND LCX, IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY KIND BROUGHT BY ANY OF THE UNDERSIGNED AGAINST LCX (OR VICE VERSA), WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE. EACH OF THE UNDERSIGNED AND LCX AGREES THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS PARAGRAPH AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS GUARANTEE OR ANY PROVISION HEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS GUARANTEE, WHETHER OR NOT SPECIFICALLY SET FORTH THEREIN.

THIS GUARANTEE REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

ACCEPTED, CONFIRMED AND AGREED this 24 day of April 2019

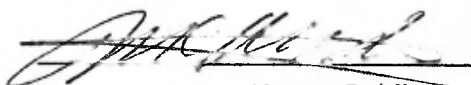


Reuben Bryd

19480 Saturnia Lakes Dr,
Boca Raton, Florida
33498

STATE OF Delaware, USA

The foregoing instrument was acknowledged before me this 26th day of April 2019, by Reuben Bryd, who is personally known to me or who provided Fl Drivers Lic as identification.
exp: 06/01/22


Notary Public
McReginald Denis

PERSONAL GUARANTEE

TO: LIQUID CAPITAL EXCHANGE CORP. (hereinafter called "LIQUID")

FOR VALUABLE CONSIDERATION, receipt whereof is hereby acknowledged, the undersigned and each of them (if more than one) hereby jointly and severally guarantee(s) payment to LIQUID of all debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by 1635536 Ontario inc. (hereinafter called the "COMPANY") to LIQUID or remaining unpaid by the COMPANY to LIQUID, heretofore or hereafter incurred or arising and whether incurred by or arising from agreement or dealings between LIQUID and the COMPANY, and without limiting the generality hereof, in particular under a Purchase and Sale Agreement between LIQUID and the COMPANY dated April 26, 2019, or by or from any agreement or dealings with any third party by which LIQUID may be or become in any manner whatsoever a creditor of the COMPANY or however otherwise incurred or arising anywhere within or outside the country where this guarantee is executed and whether the COMPANY be bound alone or with another or others and whether as principal or surety (such debts and liabilities being hereinafter called the "liabilities") with interest from the date of demand for payment at the rate of the Bank of Nova Scotia's Prime Interest Rate plus eight percent (8%) per annum;

This guarantee shall be a continuing guarantee and shall cover all the liabilities, and it shall apply to and secure any ultimate balance due or remaining unpaid to LIQUID, plus interest thereon from the date of demand at the rate of interest indicated above.

LIQUID shall not be bound to exhaust its recourse against the COMPANY or others or any securities it may at any time hold before being entitled to payment from the undersigned of the liabilities. The undersigned renounce(s) to all benefits of discussion and division.

This guarantee and agreement shall not be affected by the death or loss or diminution of capacity of the undersigned or any of them or by any change in the name of the COMPANY or in the membership of the COMPANY's firm through the death or retirement of one or more partners or the introduction of one or more other parties or otherwise, or by the acquisition of the COMPANY's business by a corporation, or by any change whatsoever in the objects, capital structure or constitution of the COMPANY, or by the COMPANY's business being amalgamated with a corporation, but shall notwithstanding the happening of any such event continue to apply to all the liabilities whether theretofore or thereafter incurred or arising and in this instrument the word "THE COMPANY" shall include every such firm and corporation.

The payment of all present and future debts of the COMPANY to the Guarantor are hereby postponed and subordinated to LIQUID as security for any existing and/or future liabilities of the COMPANY to LIQUID. This subordination shall subsist for the duration of the relationship between the COMPANY and LIQUID unless otherwise agreed to in writing.

It is agreed that LIQUID, without the consent of the undersigned and without exonerating in whole or in part the undersigned, or any of them (if more than one), may grant time, renewals, extensions, indulgences, releases and discharges to, may take securities from and give the same and any or all existing securities up to, may abstain from taking securities from, or from perfecting securities of, may accept compositions from, and may otherwise change the terms of any of the debts and liabilities hereby guaranteed and otherwise deal with the COMPANY and all other persons (including the undersigned, or any one of them, and any other guarantor) and

securities, as LIQUID may see fit.

This guarantee and agreement shall extend to and enure to the benefit of LIQUID and its successors and assigns, and every reference herein to the undersigned or to each of them or to any of them, is a reference to and shall be construed as including the undersigned and the heirs, executors, administrators, estate trustees, legal representatives, successors and assigns of the undersigned or of each of them or any of them, as in the case may be, to and upon all of whom this guarantee and agreement shall extend and be binding.

This guarantee shall be governed by the laws of the Province of Ontario.

Accepted, confirmed and agreed this 26 day of April 2019

Reuben Bryd
Reuben Bryd GUARANTOR

19480 Saturnia Lakes Dr,
Boca Raton, Florida
33498

PROVINCE OF Ontario, CANADA

The foregoing instrument was acknowledged before me this 26th day of April 2019, by Reuben Bryd, who is personally known to me or who provided Fl. Drivers Lic. as identification.

etf: 06/01/22

McReginald Denis
Notary Public
McReginald Denis



This is Exhibit "I" referred to in the Affidavit of Jonathan Brindley sworn by Jonathan Brindley of the City of Mississauga, in the Regional Municipality of Peel, before me at the City of Toronto, in the Province of Ontario, on November 18, 2021 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

STEWART THOM

CFN 20190375780
 OR BK 30952 PG 545
 RECORDED 10/11/2019 15:33:52
 Palm Beach County, Florida
 AMT 300,000.00
 MTG DOC 1,050.00
 INTANGIBLE 600.00
 Sharon R. Bock
 CLERK & COMPTROLLER
 Pgs 0545-0548; (4Pgs)

143

THIS INSTRUMENT PREPARED BY AND
 AFTER RECORDING RETURN TO:
 Kristen M. Jackson
 Jackson Law, PA
 5401 S. Kirkman Rd., Ste 310
 Orlando, FL 32819

COLLATERAL MORTGAGE

Date: 7/8, 2019

Borrower: Renben Kary Byrd, Jr.
 19480 Saturnia Lakes Dr., Boca Raton, Florida 33498

Lender: Liquid Capital Exchange Corp.
 5734 Yonge St, Suite 400
 Toronto, Ontario, M2M 4E7

Maximum Amount of indebtedness secured hereby: **\$ 300,000.00**

Mortgaged property: 19480 Saturnia Lakes Dr., Boca Raton, Florida 33498
 Legal Description: Lot 83, Capella PUD -- Plat One, according to the Plat
 thereof as recorded in Plat Book 80, Page 79, Public Records of Palm Beach
 County, Florida.

1. Mortgage. In consideration of Ten (\$10.00) dollars and other valuable consideration received by Borrower (named above), Borrower hereby, on the date stated above, mortgages to Lender (named above) the real property described above, for the purposes identified below.

2. Collateralization. This Mortgage is given as security for that certain Personal Guarantee dated April 26, 2019 provided by Borrower to Lender as security for all debts and liabilities owed to Lender by 1635536 Ontario, Inc., a Canadian corporation, and as security for that certain Guarantee dated April 26, 2019 provided by the Borrower to Lender as security for all debts and liabilities owed to Lender by Versitec Marine USA, Inc., a Delaware corporation. This Mortgage shall secure the indebtedness of Borrower to Lender, as evidenced by the above reference guarantees, executed by Borrower and payable to Lender, in the total amount up to the amount specified above. The total unpaid balance so secured at any one time shall not exceed the principal amount specified on page one hereof, plus interest thereon, plus any disbursements which Lender shall have the option, but not the obligation to make, for the payment of taxes, levies, or insurance on the mortgaged property, and for maintenance, repair, protection, and preservation of the mortgaged property, with interest on such disbursements, all as provided in this Mortgage.

3. This Mortgage shall be a general and continuing collateral security for payment of the indebtedness and performance of each Borrower's other obligations under this Mortgage notwithstanding any fluctuation or change in the amount, nature or form of the indebtedness or in the documentation or security now or later held by the Lender with respect to the indebtedness, or in the names of the parties to any such documents or security, and notwithstanding the fact that there may be no indebtedness outstanding at any particular time, and this Mortgage shall not be deemed to have been satisfied or become void or released as a result of any such event or circumstance.

4. This Mortgage is in addition to and not in substitution for any other security now or later held by the Lender for all or any part of the indebtedness. This Mortgage shall not create any merger or discharge any or all of the indebtedness or any other debt owing to the Lender or any other document or security now or later held by the Lender. This Mortgage shall not affect any other security now or later held by the Lender for the indebtedness or the liability of any person or any of the Lender's remedies with respect to the indebtedness.

5. Payment of Secured Indebtedness. Borrower shall pay all indebtedness and perform all obligations secured hereby promptly when due.

6. Title Covenants. Borrower covenants that the mortgaged property is free from all encumbrances other than this Collateral Mortgage and the first mortgage dated March 30, 2017 in favor of LoanDepot.com, LLC d/b/a Imortgage, recorded at Official Records Book 28995, Page 1531, Public

QCB JRB

Records of Palm Beach County, Florida, and that lawful seisin of and good right to encumber the mortgaged property are vested in Borrower, and that Borrower hereby fully warrants the title to the mortgaged property and will defend the same against the lawful claims of all persons whomsoever.

7. Improvements, Fixtures, etc. This mortgage extends to and shall encumber all buildings, improvements, fixtures or appurtenances now or hereafter erected or existing upon the mortgaged property, including all gas, electric, water, cooking, refrigerating, lighting, plumbing, heating, air conditioning, ventilation, and power systems, appliances, fixtures, and appurtenances, even though they be detached or detachable, all of which shall be deemed part of the mortgaged property.

8. Maintenance and Repair. Borrower shall permit, commit, or suffer no waste, impairment, or deterioration of the mortgaged property. Borrower shall maintain the mortgaged property in good condition and repair. If Borrower fails to do so, then Lender, without waiving the option to foreclose, may take some or all measures that Lender reasonably deems necessary or desirable for the maintenance, repair, preservation, or protection of the mortgaged property, and any expenses reasonably incurred by Lender in so doing shall become part of the indebtedness secured hereby, shall become immediately due and payable, and shall bear interest at the highest lawful rate. Lender shall have no obligation to care for and maintain the mortgaged property, or, having taken some measures therefor, to continue the same or take other measures.

9. Hazard Insurance. If any buildings now or hereafter constitute part of the mortgaged property, Borrower shall keep the same insured against loss or damage by fire, lightning, windstorm, and other perils customarily insured against or as may be reasonable required by Lender, in the full insurable value thereof (or such lesser amount as Lender may authorize in writing), with an insurer of high financial reputation and to which Lender has no reasonable objection. The policy or policies of insurance shall contain a standard Lender clause in favor of Lender and shall be delivered to Lender. Borrower shall pay all premiums and charges for the maintenance and renewal of the insurance, and shall furnish Lender with receipts and proofs thereof not less than ten days before the expiration thereof, without notice or demand from Lender. If Borrower fails to do so, then Lender, without waiving the option to foreclose, may obtain such insurance for the protection of Lender, and any expenses reasonably incurred by Lender in so doing shall become part of the indebtedness secured hereby, shall become immediately due and payable, and shall bear interest at the highest lawful rate. In the event of loss, the insurance proceeds shall be applied by Lender to the reduction of the indebtedness secured hereby, or to the restoration and repair of the mortgaged property, at the option of Lender. In the event of foreclosure of this mortgage or transfer of the mortgaged property in full or partial satisfaction of the indebtedness secured hereby, all interest of Borrower in the policy or policies of insurance (including any claim to proceeds attributable to losses theretofore occurring but not yet paid to Borrower) shall pass to the purchaser, grantee, or transferee.

10. Rents and Profits. This Mortgage shall extend to and encumber all rents, issues, profits, proceeds, and revenues derived from the mortgaged property, but Borrower may receive the same while this Mortgage is not in default.

11. Receiver. If this Mortgage falls into default, Lender shall be entitled to the appointment of a receiver to take charge of the mortgaged property, and the rents, issues, profits, proceeds, and revenues arising therefrom, and hold the same subject to the direction of a court of competent jurisdiction, regardless of the solvency of Borrower or the adequacy of the security.

12. Taxes, Assessments, and Liens. Borrower shall pay all taxes, assessments, liens, and other charges upon or with respect to the mortgaged property before the same become delinquent, and shall furnish Lender with receipts and proofs thereof at least ten days before the last day allowed for payment free from penalty, without notice or demand from Lender. If Borrower fails to do so, then Lender, without waiving the option to foreclose, may pay the same, and the amount so paid shall become part of the indebtedness secured hereby, shall become immediately due and payable, and shall bear interest at the highest lawful rate specified in any note evidencing any indebtedness secured hereby.

13. Inspection. Lender and Lender's representatives may enter upon the mortgaged property for inspection at all reasonable times and in a reasonable manner, both before and after default.

14. Eminent Domain. This Mortgage extends to and shall encumber any judgments, awards, damages, and settlements hereafter rendered or paid and resulting from condemnation proceedings with respect to the mortgaged property or the taking of the mortgaged property or any part thereof under the power of eminent domain, and Lender may require that any sums payable to Borrower and arising out of

RFB JNB

the power of eminent domain with respect to the property shall be applied to the indebtedness secured hereby.

15. Enforcement and Collection Expenses. Borrower shall pay all expenses, including attorneys' fees, reasonably incurred by Lender with respect to collection of the indebtedness secured hereby or enforcement of Lender's rights hereunder (including foreclosure or other litigation expenses) arising out of any default by Borrower, and the amount thereof shall become part of the indebtedness secured hereby, shall become immediately due and payable, and shall bear interest at the highest lawful rate.

16. Any default by Borrower or any other person under any document or security relating to the indebtedness shall constitute a default under this Mortgage. Any default under this Mortgage shall constitute a default under any document or security relating to the indebtedness.

17. Acceleration Upon Default. If Borrower fails to pay any indebtedness secured hereby promptly when due (or within the 10 day grace period as may be provided in the note or notes evidencing the indebtedness), or if Borrower materially breaches any other covenant herein or otherwise defaults hereunder, then Lender may declare all indebtedness secured hereby to be accelerated and immediately due and payable. Lender's failure to declare an acceleration shall not impair the right to do so in the event of a continuing or subsequent breach or default.

18. Foreclosure. Whenever a default shall occur, Lender may enforce this Mortgage without requirement of notice to Borrower by commencing an action in the appropriate court to foreclose this Mortgage or by use of any other available remedy, alone or in combination, in law or equity.

19. Acceleration Upon Transfer of Mortgaged Property. If Borrower sells or transfers the mortgaged property or any interest therein (including, but not limited to, sale by contract for deed), then Lender may declare all indebtedness secured hereby to be accelerated and immediately due and payable, unless Lender consents in writing to the sale or transfer, and unless the transferee or grantee assumes the indebtedness secured hereby in a form and content (including the interest rate) satisfactory to Lender.

20. No Waiver. No delay by Lender in exercising any option, right, or remedy hereunder or otherwise afforded by law shall waive or preclude the exercise thereof during the continuance of any breach or default hereunder. No waiver by Lender of any provision, breach, or default shall be a waiver of any other provision or a consent to any subsequent breach or default.

21. Jurisdiction. This Mortgage shall be construed and enforced according to the laws of the State of Florida. Venue of an action to enforce this Mortgage shall be vested in the Circuit Court in and for the Fifteenth Judicial Circuit, Palm Beach County, Florida.

22. Extension, Leniencies, and Releases. Lender may grant extensions of time for payment and other leniencies with respect to any indebtedness secured hereby, and may waive or fail to enforce any of Lender's rights hereunder, and may release a portion or portions of the mortgaged property from the lien hereof, without releasing or diminishing the obligation or liability of any person constituting Borrower, or any guarantor or endorser.

23. Prepayment. Borrower shall have the right to prepay all or part of the remaining principal at any time or times with interest to date of payment without penalty.

24. Sale of Property. If the Borrower should sell, transfer or further encumber the Property, then at the option of the Lender and notwithstanding anything to the contrary in this Mortgage or in any other documents relating to the indebtedness, the full amount of the indebtedness shall immediately become due and payable at the option of the Lender.

25. Release or Satisfaction. Whenever there is no outstanding obligation secured hereby, Lender shall on written demand by Borrower give a release hereof, in recordable form.

26. Homestead. The Property is the primary residence of Borrower and Borrower's wife, Jacqueline A. Legault-Byrd. Jacqueline A. Legault-Byrd hereby waives to the full extent lawfully allowed the benefit of any homestead laws now or hereinafter in force as to this Mortgage and consents to and authorizes Lender to place this Mortgage on the Property.

27. General Provisions. The singular shall include the plural and any gender shall be applicable to all genders when the context permits or implies. If more than one person constitutes

RLB JRB

Borrower, their covenants and obligations hereunder shall be joint and several. If Borrower sells or transfers the mortgaged property, Lender may deal with the successor or successors in interest without in any way discharging or reducing Borrower's liability for Borrower's obligations secured hereby. Lender's rights expressed herein are in addition to and cumulative of any other rights and remedies provided by law. The terms "Borrower" and "Lender" shall extend to and include their respective heirs, legal representatives, successors and assigns. Any agreement hereafter made by Borrower and Lender pursuant to this Mortgage shall be superior to the rights of the holder of any intervening lien or encumbrance. Time is of the essence.

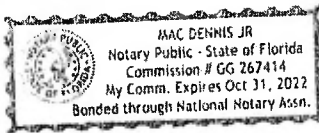
IN WITNESS WHEREOF, Reuben Kary Byrd, Jr., Borrower, joined by his wife, Jacqueline A. Legault-Byrd, has executed this Mortgage on 7/9, 2019.

SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF:

[Signature]
EDWARD G. PAVEY
Printed Name of Witness

[Signature]
Reuben Kary Byrd, Jr, Borrower

[Signature]
ANTHONY FERNANDES
Printed Name of Witness



STATE OF FLORIDA
COUNTY OF PALM BEACH

I HEREBY CERTIFY that on this day before me, the undersigned authority, personally appeared Reuben Kary Byrd, Jr who has produced Florida Drivers License as identification who executed the foregoing instrument, and acknowledged before me that he executed the same this July 9, 2019.

DRIVER LICENSE AS ID

[Signature]
Notary Public, State of Florida

SIGNED, SEALED AND DELIVERED
IN THE PRESENCE OF:

[Signature]
ALAN IRANDE
Printed Name of Witness

[Signature]
Jacqueline A. Legault-Byrd

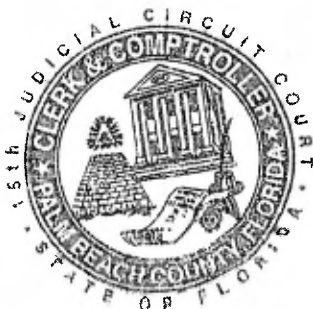
[Signature]
MT MAC DONALD
Printed Name of Witness

CITY OF Enniskillen
PROVINCE OF Ontario, Canada

SWORN before me, by Jacqueline A. Legault-Byrd who has produced (Florida) Drivers License as identification who executed the foregoing instrument, and acknowledged before me that she executed the same this July 11, 2019.

[Signature]
Commissioner
[Signature]
Clerk

[Signature] [Signature]



I hereby certify the foregoing is a true copy of the record in my office with redactions, if any as required by law as of this day, Oct 23, 2019. Sharon R. Bock, Clerk and Comptroller, Palm Beach County, Florida BY [Signature] Deputy Clerk

This is Exhibit “J” referred to in the Affidavit of Jonathan Brindley sworn by Jonathan Brindley of the City of Mississauga, in the Regional Municipality of Peel, before me at the City of Toronto, in the Province of Ontario, on November 18, 2021 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

STEWART THOM

CONTINUING GUARANTEE AND POSTPONEMENT OF CLAIM

DMS
Niagara Falls → FOR VALUABLE CONSIDERATION, the receipt and sufficiency of which is acknowledged, the undersigned **DAVID RICHARD CARPENTER**, an individual resident in the City of ~~Welland~~, in the Regional Municipality of Niagara, in the Province of Ontario (the "**Guarantor**"), hereby covenants and agrees with and absolutely and unconditionally guarantees to **LIQUID CAPITAL EXCHANGE CORP.** (the "**Creditor**"), payment forthwith after demand as hereinafter provided, of the debts or liabilities, whether direct, contingent or otherwise, present or future, matured or not, which any or all of **1635536 ONTARIO INC.**, a corporation incorporated under the laws of the Province of Ontario, and **VERSITEC MARINE USA INC.**, a corporation incorporated under the laws of the State of Delaware, (collectively the "**Debtors**" and each a "**Debtor**") has incurred or is under or may incur or be under to the Creditor, whether arising from dealings between the Creditor and any of the Debtors or from any dealings or proceedings by which any of the Debtors may become in any manner whatsoever liable to the Creditor whether as principal or surety or otherwise and the Guarantor guarantees to the Creditor the payment of all costs, expenses and solicitor's fees incurred by the Creditor in connection with any default on the part of any of the Debtors in making payment to the Creditor.

THE GUARANTOR FURTHER COVENANTS AND AGREES THAT:

1. Continuing Guarantee: This shall be a contract of continuing guarantee intended to cover any number of transactions and shall cover present debts or liabilities (if any) of each of the Debtors to the Creditor and all debts or liabilities incurred after the date hereof and shall apply to and secure any ultimate balance due or remaining due to the Creditor and shall be binding as a continuing obligation on the Guarantor, it being agreed that a fresh cause of action shall be deemed to arise in respect of each default on the part of any of the Debtors.
2. Recourse: The Creditor shall not be bound to exhaust its recourse against any of the Debtors, the Guarantor, other parties or any securities or guarantees which it may hold before making a demand upon the Guarantor for payment, and the liability of the Guarantor arises when notice in writing is given to the Guarantor as hereinafter provided, requiring payment. The Guarantor renounces all benefits of discussion and division.
3. Extension of Time Etc: The Creditor may grant extensions of time or other indulgences to any of the Debtors, the Guarantor, or to any other parties liable to the Creditor on or in respect of any indebtedness hereby guaranteed and may take and give up securities, accept compositions, settlements and compromises, grant releases and discharges, extensions of credit or variations of lending terms and otherwise deal with any of the Debtors, the Guarantor or any other party as the Creditor may deem expedient, and may give up or modify or abstain from filing, perfecting, recording or registering or taking advantage of any securities or instruments held by it as collateral and may realize the said securities in any manner that the Creditor considers expedient, all without obtaining the consent of the Guarantor and without giving notice to the Guarantor, and may in its absolute discretion appropriate and apply all monies received from any of the Debtors, the Guarantor or other parties, or from the said securities, upon such part of any of the respective Debtors' debts or liabilities as it may consider best, and from time to time may revoke or alter any such appropriation, all of the foregoing without prejudice to or in any way limiting or lessening the liability of the Guarantor under this guarantee.

4. Loss of Security: Any loss of or in respect of securities received by the Creditor from any of the Debtors, the Guarantor or any other person, whether occasioned through default or negligence of the Creditor or otherwise, shall not discharge *pro tanto* or lessen the liability of the Guarantor under this guarantee and postponement of claim.

5. Postponement: Any debts now or hereafter owed by any or all of the Debtors to the Guarantor or any claims now or hereafter made against any or all of the Debtors are and shall be held by the Guarantor for the further security of the Creditor, and, as between the Guarantor and the Creditor, are hereby postponed to the indebtedness now or hereafter owed by any or all the respective Debtors to the Creditor, and any such debts and claims of the Guarantor shall be held in trust for the Creditor and shall be collected, enforced or proved subject to and for the purposes of this guarantee and postponement of claim and any monies received by the Guarantor in respect thereof shall upon demand be paid over to the Creditor on account of the said debts and claims; and no such debt or claim of the Guarantor against any or all of the respective Debtors shall be released or withdrawn by the Guarantor unless the Creditor's written consent to such release or withdrawal is first obtained and the Guarantor shall not permit the prescription of any such debt or claim by any statute of limitations nor assign any such debt or claim to any person other than the Creditor nor ask for or obtain any security or negotiable paper for or other evidence of any such debt or claim except for the purpose of delivering the same to the Creditor. The Creditor may at any time give notice to any or all of the Debtors requiring such Debtors to pay to the Creditor any or all of the debts or claims of the Guarantor against such Debtors and in that event such debts and claims are hereby assigned and transferred to the Creditor. In the event of liquidation, winding up or bankruptcy of any of the Debtors (whether voluntary or compulsory) or in the event that any of the Debtors shall make a bulk sale of any of their respective assets within the provisions of any bulk sales act or similar legislation or any composition with creditors or scheme of arrangement, any and all dividends or other monies which may be due or payable to the Guarantor in respect of the debts or claims of the Guarantor against the Debtors are hereby assigned and transferred to and shall be due and be paid to the Creditor, and for such payment to the Creditor this shall be sufficient warrant and authority to any person making the same. The Guarantor shall at any time and from time to time at the request of and as required by the Creditor, make, execute and deliver all statements of claim, proofs of claim, assignments and other documents and do all matters and things which may be necessary or advisable for the protection of the rights of the Creditor under and by virtue of this instrument.

6. Default: Upon default in payment of any sum owing by any of the Debtors to the Creditor at any time, the Creditor may treat the whole of the indebtedness hereby secured as due and payable and may forthwith collect all or any part of the total amount hereby guaranteed and may apply the sum so collected upon any of the respective Debtors' debts or liabilities as it may consider best.

7. Accounts: The account settled or stated by or between the Creditor and any of the respective Debtors shall be accepted by the Guarantor as conclusive evidence that the balance or amount thereby appearing due by such Debtors to the Creditor is so due.

8. Change in Corporate Status: Any change or changes in the name, objects, capital, control or constitution of any of the Debtors shall not affect or in any way limit or lessen the liability of

the Guarantor hereunder, and, in any such case, the provisions hereof shall be applicable to all transactions occurring and all debts and liabilities incurred as well after as before such change or changes, and this guarantee and postponement of claim shall extend to any person, firm or corporation acquiring or from time to time carrying on the business of any of the Debtors.

9. Powers of Debtor: The Creditor shall not be concerned to see or enquire into the powers of any of the Debtors or any of their respective directors, officers, partners or agents acting or purporting to act on behalf of any Debtor, and this guarantee and postponement of claim shall apply notwithstanding any irregularity, defect or informality in the powers of any of the Debtors or any of their respective directors, officers, partners or agents acting or purporting to act on behalf of any Debtor and whether or not any of the Debtors is a legal or suable entity and whether or not the execution and delivery of any agreement, document or instrument is beyond the powers of any of the Debtors or their respective directors, officers, partners or agents.

10. Payments by Guarantor: Should the Creditor receive from the Guarantor a payment or payments in full or on account of the liability under this guarantee and postponement of claim, the Guarantor shall not be entitled to claim repayment against any of the Debtors until the Creditor's claims against all of the Debtors have been paid in full; and in case of liquidation, winding up or bankruptcy of any of the Debtors (whether voluntary or compulsory) or in the event that any Debtor shall make a bulk sale of its assets within the provisions of any bulk sales act or similar legislation or any composition with creditors or scheme of arrangement, the Creditor shall have the right to rank for its full claim and receive all dividends or other payments in respect thereof until its claim has been paid in full and the Guarantor shall continue to be liable for any balance which may be owing to the Creditor by any of the Debtors. In the event of valuation by the Creditor of any of its securities and the retention thereof by the Creditor, such valuation and retention shall not, as between the Creditor and the Guarantor, be considered as a purchase of such securities, or as payment or satisfaction or reduction of any of the respective Debtors' debts or liabilities to the Creditor, or any part thereof.

11. Guarantee in Addition to Other Securities: This guarantee and postponement of claim shall be in addition, supplemental and without prejudice to any other guarantees, postponement agreements and/or securities, negotiable or otherwise, which the Creditor now possesses or hereafter will possess in respect of the liabilities hereby secured or intended so to be secured, and the Creditor shall be under no obligation to marshal in favour of the Guarantor any guarantees, postponement agreements and/or securities or any of the funds or assets which the Creditor may be entitled to receive or have a claim upon.

12. Waiver of Notice Etc.: The Guarantor hereby expressly waives and dispenses with notice of acceptance of this guarantee and postponement of claim, notices of non-payment and non-performance, notices of amounts of indebtedness of the respective Debtors outstanding at any time, protests, demands, enforcement of other security, foreclosure and possessory remedies and the Creditor shall not be bound to exhaust its recourse against any of the Debtors or any other person before it proceeds against the Guarantor.

13. Payment: The Guarantor shall make payment to the Creditor of the amount of any liability of the Guarantor forthwith after demand is made therefor in writing. A demand shall be effectually

made when it is addressed to the Guarantor at the last address of the Guarantor known to the Creditor and is either delivered or posted, prepaid and registered. The liability of the Guarantor shall bear interest, at a rate per annum equal to the greater of (i) the highest annual interest rate applicable to the indebtedness and obligations of the Debtors or any part thereof, and (ii) twelve percent (12%) in excess of the prime lending rate of interest expressed as a rate per annum which the principal Canadian banker of the Creditor establishes as a reference rate of interest in order to determine the interest rate it will charge on that date for loans in Canadian dollars to its customers, in effect at noon on the date in question, from the date of such demand to the date of payment. Any demand so sent shall be deemed to be received and served on the third business day following the day on which it is mailed or on the date of delivery, if delivered.

14. Further Assurances Etc.: The Guarantor agrees to execute such further assurances and do all such further acts and things as may be reasonably required by the Creditor from time to time to perfect or to carry out the provisions and intent hereof. The Guarantor hereby irrevocably appoints and constitutes the Creditor, through any duly authorized officer or employee of the Creditor, to be the true and lawful attorney of the Guarantor, in the name of the Guarantor and on its behalf to execute such assurances and perform such acts and things.

15. Liquidation, Bankruptcy Etc.: In the event of the liquidation, winding up or bankruptcy of any of the Debtors, whether voluntary or compulsory, or in the event that any of the Debtors shall make any composition with creditors or scheme of arrangement, the liability of the Guarantor to the Creditor shall not be lessened nor limited in any manner whatsoever.

16. Principal Debtor: Any sum which may not be recoverable from the Guarantor on the basis of a guarantee shall be recoverable from the Guarantor as sole or principal debtor on demand, with interest thereon at the rate specified to be recoverable from the Guarantor pursuant to this guarantee and postponement of claim.

17. Assignment: The Creditor may in its absolute discretion assign its rights hereunder without notice thereof to the Guarantor.

18. Death: The death or loss or diminution of capacity of the Guarantor shall not affect or in any way limit or lessen the liability of the Guarantor hereunder.

19. Termination: The Guarantor may, by notice in writing delivered to the Creditor at the head office of the Creditor, terminate the Guarantor's further liability hereunder in respect of any debts or liabilities of any of the Debtors incurred or arising after the expiration of thirty (30) days from the date of receipt of such notice by the Creditor. All debts or liabilities of any of the Debtors incurred or arising whether direct, contingent or otherwise and whether matured or not prior to the expiry of such thirty (30) day period shall continue to be guaranteed by the Guarantor as herein contemplated and the Guarantor shall continue to be liable therefor. Any termination of further liability by any one or more other guarantors of the debts, liabilities and indebtedness of any of the Debtors to the Creditor, shall not affect or prevent the continuance of the liability hereunder of the Guarantor.

20. Possession of Guarantee: This guarantee and postponement of claim shall be operative and binding upon the Guarantor and possession of this instrument by the Creditor shall be conclusive evidence against the Guarantor that this instrument was not delivered in escrow or pursuant to any agreement or that it should not be effective until any conditions precedent or subsequent have been complied with. This guarantee and postponement of claim may be executed and delivered by facsimile and a facsimile copy so executed and delivered shall be deemed to be an original.

21. Severability: Any provision of this instrument which is illegal, prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such illegality, prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

22. Receipt: The Guarantor acknowledges receiving a copy of this instrument.

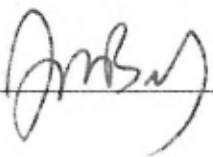
23. Entire Guarantee: There are no representations, collateral agreements or conditions with respect to this guarantee and postponement of claim or affecting the liability of the Guarantor hereunder other than as contained herein.

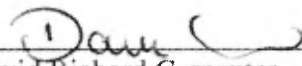
24. Applicable Law: This guarantee and postponement of claim shall be governed by and construed in accordance with the laws of Ontario and the laws of Canada applicable therein.

25. Succession: This guarantee shall enure to the benefit of the Creditor and its successors and assigns and shall be binding upon the Guarantor and the Guarantor's heirs, executors, administrators and personal legal representatives.

IN WITNESS WHEREOF this guarantee and postponement of claim has been executed under seal and delivered by the Guarantor, as of the 21st day of June, 2017.

SIGNED, SEALED & DELIVERED
in the presence of

Witness 

 /s
David Richard Carpenter

CONTINUING GUARANTEE AND POSTPONEMENT OF CLAIM

AFFIDAVIT OF SUBSCRIBING WITNESS

I, Jonathan Brindley of the _____ of _____, in the Province of Ontario, MAKE OATH AND SAY THAT I am the subscribing witness to the attached Continuing Guarantee and Postponement of Claim by DAVID RICHARD CARPENTER in favour of LIQUID CAPITAL EXCHANGE CORP. respecting 1635536 Ontario Inc. and Versitec Marine USA Inc. and I was present and saw it executed at the City of Port Colborne, in the Province of Ontario on the 21st day of June, 2017 by a person who identified himself to me as being David Richard Carpenter.

SWORN BEFORE ME at the _____ of _____, in the Province of Ontario this _____ day of June, 2017.

)
)
)
)
)
)
)
_____)

A Commissioner, etc.

This is Exhibit “K” referred to in the Affidavit of Jonathan Brindley sworn by Jonathan Brindley of the City of Mississauga, in the Regional Municipality of Peel, before me at the City of Toronto, in the Province of Ontario, on November 18, 2021 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

STEWART THOM

CONTINUING GUARANTEE AND POSTPONEMENT OF CLAIM

FOR VALUABLE CONSIDERATION, the receipt and sufficiency of which is acknowledged, the undersigned **VERSITEC MARINE HOLDINGS INC.**, a corporation incorporated under the laws of the Commonwealth of the Bahamas (the "**Guarantor**"), hereby covenants and agrees with and absolutely and unconditionally guarantees to **LIQUID CAPITAL EXCHANGE CORP.** (the "**Creditor**") payment forthwith after demand as hereinafter provided, of the debts or liabilities, whether direct, contingent or otherwise, present or future, matured or not, which either or both of **1635536 ONTARIO INC.**, a corporation incorporated under the laws of the Province of Ontario, and **VERSITEC MARINE USA INC.**, a corporation incorporated under the laws of the State of Delaware, (collectively the "**Debtors**" and each a "**Debtor**") has incurred or is under or may incur or be under to the Creditor, whether arising from dealings between the Creditor and any of the Debtors or from any dealings or proceedings by which any of the Debtors may become in any manner whatsoever liable to the Creditor whether as principal or surety or otherwise and the Guarantor guarantees to the Creditor the payment of all costs, expenses and solicitor's fees incurred by the Creditor in connection with any default on the part of any of the Debtors in making payment to the Creditor.

THE GUARANTOR FURTHER COVENANTS AND AGREES THAT:

1. Continuing Guarantee: This shall be a contract of continuing guarantee intended to cover any number of transactions and shall cover present debts or liabilities (if any) of each of the Debtors to the Creditor and all debts or liabilities incurred after the date hereof and shall apply to and secure any ultimate balance due or remaining due to the Creditor and shall be binding as a continuing obligation on the Guarantor, it being agreed that a fresh cause of action shall be deemed to arise in respect of each default on the part of any of the Debtors.
2. Recourse: The Creditor shall not be bound to exhaust its recourse against any of the Debtors, the Guarantor, other parties or any securities or guarantees which it may hold before making a demand upon the Guarantor for payment, and the liability of the Guarantor arises when notice in writing is given to the Guarantor as hereinafter provided, requiring payment. The Guarantor renounces all benefits of discussion and division.
3. Extension of Time Etc: The Creditor may grant extensions of time or other indulgences to any of the Debtors, the Guarantor, or to any other parties liable to the Creditor on or in respect of any indebtedness hereby guaranteed and may take and give up securities, accept compositions, settlements and compromises, grant releases and discharges, extensions of credit or variations of lending terms and otherwise deal with any of the Debtors, the Guarantor or any other party as the Creditor may deem expedient, and may give up or modify or abstain from filing, perfecting, recording or registering or taking advantage of any securities or instruments held by it as collateral and may realize the said securities in any manner that the Creditor considers expedient, all without obtaining the consent of the Guarantor and without giving notice to the Guarantor, and may in its absolute discretion appropriate and apply all monies received from any of the Debtors, the Guarantor or other parties, or from the said securities, upon such part of any of the respective Debtors' debts or liabilities as it may consider best, and from time to time may revoke or alter any such appropriation, all of the foregoing without prejudice to or in any way limiting or lessening the liability of the Guarantor under this guarantee.

4. Loss of Security: Any loss of or in respect of securities received by the Creditor from any of the Debtors, the Guarantor or any other person, whether occasioned through default or negligence of the Creditor or otherwise, shall not discharge *pro tanto* or lessen the liability of the Guarantor under this guarantee and postponement of claim.

5. Postponement: Any debts now or hereafter owed by any or all of the Debtors to the Guarantor or any claims now or hereafter made against any of any or all of the respective Debtors are and shall be held by the Guarantor for the further security of the Creditor, and, as between the Guarantor and the Creditor, are hereby postponed to the indebtedness now or hereafter owed by the Debtors to the Creditor, and any such debts and claims of the Guarantor shall be held in trust for the Creditor and shall be collected, enforced or proved subject to and for the purposes of this guarantee and postponement of claim and any monies received by the Guarantor in respect thereof shall upon demand be paid over to the Creditor on account of the said debts and claims; and no such debt or claim of the Guarantor against any or all of the respective Debtors shall be released or withdrawn by the Guarantor unless the Creditor's written consent to such release or withdrawal is first obtained and the Guarantor shall not permit the prescription of any such debt or claim by any statute of limitations nor assign any such debt or claim to any person other than the Creditor nor ask for or obtain any security or negotiable paper for or other evidence of any such debt or claim except for the purpose of delivering the same to the Creditor. The Creditor may at any time give notice to any or all of the Debtors requiring such Debtors to pay to the Creditor any or all of the debts or claims of the Guarantor against such Debtors and in that event such debts and claims are hereby assigned and transferred to the Creditor. In the event of liquidation, winding up or bankruptcy of any of the Debtors (whether voluntary or compulsory) or in the event that any of the Debtors shall make a bulk sale of any of their respective assets within the provisions of any bulk sales act or similar legislation or any composition with creditors or scheme of arrangement, any and all dividends or other monies which may be due or payable to the Guarantor in respect of the debts or claims of the Guarantor against such Debtors are hereby assigned and transferred to and shall be due and be paid to the Creditor, and for such payment to the Creditor this shall be sufficient warrant and authority to any person making the same. The Guarantor shall at any time and from time to time at the request of and as required by the Creditor, make, execute and deliver all statements of claim, proofs of claim, assignments and other documents and do all matters and things which may be necessary or advisable for the protection of the rights of the Creditor under and by virtue of this instrument.

6. Default: Upon default in payment of any sum owing by any of the Debtors to the Creditor at any time, the Creditor may treat the whole of the indebtedness hereby secured as due and payable and may forthwith collect all or any part of the total amount hereby guaranteed and may apply the sum so collected upon any of the respective Debtors' debts or liabilities as it may consider best.

7. Accounts: The account settled or stated by or between the Creditor and any of the respective Debtors shall be accepted by the Guarantor as conclusive evidence that the balance or amount thereby appearing due by such Debtors to the Creditor is so due.

8. Change in Corporate Status: Any change or changes in the name, objects, capital, control or constitution of any of the Debtors shall not affect or in any way limit or lessen the liability of the Guarantor hereunder, and, in any such case, the provisions hereof shall be applicable to all

transactions occurring and all debts and liabilities incurred as well after as before such change or changes, and this guarantee and postponement of claim shall extend to any person, firm or corporation acquiring or from time to time carrying on the business of any of the Debtors.

9. Powers of Debtors: The Creditor shall not be concerned to see or enquire into the powers of any of the Debtors or their respective directors, officers, partners or agents acting or purporting to act on behalf of any Debtor, and this guarantee and postponement of claim shall apply notwithstanding any irregularity, defect or informality in the powers of any of the Debtors or any of their respective directors, officers, partners or agents acting or purporting to act on behalf of any Debtor and whether or not any of the Debtors is a legal or suable entity and whether or not the execution and delivery of any agreement, document or instrument is beyond the powers any of the Debtors or their respective directors, officers, partners or agents.

10. Payments by Guarantor: Should the Creditor receive from the Guarantor a payment or payments in full or on account of the liability under this guarantee and postponement of claim, the Guarantor shall not be entitled to claim repayment against any of the Debtors until the Creditor's claims against all of the Debtors have been paid in full; and in case of liquidation, winding up or bankruptcy of any of the Debtors (whether voluntary or compulsory) or in the event that any Debtor shall make a bulk sale of it's assets within the provisions of any bulk sales act or similar legislation or any composition with creditors or scheme of arrangement, the Creditor shall have the right to rank for its full claim and receive all dividends or other payments in respect thereof until its claim has been paid in full and the Guarantor shall continue to be liable for any balance which may be owing to the Creditor by any of the Debtors. In the event of valuation by the Creditor of any of its securities and the retention thereof by the Creditor, such valuation and retention shall not, as between the Creditor and the Guarantor, be considered as a purchase of such securities, or as payment or satisfaction or reduction of any of the respective Debtors' debts or liabilities to the Creditor, or any part thereof.

11. Guarantee in Addition to Other Securities: This guarantee and postponement of claim shall be in addition, supplemental and without prejudice to any other guarantees, postponement agreements and/or securities, negotiable or otherwise, which the Creditor now possesses or hereafter will possess in respect of the liabilities hereby secured or intended so to be secured, and the Creditor shall be under no obligation to marshal in favour of the Guarantor any guarantees, postponement agreements and/or securities or any of the funds or assets which the Creditor may be entitled to receive or have a claim upon.

12. Waiver of Notice Etc.: The Guarantor hereby expressly waives and dispenses with notice of acceptance of this guarantee and postponement of claim, notices of non-payment and non-performance, notices of amounts of indebtedness of the respective Debtors outstanding at any time, protests, demands, enforcement of other security, foreclosure and possessory remedies and the Creditor shall not be bound to exhaust its recourse against any of the Debtors or any other person before it proceeds against the Guarantor.

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Creditor and is either delivered or posted, prepaid and registered. The liability of the Guarantor shall bear interest, at a rate per annum equal to the greater of (i) the highest annual interest rate applicable to the indebtedness and obligations of the Debtors or any part thereof, and (ii) twelve percent (12%) in excess of the prime lending rate of interest expressed as a rate per annum which the principal Canadian banker of the Creditor establishes as a reference rate of interest in order to determine the interest rate it will charge on that date for loans in Canadian dollars to its customers, in effect at noon on the date in question, from the date of such demand to the date of payment. Any demand so sent shall be deemed to be received and served on the third business day following the day on which it is mailed or on the date of delivery, if delivered.

14. Further Assurances Etc.: The Guarantor agrees to execute such further assurances and do all such further acts and things as may be reasonably required by the Creditor from time to time to perfect or to carry out the provisions and intent hereof. The Guarantor hereby irrevocably appoints and constitutes the Creditor, through any duly authorized officer or employee of the Creditor, to be the true and lawful attorney of the Guarantor, in the name of the Guarantor and on its behalf to execute such assurances and perform such acts and things.

15. Liquidation, Bankruptcy Etc.: In the event of the liquidation, winding up or bankruptcy of any of the Debtors, whether voluntary or compulsory, or in the event that any of the Debtors shall make any composition with creditors or scheme of arrangement, the liability of the Guarantor to the Creditor shall not be lessened nor limited in any manner whatsoever.

16. Principal Debtor: Any sum which may not be recoverable from the Guarantor on the basis of a guarantee shall be recoverable from the Guarantor as sole or principal debtor on demand, with interest thereon at the rate specified to be recoverable from the Guarantor pursuant to this guarantee and postponement of claim.

17. Assignment: The Creditor may in its absolute discretion assign its rights hereunder without notice thereof to the Guarantor.

18. Termination: The Guarantor may, by notice in writing delivered to the Creditor at the head office of the Creditor, terminate the Guarantor's further liability hereunder in respect of any debts or liabilities of any of the Debtors incurred or arising after the expiration of thirty (30) days from the date of receipt of such notice by the Creditor. All debts or liabilities of any of the Debtors incurred or arising whether direct, contingent or otherwise and whether matured or not prior to the expiry of such thirty (30) day period shall continue to be guaranteed by the Guarantor as herein contemplated and the Guarantor shall continue to be liable therefor. Any termination of further liability by any one or more other guarantors of the debts, liabilities and indebtedness of any of the Debtors to the Creditor, shall not affect or prevent the continuance of the liability hereunder of the Guarantor.

19. Possession of Guarantee: This guarantee and postponement of claim shall be operative and binding upon the Guarantor and possession of this instrument by the Creditor shall be conclusive evidence against the Guarantor that this instrument was not delivered in escrow or pursuant to any agreement or that it should not be effective until any conditions precedent or subsequent have been complied with.

20. Severability: Any provision of this instrument which is illegal, prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such illegality, prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.
21. Receipt: The Guarantor acknowledges receiving a copy of this instrument.
22. Entire Guarantee: There are no representations, collateral agreements or conditions with respect to this guarantee and postponement of claim or affecting the liability of the Guarantor hereunder other than as contained herein.
23. Applicable Law and Forum: This guarantee and postponement of claim shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. For the purpose of legal proceedings, this guarantee and postponement of claim shall be deemed to have been made in the Province of Ontario and to be performed there, and the Courts located in the Province of Ontario shall have jurisdiction over all disputes which may arise under this guarantee and postponement of claim and the Guarantor hereby irrevocably and unconditionally submits to the non-exclusive jurisdiction of such Courts. The Guarantor hereby irrevocably waives, to the fullest extent possible, the defence of an inconvenient forum and irrevocably agrees to be bound by any final judgement of any court of the Province of Ontario. The Guarantor agrees that a judgement or order of any such court may be enforced in other jurisdictions in any manner provided by law.
24. Succession: This guarantee and postponement of claim shall enure to the benefit of the Creditor and its successors and assigns and shall be binding upon the Guarantor and the Guarantor's successors and assigns.

IN WITNESS WHEREOF this guarantee and postponement of claim has been executed under seal and delivered by the Guarantor, as of the 21st day of June, 2017.

VERSITEC MARINE HOLDINGS INC.

By:  c/s

Name: David Taylor
Title: President
(Authorized Signing Officer)

This is Exhibit “L” referred to in the Affidavit of Jonathan Brindley sworn by Jonathan Brindley of the City of Mississauga, in the Regional Municipality of Peel, before me at the City of Toronto, in the Province of Ontario, on November 18, 2021 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

STEWART THOM

CONTINUING GUARANTEE AND POSTPONEMENT OF CLAIM

FOR VALUABLE CONSIDERATION, the receipt and sufficiency of which is acknowledged, the undersigned **VERSITEC MARINE USA INC.**, a corporation incorporated under the laws of the State of Delaware (the "**Guarantor**"), hereby covenants and agrees with and absolutely and unconditionally guarantees to **LIQUID CAPITAL EXCHANGE CORP.** (the "**Creditor**") payment forthwith after demand as hereinafter provided, of the debts or liabilities, whether direct, contingent or otherwise, present or future, matured or not, which **1635536 ONTARIO INC.**, a corporation incorporated under the laws of the Province of Ontario (the "**Debtor**"), has incurred or is under or may incur or be under to the Creditor, whether arising from dealings between the Creditor and the Debtor or from any dealings or proceedings by which the Debtor may become in any manner whatsoever liable to the Creditor whether as principal or surety or otherwise and the Guarantor guarantees to the Creditor the payment of all costs, expenses and solicitor's fees incurred by the Creditor in connection with any default on the part of the Debtor in making payment to the Creditor.

THE GUARANTOR FURTHER COVENANTS AND AGREES THAT:

1. Continuing Guarantee: This shall be a contract of continuing guarantee intended to cover any number of transactions and shall cover present debts or liabilities (if any) of the Debtor to the Creditor and all debts or liabilities incurred after the date hereof and shall apply to and secure any ultimate balance due or remaining due to the Creditor and shall be binding as a continuing obligation on the Guarantor, it being agreed that a fresh cause of action shall be deemed to arise in respect of each default on the part of the Debtor.
2. Recourse: The Creditor shall not be bound to exhaust its recourse against the Debtor, the Guarantor, other parties or any securities or guarantees which it may hold before making a demand upon the Guarantor for payment, and the liability of the Guarantor arises when notice in writing is given to the Guarantor as hereinafter provided, requiring payment. The Guarantor renounces all benefits of discussion and division.
3. Extension of Time Etc: The Creditor may grant extensions of time or other indulgences to the Debtor, the Guarantor, or to any other parties liable to the Creditor on or in respect of any indebtedness hereby guaranteed and may take and give up securities, accept compositions, settlements and compromises, grant releases and discharges, extensions of credit or variations of lending terms and otherwise deal with the Debtor, the Guarantor or any other party as the Creditor may deem expedient, and may give up or modify or abstain from filing, perfecting, recording or registering or taking advantage of any securities or instruments held by it as collateral and may realize the said securities in any manner that the Creditor considers expedient, all without obtaining the consent of the Guarantor and without giving notice to the Guarantor, and may in its absolute discretion appropriate and apply all monies received from the Debtor, the Guarantor or other parties, or from the said securities, upon such part of the Debtor's debts or liabilities as it may consider best, and from time to time may revoke or alter any such appropriation, all of the foregoing without prejudice to or in any way limiting or lessening the liability of the Guarantor under this guarantee.

- 2 -

4. Loss of Security: Any loss of or in respect of securities received by the Creditor from the Debtor, the Guarantor or any other person, whether occasioned through default or negligence of the Creditor or otherwise, shall not discharge *pro tanto* or lessen the liability of the Guarantor under this guarantee and postponement of claim.

5. Postponement: Any debts now or hereafter owed by the Debtor to the Guarantor or any claims now or hereafter made against the Debtor are and shall be held by the Guarantor for the further security of the Creditor, and, as between the Guarantor and the Creditor, are hereby postponed to the indebtedness now or hereafter owed by the Debtor to the Creditor, and any such debts and claims of the Guarantor shall be held in trust for the Creditor and shall be collected, enforced or proved subject to and for the purposes of this guarantee and postponement of claim and any monies received by the Guarantor in respect thereof shall upon demand be paid over to the Creditor on account of the said debts and claims; and no such debt or claim of the Guarantor against the Debtor shall be released or withdrawn by the Guarantor unless the Creditor's written consent to such release or withdrawal is first obtained and the Guarantor shall not permit the prescription of any such debt or claim by any statute of limitations nor assign any such debt or claim to any person other than the Creditor nor ask for or obtain any security or negotiable paper for or other evidence of any such debt or claim except for the purpose of delivering the same to the Creditor. The Creditor may at any time give notice to the Debtor requiring the Debtor to pay to the Creditor any or all of the debts or claims of the Guarantor against the Debtor and in that event such debts and claims are hereby assigned and transferred to the Creditor. In the event of liquidation, winding up or bankruptcy of the Debtor (whether voluntary or compulsory) or in the event that the Debtor shall make a bulk sale of any of the Debtor's assets within the provisions of any bulk sales act or similar legislation or any composition with creditors or scheme of arrangement, any and all dividends or other monies which may be due or payable to the Guarantor in respect of the debts or claims of the Guarantor against the Debtor are hereby assigned and transferred to and shall be due and be paid to the Creditor, and for such payment to the Creditor this shall be sufficient warrant and authority to any person making the same. The Guarantor shall at any time and from time to time at the request of and as required by the Creditor, make, execute and deliver all statements of claim, proofs of claim, assignments and other documents and do all matters and things which may be necessary or advisable for the protection of the rights of the Creditor under and by virtue of this instrument.

6. Default: Upon default in payment of any sum owing by the Debtor to the Creditor at any time, the Creditor may treat the whole of the indebtedness hereby secured as due and payable and may forthwith collect all or any part of the total amount hereby guaranteed and may apply the sum so collected upon the Debtor's debts or liabilities as it may consider best.

7. Accounts: The account settled or stated by or between the Creditor and the Debtor shall be accepted by the Guarantor as conclusive evidence that the balance or amount thereby appearing due by the Debtor to the Creditor is so due.

- 3 -

8. Change in Corporate Status: Any change or changes in the name, objects, capital, control or constitution of the Debtor shall not affect or in any way limit or lessen the liability of the Guarantor hereunder, and, in any such case, the provisions hereof shall be applicable to all transactions occurring and all debts and liabilities incurred as well after as before such change or changes, and this guarantee and postponement of claim shall extend to any person, firm or corporation acquiring or from time to time carrying on the business of the Debtor.

9. Powers of Debtor: The Creditor shall not be concerned to see or enquire into the powers of the Debtor or its directors, officers, partners or agents acting or purporting to act on its behalf, and this guarantee and postponement of claim shall apply notwithstanding any irregularity, defect or informality in the powers of the Debtor or its directors, officers, partners or agents acting or purporting to act on its behalf and whether or not the Debtor is a legal or suable entity and whether or not the execution and delivery of any agreement, document or instrument is beyond the powers of the Debtor or its directors, officers, partners or agents.

10. Payments by Guarantor: Should the Creditor receive from the Guarantor a payment or payments in full or on account of the liability under this guarantee and postponement of claim, the Guarantor shall not be entitled to claim repayment against the Debtor until the Creditor's claims against the Debtor have been paid in full; and in case of liquidation, winding up or bankruptcy of the Debtor (whether voluntary or compulsory) or in the event that the Debtor shall make a bulk sale of any of the Debtor's assets within the provisions of any bulk sales act or similar legislation or any composition with creditors or scheme of arrangement, the Creditor shall have the right to rank for its full claim and receive all dividends or other payments in respect thereof until its claim has been paid in full and the Guarantor shall continue to be liable for any balance which may be owing to the Creditor by the Debtor. In the event of valuation by the Creditor of any of its securities and the retention thereof by the Creditor, such valuation and retention shall not, as between the Creditor and the Guarantor, be considered as a purchase of such securities, or as payment or satisfaction or reduction of the Debtor's debts or liabilities to the Creditor, or any part thereof.

11. Guarantee in Addition to Other Securities: This guarantee and postponement of claim shall be in addition, supplemental and without prejudice to any other guarantees, postponement agreements and/or securities, negotiable or otherwise, which the Creditor now possesses or hereafter will possess in respect of the liabilities hereby secured or intended so to be secured, and the Creditor shall be under no obligation to marshal in favour of the Guarantor any guarantees, postponement agreements and/or securities or any of the funds or assets which the Creditor may be entitled to receive or have a claim upon.

12. Waiver of Notice Etc.: The Guarantor hereby expressly waives and dispenses with notice of acceptance of this guarantee and postponement of claim, notices of non-payment and non-performance, notices of amounts of indebtedness of the Debtor outstanding at any time, protests, demands, enforcement of other security, foreclosure and possessory remedies and the Creditor shall

- 4 -

not be bound to exhaust its recourse against the Debtor or any other person before it proceeds against the Guarantor.

13. Payment: The Guarantor shall make payment to the Creditor of the amount of any liability of the Guarantor forthwith after demand is made therefor in writing. A demand shall be effectually made when it is addressed to the Guarantor at the last address of the Guarantor known to the Creditor and is either delivered or posted, prepaid and registered. The liability of the Guarantor shall bear interest, at a rate per annum equal to the greater of (i) the highest annual interest rate applicable to the indebtedness and obligations of the Debtor or any part thereof, and (ii) twelve percent (12%) in excess of the prime lending rate of interest expressed as a rate per annum which the principal Canadian banker of the Creditor establishes as a reference rate of interest in order to determine the interest rate it will charge on that date for loans in Canadian dollars to its customers, in effect at noon on the date in question, from the date of such demand to the date of payment. Any demand so sent shall be deemed to be received and served on the third business day following the day on which it is mailed or on the date of delivery, if delivered.

14. Further Assurances Etc.: The Guarantor agrees to execute such further assurances and do all such further acts and things as may be reasonably required by the Creditor from time to time to perfect or to carry out the provisions and intent hereof. The Guarantor hereby irrevocably appoints and constitutes the Creditor, through any duly authorized officer or employee of the Creditor, to be the true and lawful attorney of the Guarantor, in the name of the Guarantor and on its behalf to execute such assurances and perform such acts and things.

15. Liquidation, Bankruptcy Etc.: In the event of the liquidation, winding up or bankruptcy of the Debtor, whether voluntary or compulsory, or in the event that the Debtor shall make any composition with creditors or scheme of arrangement, the liability of the Guarantor to the Creditor shall not be lessened nor limited in any manner whatsoever.

16. Principal Debtor: Any sum which may not be recoverable from the Guarantor on the basis of a guarantee shall be recoverable from the Guarantor as sole or principal debtor on demand, with interest thereon at the rate specified to be recoverable from the Guarantor pursuant to this guarantee and postponement of claim.

17. Assignment: The Creditor may in its absolute discretion assign its rights hereunder without notice thereof to the Guarantor.

18. Termination: The Guarantor may, by notice in writing delivered to the Creditor at the head office of the Creditor, terminate the Guarantor's further liability hereunder in respect of any debts or liabilities of the Debtor incurred or arising after the expiration of thirty (30) days from the date of receipt of such notice by the Creditor. All debts or liabilities of the Debtor incurred or arising whether direct, contingent or otherwise and whether matured or not prior to the expiry of such thirty (30) day period shall continue to be guaranteed by the Guarantor as herein contemplated and the

Guarantor shall continue to be liable therefor. Any termination of further liability by any one or more other guarantors of the debts, liabilities and indebtedness of the Debtor to the Creditor, shall not affect or prevent the continuance of the liability hereunder of the Guarantor.

19. Possession of Guarantee: This guarantee and postponement of claim shall be operative and binding upon the Guarantor and possession of this instrument by the Creditor shall be conclusive evidence against the Guarantor that this instrument was not delivered in escrow or pursuant to any agreement or that it should not be effective until any conditions precedent or subsequent have been complied with.

20. Severability: Any provision of this instrument which is illegal, prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such illegality, prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

21. Receipt: The Guarantor acknowledges receiving a copy of this instrument.

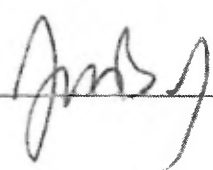
22. Entire Guarantee: There are no representations, collateral agreements or conditions with respect to this guarantee and postponement of claim or affecting the liability of the Guarantor hereunder other than as contained herein.

23. Applicable Law: This guarantee and postponement of claim shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. For the purpose of legal proceedings, this guarantee and postponement of claim shall be deemed to have been made in the Province of Ontario and to be performed there, and the Courts located in the Province of Ontario shall have jurisdiction over all disputes which may arise under this guarantee and postponement of claim and the Guarantor hereby irrevocably and unconditionally submits to the non-exclusive jurisdiction of such Courts. The Guarantor hereby irrevocably waives, to the fullest extent possible, the defence of an inconvenient forum and irrevocably agrees to be bound by any final judgement of any court of the Province of Ontario. The Guarantor agrees that a judgement or order of any such court may be enforced in other jurisdictions in any manner provided by law.

24. Succession: This guarantee and postponement of claim shall enure to the benefit of the Creditor and its successors and assigns and shall be binding upon the Guarantor and the Guarantor's successors and assigns.

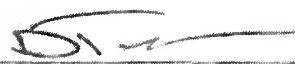
IN WITNESS WHEREOF this guarantee and postponement of claim has been executed under seal and delivered by the Guarantor, as of the 21st day of June, 2017.

SIGNED, SEALED & DELIVERED)
in the presence of)
)
)
_____)
Witness)



VERSITEC MARINE USA INC.

_____) c/s
Name: David Taylor
Title: President
(Authorized Signing Officer)



CONTINUING GUARANTEE AND POSTPONEMENT OF CLAIM

AFFIDAVIT OF SUBSCRIBING WITNESS

I, Jonathan Brindley, of the _____ of _____ in the Province of Ontario,
MAKE OATH AND SAY that I am the subscribing witness to the attached continuing guarantee
and postponement of claim made in favour of Liquid Capital Exchange Corp by Versitec Marine
USA Inc. and I was present and saw it executed at the City of Port Colborne in the Province of
Ontario on the 21st day of June, 2017 by a person who identified himself to me as being David
Taylor, the President and authorized signing officer of Versitec Marine USA Inc.

SWORN BEFORE ME at the _____)
_____ of _____)
in the Province of Ontario)
this _____ day of June, 2017.)
)
)
)
)
) _____)
A Commissioner, etc.

This is Exhibit “M” referred to in the Affidavit of Jonathan Brindley sworn by Jonathan Brindley of the City of Mississauga, in the Regional Municipality of Peel, before me at the City of Toronto, in the Province of Ontario, on November 18, 2021 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

STEWART THOM

CONTINUING GUARANTEE AND POSTPONEMENT OF CLAIM

FOR VALUABLE CONSIDERATION, the receipt and sufficiency of which is acknowledged, the undersigned **1635536 ONTARIO INC.**, a corporation incorporated under the laws of the Province of Ontario (the "**Guarantor**"), hereby covenants and agrees with and absolutely and unconditionally guarantees to **LIQUID CAPITAL EXCHANGE CORP.** (the "**Creditor**") payment forthwith after demand as hereinafter provided, of the debts or liabilities, whether direct, contingent or otherwise, present or future, matured or not, which **VERSITEC MARINE USA INC.**, a corporation incorporated under the laws of the State of Delaware (the "**Debtor**"), has incurred or is under or may incur or be under to the Creditor, whether arising from dealings between the Creditor and the Debtor or from any dealings or proceedings by which the Debtor may become in any manner whatsoever liable to the Creditor whether as principal or surety or otherwise and the Guarantor guarantees to the Creditor the payment of all costs, expenses and solicitor's fees incurred by the Creditor in connection with any default on the part of the Debtor in making payment to the Creditor.

THE GUARANTOR FURTHER COVENANTS AND AGREES THAT:

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2. Recourse: The Creditor shall not be bound to exhaust its recourse against the Debtor, the Guarantor, other parties or any securities or guarantees which it may hold before making a demand upon the Guarantor for payment, and the liability of the Guarantor arises when notice in writing is given to the Guarantor as hereinafter provided, requiring payment. The Guarantor renounces all benefits of discussion and division.
3. Extension of Time Etc: The Creditor may grant extensions of time or other indulgences to the Debtor, the Guarantor, or to any other parties liable to the Creditor on or in respect of any indebtedness hereby guaranteed and may take and give up securities, accept compositions, settlements and compromises, grant releases and discharges, extensions of credit or variations of lending terms and otherwise deal with the Debtor, the Guarantor or any other party as the Creditor may deem expedient, and may give up or modify or abstain from filing, perfecting, recording or registering or taking advantage of any securities or instruments held by it as collateral and may realize the said securities in any manner that the Creditor considers expedient, all without obtaining the consent of the Guarantor and without giving notice to the Guarantor, and may in its absolute discretion appropriate and apply all monies received from the Debtor, the Guarantor or other parties, or from the said securities, upon such part of the Debtor's debts or liabilities as it may consider best, and from time to time may revoke or alter any such appropriation, all of the foregoing without prejudice to or in any way limiting or lessening the liability of the Guarantor under this guarantee.

- 2 -

4. Loss of Security: Any loss of or in respect of securities received by the Creditor from the Debtor, the Guarantor or any other person, whether occasioned through default or negligence of the Creditor or otherwise, shall not discharge pro tanto or lessen the liability of the Guarantor under this guarantee and postponement of claim.

5. Postponement: Any debts now or hereafter owed by the Debtor to the Guarantor or any claims now or hereafter made against the Debtor are and shall be held by the Guarantor for the further security of the Creditor, and, as between the Guarantor and the Creditor, are hereby postponed to the indebtedness now or hereafter owed by the Debtor to the Creditor, and any such debts and claims of the Guarantor shall be held in trust for the Creditor and shall be collected, enforced or proved subject to and for the purposes of this guarantee and postponement of claim and any monies received by the Guarantor in respect thereof shall upon demand be paid over to the Creditor on account of the said debts and claims; and no such debt or claim of the Guarantor against the Debtor shall be released or withdrawn by the Guarantor unless the Creditor's written consent to such release or withdrawal is first obtained and the Guarantor shall not permit the prescription of any such debt or claim by any statute of limitations nor assign any such debt or claim to any person other than the Creditor nor ask for or obtain any security or negotiable paper for or other evidence of any such debt or claim except for the purpose of delivering the same to the Creditor. The Creditor may at any time give notice to the Debtor requiring the Debtor to pay to the Creditor any or all of the debts or claims of the Guarantor against the Debtor and in that event such debts and claims are hereby assigned and transferred to the Creditor. In the event of liquidation, winding up or bankruptcy of the Debtor (whether voluntary or compulsory) or in the event that the Debtor shall make a bulk sale of any of the Debtor's assets within the provisions of any bulk sales act or similar legislation or any composition with creditors or scheme of arrangement, any and all dividends or other monies which may be due or payable to the Guarantor in respect of the debts or claims of the Guarantor against the Debtor are hereby assigned and transferred to and shall be due and be paid to the Creditor, and for such payment to the Creditor this shall be sufficient warrant and authority to any person making the same. The Guarantor shall at any time and from time to time at the request of and as required by the Creditor, make, execute and deliver all statements of claim, proofs of claim, assignments and other documents and do all matters and things which may be necessary or advisable for the protection of the rights of the Creditor under and by virtue of this instrument.

6. Default: Upon default in payment of any sum owing by the Debtor to the Creditor at any time, the Creditor may treat the whole of the indebtedness hereby secured as due and payable and may forthwith collect all or any part of the total amount hereby guaranteed and may apply the sum so collected upon the Debtor's debts or liabilities as it may consider best.

7. Accounts: The account settled or stated by or between the Creditor and the Debtor shall be accepted by the Guarantor as conclusive evidence that the balance or amount thereby appearing due by the Debtor to the Creditor is so due.

- 3 -

8. Change in Corporate Status: Any change or changes in the name, objects, capital, control or constitution of the Debtor shall not affect or in any way limit or lessen the liability of the Guarantor hereunder, and, in any such case, the provisions hereof shall be applicable to all transactions occurring and all debts and liabilities incurred as well after as before such change or changes, and this guarantee and postponement of claim shall extend to any person, firm or corporation acquiring or from time to time carrying on the business of the Debtor.

9. Powers of Debtor: The Creditor shall not be concerned to see or enquire into the powers of the Debtor or its directors, officers, partners or agents acting or purporting to act on its behalf, and this guarantee and postponement of claim shall apply notwithstanding any irregularity, defect or informality in the powers of the Debtor or its directors, officers, partners or agents acting or purporting to act on its behalf and whether or not the Debtor is a legal or suable entity and whether or not the execution and delivery of any agreement, document or instrument is beyond the powers of the Debtor or its directors, officers, partners or agents.

10. Payments by Guarantor: Should the Creditor receive from the Guarantor a payment or payments in full or on account of the liability under this guarantee and postponement of claim, the Guarantor shall not be entitled to claim repayment against the Debtor until the Creditor's claims against the Debtor have been paid in full; and in case of liquidation, winding up or bankruptcy of the Debtor (whether voluntary or compulsory) or in the event that the Debtor shall make a bulk sale of any of the Debtor's assets within the provisions of any bulk sales act or similar legislation or any composition with creditors or scheme of arrangement, the Creditor shall have the right to rank for its full claim and receive all dividends or other payments in respect thereof until its claim has been paid in full and the Guarantor shall continue to be liable for any balance which may be owing to the Creditor by the Debtor. In the event of valuation by the Creditor of any of its securities and the retention thereof by the Creditor, such valuation and retention shall not, as between the Creditor and the Guarantor, be considered as a purchase of such securities, or as payment or satisfaction or reduction of the Debtor's debts or liabilities to the Creditor, or any part thereof.

11. Guarantee in Addition to Other Securities: This guarantee and postponement of claim shall be in addition, supplemental and without prejudice to any other guarantees, postponement agreements and/or securities, negotiable or otherwise, which the Creditor now possesses or hereafter will possess in respect of the liabilities hereby secured or intended so to be secured, and the Creditor shall be under no obligation to marshal in favour of the Guarantor any guarantees, postponement agreements and/or securities or any of the funds or assets which the Creditor may be entitled to receive or have a claim upon.

12. Waiver of Notice Etc.: The Guarantor hereby expressly waives and dispenses with notice of acceptance of this guarantee and postponement of claim, notices of non-payment and non-performance, notices of amounts of indebtedness of the Debtor outstanding at any time, protests, demands, enforcement of other security, foreclosure and possessory remedies and the Creditor shall

- 4 -

not be bound to exhaust its recourse against the Debtor or any other person before it proceeds against the Guarantor.

13. Payment: The Guarantor shall make payment to the Creditor of the amount of any liability of the Guarantor forthwith after demand is made therefor in writing. A demand shall be effectually made when it is addressed to the Guarantor at the last address of the Guarantor known to the Creditor and is either delivered or posted, prepaid and registered. The liability of the Guarantor shall bear interest, at a rate per annum equal to the greater of (i) the highest annual interest rate applicable to the indebtedness and obligations of the Debtor or any part thereof, and (ii) twelve percent (12%) in excess of the prime lending rate of interest expressed as a rate per annum which the principal Canadian banker of the Creditor establishes as a reference rate of interest in order to determine the interest rate it will charge on that date for loans in Canadian dollars to its customers, in effect at noon on the date in question, from the date of such demand to the date of payment. Any demand so sent shall be deemed to be received and served on the third business day following the day on which it is mailed or on the date of delivery, if delivered.

14. Further Assurances Etc.: The Guarantor agrees to execute such further assurances and do all such further acts and things as may be reasonably required by the Creditor from time to time to perfect or to carry out the provisions and intent hereof. The Guarantor hereby irrevocably appoints and constitutes the Creditor, through any duly authorized officer or employee of the Creditor, to be the true and lawful attorney of the Guarantor, in the name of the Guarantor and on its behalf to execute such assurances and perform such acts and things.

15. Liquidation, Bankruptcy Etc.: In the event of the liquidation, winding up or bankruptcy of the Debtor, whether voluntary or compulsory, or in the event that the Debtor shall make any composition with creditors or scheme of arrangement, the liability of the Guarantor to the Creditor shall not be lessened nor limited in any manner whatsoever.

16. Principal Debtor: Any sum which may not be recoverable from the Guarantor on the basis of a guarantee shall be recoverable from the Guarantor as sole or principal debtor on demand, with interest thereon at the rate specified to be recoverable from the Guarantor pursuant to this guarantee and postponement of claim.

17. Assignment: The Creditor may in its absolute discretion assign its rights hereunder without notice thereof to the Guarantor.

18. Termination: The Guarantor may, by notice in writing delivered to the Creditor at the head office of the Creditor, terminate the Guarantor's further liability hereunder in respect of any debts or liabilities of the Debtor incurred or arising after the expiration of thirty (30) days from the date of receipt of such notice by the Creditor. All debts or liabilities of the Debtor incurred or arising whether direct, contingent or otherwise and whether matured or not prior to the expiry of such thirty (30) day period shall continue to be guaranteed by the Guarantor as herein contemplated and the

Guarantor shall continue to be liable therefor. Any termination of further liability by any one or more other guarantors of the debts, liabilities and indebtedness of the Debtor to the Creditor, shall not affect or prevent the continuance of the liability hereunder of the Guarantor.

19. Possession of Guarantee: This guarantee and postponement of claim shall be operative and binding upon the Guarantor and possession of this instrument by the Creditor shall be conclusive evidence against the Guarantor that this instrument was not delivered in escrow or pursuant to any agreement or that it should not be effective until any conditions precedent or subsequent have been complied with.

20. Severability: Any provision of this instrument which is illegal, prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such illegality, prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

21. Receipt: The Guarantor acknowledges receiving a copy of this instrument.

22. Entire Guarantee: There are no representations, collateral agreements or conditions with respect to this guarantee and postponement of claim or affecting the liability of the Guarantor hereunder other than as contained herein.

23. Applicable Law: This guarantee and postponement of claim shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

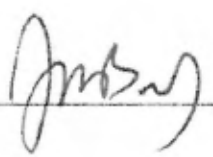
24. Succession: This guarantee and postponement of claim shall enure to the benefit of the Creditor and its successors and assigns and shall be binding upon the Guarantor and the Guarantor's successors and assigns.

IN WITNESS WHEREOF this guarantee and postponement of claim has been executed under seal and delivered by the Guarantor, as of the 21st day of June, 2017.

SIGNED, SEALED & DELIVERED)
in the presence of)

1635536 ONTARIO INC.

Witness)



c/s



Name: David Taylor
Title: President
(Authorized Signing Officer)

CONTINUING GUARANTEE AND POSTPONEMENT OF CLAIM

AFFIDAVIT OF SUBSCRIBING WITNESS

I, Jonathan Brindley, of the _____ of _____ in the Province of Ontario,
MAKE OATH AND SAY that I am the subscribing witness to the attached continuing guarantee
and postponement of claim made in favour of Liquid Capital Exchange Corp by 1635536 Ontario
Inc. and I was present and saw it executed at the City of Port Colborne in the Province of Ontario on
the 21st day of June, 2017 by a person who identified himself to me as being David Taylor, the
President and authorized signing officer of 1635536 Ontario Inc.

SWORN BEFORE ME at the _____)
_____ of _____)
in the Province of Ontario)
this _____ day of June, 2017.)
))
))
_____) _____)
A Commissioner, *etc.*

This is Exhibit “N” referred to in the Affidavit of Jonathan Brindley sworn by Jonathan Brindley of the City of Mississauga, in the Regional Municipality of Peel, before me at the City of Toronto, in the Province of Ontario, on November 18, 2021 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

STEWART THOM



November 16, 2018

BY REGISTERED MAIL AND BY E-MAIL

1635536 Ontario Inc. o/a Versitec Marine & Industrial
4 Stonebridge Drive, Unit 4
Port Colborne, ON L3K 5V4

Attention: David Taylor, President

Versitec Marine USA Inc.
1623 Military Road, #283
Niagara Falls, NY 14304

Attention: David Taylor, President

Dear Mr. Taylor,

Re: Indebtedness and obligations to Liquid Capital

Reference is made to the Financing Facility Agreement dated June 21, 2017 (the "Facility Agreement") between Liquid Capital Exchange Corp. ("Liquid Capital") and 1635536 Ontario Inc. o/a Versitec Marine & Industrial ("Versitec Canada") and Versitec Marine USA Inc. ("Versitec USA") and to the Purchase and Sale Agreement and addenda thereto also dated June 27, 2017 (the "Purchase and Sale Agreement"). Capitalized terms used but not defined in this letter or otherwise required by the context shall have the respective meanings ascribed to such terms in the Facility Agreement and the Purchase and Sale Agreement as applicable.

Liquid Capital has come to learn that payments in respect of certain Accounts sold by Versitec Canada and/or Versitec USA (collectively, "Versitec") to Liquid Capital may have been made to Versitec without Versitec remitting such payments to Liquid Capital as required by the Purchase and Sale Agreement. Such action by Versitec is an Event of Default under the Purchase and Sale Agreement. Versitec is hereby notified that by the terms of the Purchase and Sale Agreement, all funds received by them in respect of Purchased Accounts are held by them in trust for Liquid Capital and that any dealings by them with these funds is in breach of that trust.

Either as a consequence of the forgoing or otherwise, Accounts sold by Versitec to Liquid Capital have been outstanding according to our records well beyond their respective due dates. Liquid Capital has determined such Accounts to be essentially uncollectible and is requiring Versitec to promptly repurchase such Accounts.

Liquid Capital has also come to learn that Versitec has recently missed payroll for some or all of their employees, an indication that Versitec is unable to pay its debts as they mature and is insolvent. This also constitutes an Event of Default under the Purchase and Sale Agreement

Liquid Capital has in good faith deemed itself to be insecure with respect to the prospect of Versitec's repayment and performance of its obligations under the Purchase and Sale Agreement. This deeming by Liquid Capital also constitutes an Event of Default under the Purchase and Sale entitling Liquid Capital to exercise its remedies under the Purchase and Sale Agreement and under the General Security Agreement by Versitec Canada and the Security Agreement by Versitec USA in favour of Liquid Capital dated June 21, 2017.

The outstanding amounts of the indebtedness and obligations as of the date of this letter, net of the amount of the Reserve(s), are CAN\$124,729.91 and US\$48,195.64(e.&o.e.).

The indebtedness and obligations of Versitec are joint and several obligations of Versitec Canada and Versitec USA pursuant to the Purchase and Sale Agreement and pursuant to their respective cross Continuing Guarantee and Postponement of Claim agreements in favour of Liquid Capital dated June 21, 2017.

The indebtedness and obligation of Versitec have also been guaranteed by each of David Taylor, David Richard Carpenter and Versitec Marine Holdings Inc. (collectively, "Guarantors") by their respective Continuing Guarantee and Postponement of Claim agreements in favour of Liquid Capital dated June 21, 2017 (collectively, the "Guarantees").

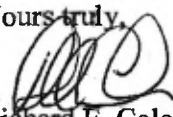
Formal notice is hereby given to Versitec and to Guarantors, who are copied herewith, of the above described Event of Defaults.

Liquid Capital also hereby demands payment within ten days of the date of this letter of the sums of CAN\$124,729.91 and US\$48,195.64 plus accruing fees from and after November 16, 2018 at the applicable *per diem* amounts. Payment is to be made to Liquid Capital within ten days of the date of this letter, failing which legal action and/or realization proceedings may be commenced to recover same together with all costs incidental to such legal action and proceeding.

Enclosed for service upon you are notices of intention to enforce security pursuant to the *Bankruptcy and Insolvency Act* (Canada). The US\$ obligation amount has been converted to CAN\$ at the rate of 1.31450.

The delivery of this letter shall not be deemed to imply that there are not other defaults with respect to the Purchase and Sale Agreement or the Financing Facility Agreement and the other Security. Nothing herein or in any forbearance or continued funding is intended to limit, waive, restrict or otherwise alter any of Liquid Capital's rights and remedies under applicable law, the Purchase and Sale Agreement and/or the Guarantees and/or the Finance Facility Agreement and/or the other Security, all of which are expressly reserved.

Yours truly,


Richard E. Coles, Vice President & General Counsel

- c. David Taylor, by email and by registered mail
- c. David Richard Carpenter, by email and by registered mail
- c. Versitec Marine Holding Inc., by registered mail

FORM 86

Notice of Intention to Enforce a Security
(Rule 124)

TO: Versitec Marine USA Inc., an insolvent person

TAKE NOTICE THAT:

1. **Liquid Capital Exchange Corp, a secured creditor, intends to enforce its security on the insolvent person's property described below:**
 - (a) all property, undertaking and assets of the insolvent person including, without limitation, all debts, accounts, claims, moneys and choses in action, due or accruing due to the insolvent person, all goods, chattels, fixtures and other tangible personal property of the insolvent person, all intangible property of the insolvent person and all leasehold property of the insolvent person, more particularly set out in the security to be enforced;
 - (b) all indebtedness of 1635536 Ontario Inc. to the insolvent person.
2. **The security that is to be enforced is the following:**
 - (a) a Security Agreement dated June 21, 2017 by the insolvent person in favour of the secured creditor;
 - (b) a Continuing Guarantee and Postponement of Claim dated June 21, 2017 by the insolvent person in favour of the secured creditor.
3. **The total amount of indebtedness secured by the security is \$188,081.27 plus continuing fees, interest and costs.**
4. **The secured creditor will not have the right to enforce the security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement.**

DATED at Toronto, Ontario this 16th day of November, 2018.

LIQUID CAPITAL EXCHANGE CORP.

By: 

Richard E. Coles, Vice President

FORM 86

Notice of Intention to Enforce a Security
(Rule 124)

TO: 1635536 Ontario Inc., an insolvent person

TAKE NOTICE THAT:

1. Liquid Capital Exchange Corp, a secured creditor, intends to enforce its security on the insolvent person's property described below:
 - (a) all property, undertaking and assets of the insolvent person including, without limitation, all debts, accounts, claims, moneys and choses in action, due or accruing due to the insolvent person, all goods, chattels, fixtures and other tangible personal property of the insolvent person, all intangible property of the insolvent person and all leasehold property of the insolvent person, more particularly set out in the security to be enforced;
 - (b) all indebtedness of Versitec Marine USA Inc. to the insolvent person.
2. The security that is to be enforced is the following:
 - (a) a General Security Agreement dated June 21, 2017 by the insolvent person in favour of the secured creditor;
 - (b) a Continuing Guarantee and Postponement of Claim dated June 21, 2017 by the insolvent person in favour of the secured creditor.
3. The total amount of indebtedness secured by the security is \$188,081.27 plus continuing fees, interest and costs.
4. The secured creditor will not have the right to enforce the security until after the expiry of the 10-day period after this notice is sent unless the insolvent person consents to an earlier enforcement.

DATED at Toronto, Ontario this 16th day of November, 2018.

LIQUID CAPITAL EXCHANGE CORP.

By: 

Richard E. Coles, Vice President

This is Exhibit "O" referred to in the Affidavit of Jonathan Brindley sworn by Jonathan Brindley of the City of Mississauga, in the Regional Municipality of Peel, before me at the City of Toronto, in the Province of Ontario, on November 18, 2021 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

STEWART THOM

FORBEARANCE AGREEMENT

THIS AGREEMENT is made as of the 25th day of April, 2019

AMONG:

1635536 ONTARIO INC., o/a VERSITEC MARINE & INDUSTRIAL

a corporation incorporated pursuant to the Laws of
the Province of Ontario

(a borrower hereinafter individually called "**Versitec Canada**")

OF THE FIRST PART;

-and-

VERSITEC MARINE USA INC.

a corporation incorporated pursuant to the Laws of
the State of Delaware

(a guarantor hereinafter individually called "**Versitec USA**" and
collectively with Versitec Canada as the "**Borrowers**")

OF THE SECOND PART;

- and -

REUBEN KARY BYRD, of

Boca Raton, Florida

(a guarantor hereinafter individually referred to as ("**BYRD** ")
and collectively a "**Guarantor**")

OF THE THIRD PART;

- and -

DAVID TAYLOR, of

Port Colborne, Ontario

(a guarantor hereinafter individually referred to as ("**TAYLOR**")
and collectively a "**Guarantor**")

OF THE FOURTH PART;

-and-

VERSITEC MARINE HOLDINGS INC.

a corporation incorporated pursuant to the Laws of
the Province of Ontario

(a guarantor hereinafter individually called "**Holdings**" and
collectively as a "**Guarantor**")

OF THE FIFTH PART;

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-and -

LIQUID CAPITAL EXCHANGE CORP.
 5734 Yonge Street, Suite 400
 Toronto, ON M2M 4E7

(hereinafter called "Liquid Capital")

OF THE SIXTH PART

1. **INDEBTEDNESS OF THE BORROWER**

WHEREAS the Borrowers carry on business as an equipment manufacturer and service supplier.

AND WHEREAS the Borrower is party to various documents and agreements which establish credit facility arrangements between Liquid Capital, as lender, and each of Versitec Canada and Versitec USA, as borrowers, pursuant to: (i) a financing facility agreement dated June 21, 2017 providing for a \$500,000 Canadian & US Dollars loan, (the "**Facility Agreement**"); and (ii) a purchase and sale agreement dated June 21, 2017 providing for the purchase by Liquid Capital and the sale by the Borrowers of certain accounts receivable of the Borrowers (the "**Purchase Agreement**", and together with the Facility Agreement, the "**Borrower Documents**").

AND WHEREAS particulars of the aggregate Borrower Indebtedness to Liquid Capital as of April 25, 2019 are as follows:

A. **FACILITY INDEBTEDNESS – CANADIAN DOLLARS**

PRINCIPAL AMOUNT OWING	CAD\$49,557.96
INTEREST ACCRUED TO AND INCLUDING April 25, 2019	16,013.58
TOTAL INDEBTEDNESS (the "CAD Indebtedness")	\$65,571.54

* per diem interest is CAD\$45.72 and continues to accrue

B. **FACILITY INDEBTEDNESS – UNITED STATES DOLLARS**

PRINCIPAL AMOUNT OWING	USD\$0
INTEREST ACCRUED TO AND INCLUDING April 2, 2019	0
TOTAL INDEBTEDNESS (the "USD Indebtedness", and together with the CAD Indebtedness, the "Indebtedness")	\$0

* per diem interest is USD\$0 and continues to accrue

C. **SECURITY GRANTED BY BORROWER**

AND WHEREAS as security for the Indebtedness, and for any other monies advanced, or as may be advanced in the future by Liquid Capital to the Borrowers, and for all other present and future indebtedness, fees, expenses and other liabilities, direct or indirect, absolute or contingent, due from time to time by Liquid Capital to the Borrowers (collectively, the "Obligations"), the Borrowers granted to Liquid Capital security over its assets and undertaking consisting of a General Security Agreement dated June 21, 2017 (the "Security").

D. **GUARANTEES IN SUPPORT OF THE INDEBTEDNESS**

AND WHEREAS the Obligations were guaranteed by each of Byrd, Taylor and Versitec Marine Holdings pursuant to separate written continuing guarantee and postponement of claim agreements, each dated June 21, 2017 (collectively, the "Guarantees").

E. **DEFAULT**

AND WHEREAS each of the Borrowers and Guarantors acknowledges and agrees that various defaults have occurred under the Borrower Documents, which include, without limitation, the collection of funds and payments from various companies under invoices that had been factored and assigned to Liquid Capital. The failure to remit the foregoing funds constitutes a breach of trust by the Borrowers under the Borrower Documents. The other defaults under the Borrower Documents are more particularly set for in the letter of demand dated November 16, 2018 and issued by Liquid Capital to the Borrowers and the Guarantors.

F. **FORBEARANCE**

AND WHEREAS each of the Borrowers and the Guarantors have requested Liquid Capital not effect realization on the Security or upon their respective guarantees, and that Liquid Capital allow the Borrowers a Forbearance Period, as hereinafter set out, within which the Borrowers will obtain refinancing in an amount sufficient to fully repay the Indebtedness on or before the end of the Forbearance Period.

AND WHEREAS this Agreement reflects the terms upon which Liquid Capital is agreeable to not immediately take steps to exercise on the Security and the Guarantees and to forbear (having made demand and issuance of Notice of Intention to Enforce Security ("NITES")), which forbearance shall only be effective provided all terms contained in this Agreement are fully complied with.

AND WHEREAS the Borrowers and each Guarantor acknowledges and confirms that Liquid Capital issued a demand for repayment to each of them and also issued NITES to each of them, and all of them each hereby request that Liquid Capital forbear in accordance with the terms contained herein, and to not enforce on such demand and NITES, the security granted by the Borrowers, or on the Guarantees, all as hereinafter more particularly set out.

AND WHEREAS Liquid Capital has agreed, in reliance upon the representation, warranties and covenants of the Borrowers and each Guarantor contained in this Agreement, and

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subject to the terms and conditions contained herein being fully performed, to permit the parties hereto a Forbearance Period. The Borrowers and the Guarantors each agree to the Forbearance Terms and Forbearance Period as set out in this Forbearance Agreement (“**Agreement**”) and each of them acknowledge the terms and Forbearance Period are reasonable.

2. **REQUEST FOR FORBEARANCE FROM ENFORCING SECURITY**

Each of the Borrowers and the Guarantors, have requested Liquid Capital refrain from effecting on the respective security pledged to Liquid Capital and on the Guarantees given for the Indebtedness until the earlier of (1) December 31, 2019; (2) an Event of Default (as herein after defined) terminating the Forbearance Agreement (“**Forbearance Period**”).

3. **ACKNOWLEDGMENTS**

The Borrowers and each Guarantor jointly and severally, irrevocably and unconditionally acknowledge, represent, warrant and confirm that Liquid Capital is acting herein strictly in reliance upon the representations, warranties and covenants of each of the Borrowers and the Guarantors that:

- (a) each of the documents and agreements comprising the Security is valid and enforceable in accordance with its terms;
- (b) the Forbearance Period is reasonable and accepted by them as such;
- (c) the guarantees given by each of Byrd, Taylor and Versitec Marine Holdings, with respect to the Indebtedness, are valid and enforceable in accordance with its terms;
- (d) there has been a change in ownership of the Borrowers as follows:
 - (i) David Carpenter is no longer an employee with the Borrowers;
 - (ii) Reuben Byrd is a new investor and the CEO of the Borrowers;
 - (iii) Reuben Byrd has agreed to sign a personal guarantee of the obligations of the Borrower to Liquid Capital and Liquid Capital has agreed to enter into this Forbearance Agreement and continue factoring services, as outlined herein, in reliance on such guarantee;
- (e) except as provided in this Agreement or applicable law, Liquid Capital, having delivered demand and NITES as herein set out, is in a position to take steps to enforce on the Security, and on the Guarantees, and pursue all remedies with respect to the obligations of each of the Borrowers and each Guarantor, as it may deem appropriate;
- (f) except as provided in this Agreement, Liquid Capital (either by itself or through its officers, employees or agents or advisors) has made no promises or statement (express or implied, verbal or otherwise), nor has it taken any action or omitted to take any action that would constitute a waiver of its rights to enforce on the

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Security and the Guarantees given in support of the Indebtedness, and pursue its remedies in respect of the obligations of the Borrowers and the Guarantors, including, but not limited to, the Security and the Guarantees;

- (g) The Borrowers will operate solely at their respective leased premises and carry on business in the normal course at all times, and all inventory, accounts receivable, equipment and other assets (including intangibles) used or owned by each of the Borrowers shall at all times continue to be owned by it for its own account and each of the Borrowers will daily and promptly deposit all receivables, and any other income sources, solely in its respective corporate bank account;
- (h) in the event of a default in one or more terms of this Forbearance Agreement, and an Event of Default notice being given (which default has not been specifically waived in writing by Liquid Capital), and a resultant termination of the Forbearance Period, the Borrowers and the Guarantors each acknowledge that the agreement by Liquid Capital to forbear shall automatically, and without further notice thereafter, terminate and be of no further force or effect, it being expressly agreed that the effect of termination will be to permit Liquid Capital to exercise its rights and remedies immediately, including, without limitation, the appointment of a Receiver-Manager (“Receiver”) or a trustee in bankruptcy of the assets and undertaking of the Borrowers and to enforce on the Security and the Guarantees;
- (i) The Borrowers hereby expressly acknowledge and confirm their liability for the Indebtedness to Liquid Capital and the Guarantors confirm their Guarantees and that they are valid and enforceable in accordance with the terms of their respective Guarantees.
- (j) The Borrowers and the Guarantors confirm that the demand and NITES sent to them remain in full force and effect throughout the Forbearance Period and that Liquid Capital has not, and will not be deemed to have waived, varied, altered or in any other manner whatsoever withdrawn same. Each of the Borrowers and the Guarantors further acknowledge, consent, and confirm that Liquid Capital may continue to rely on the Demand and NITES and in the event of default hereunder, Liquid Capital shall be entitled to act on them without the need to issue any further or fresh Demand and/or NITES;
- (k) The Borrowers and the Guarantors each acknowledge and confirm that their respective liability for the Indebtedness are valid and enforceable in accordance with the respective loan term agreements and for guarantee agreements and that neither the Borrowers nor the Guarantors have any valid defence, claim, cause of action, counterclaim or rights of setoff or right of reduction or any other claim (in law or in equity) of any kind or nature whatsoever against Liquid Capital, its officers, directors or employees and confirm that Liquid Capital may, and is relying upon such acknowledgment as part of the consideration for entering into this Forbearance Agreement;
- (l) all statements contained in the recitals to this Forbearance Agreement are true and accurate in every respect and are incorporated herein;

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- (m) each of the Demands and NITES issued to the Borrowers and the Guarantors has been validly and effectively given to them and will remain in effect at all times until all Indebtedness and obligations are fully satisfied;
- (n) Liquid Capital has not waived, and shall not be deemed to have waived, any defaults by the Borrowers, and Liquid Capital is immediately entitled, subject only to the terms of this Forbearance Agreement, to take enforcement steps as it determines to do so;
- (o) the entering into of this Forbearance Agreement by Liquid Capital does not constitute a withdrawal or revocation of the Demands or NITES or a waiver of existing or future defaults, or events of default under this Forbearance Agreement or a waiver of the obligation to pay the entirety of the Indebtedness by or before the end of the Forbearance term;
- (p) this Forbearance Agreement has been duly authorized and duly executed and delivered by a duly authorized officer of each of the Borrowers and the Guarantors, that is not an individual, and constitutes a legal, valid and binding obligation of such Borrower and Guarantor, enforceable in accordance with the terms herein set out, and each Guarantor that is an individual has the legal capacity to enter into this Forbearance Agreement;
- (q) this Forbearance Agreement has been fairly and freely negotiated between commercial parties and their respective legal counsel and each party is entering into this Forbearance Agreement voluntarily and without duress, bad faith, unreasonable or oppressive conduct, undue influence or other unfair advantage of any kind by or on behalf of any party hereto;
- (r) as of the date of this Forbearance Agreement being executed, Liquid Capital has acted in a commercially reasonable manner and each of the Borrowers and the Guarantors confirm same and are estopped from disputing same; and
- (s) the facts as set out in the recitals to this Agreement are true and correct, and are incorporated herein and form an integral part of this Agreement and are given knowing they are being relied upon by Liquid Capital as part of the consideration to enter into this Forbearance Agreement.

4. **CONTINUATION OF FACTORING SERVICES UP TO \$600,000**

The purchase and sale of certain accounts receivable (the “**Factoring Services**”) under the Terms of the Purchase Agreement, shall continue to be provided during the Forbearance Period, subject to the following, which shall amend the terms of the Purchase Agreement, as necessary to give effect the following:

- (a) each of the Borrowers shall be required to factor with Liquid Capital all of their respective accounts receivable which are acceptable to Liquid Capital;

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- (b) all factored receivables shall be on a full notification basis to the applicable customers and with full recourse to the Borrowers and Guarantors, notwithstanding the factoring of such receivables to Liquid Capital;
- (c) A minimum of \$[600,000] of new accounts receivable of the Borrowers that are acceptable to Liquid Capital shall be factored immediately and the initial advance amount, together with any reserve payable on collection, shall be applied against the Indebtedness and all other amounts owing to Liquid Capital hereunder or under the Borrower's Documents, subject to the following deductions, which the Borrowers and the Guarantors agree shall be deducted from the initial advance:
 - (i) legal and other fees incurred by Liquid Capital, which shall include without limitation, legal fees and the fees of the Consultant (which is hereinafter defined); and
 - (ii) all amounts currently owing on account of the Indebtedness.
- (d) Effective immediately, the Borrower shall pay a 3% discount fee of the face value of the accounts receivable invoices purchased by Liquid Capital plus 0.1% per day on any amount that is not paid under such invoices after 30 days from the date of purchase.
- (e) The Borrowers shall comply with all of Liquid Capital's notification conditions and processes from time to time, which shall include, without limitation, the following:
 - (i) sign any required custom factor notification letters;
 - (ii) have a Liquid Capital assignment notification clearly printed on all invoices;
 - (iii) Liquid Capital is hereby authorized to contact and collect from the Borrower's customers any amounts owing under invoices that have been factored by Liquid Capital and to direct all payments owing by such customers to Liquid Capital or as it may otherwise direct; and;
- (f) accounts receivable eligible to be factored by Liquid Capital shall be limited to those accounts receivable that are credit insured by a Liquid Capital insurer or by the Borrowers under an Export Development Canada ("EDC") insurance policy, that is acceptable to Liquid Capital in its sole discretion. The Borrowers and Guarantors acknowledge and agree that all of the Borrowers' rights and benefits under their existing and any future EDC credit policies have been assigned pursuant to the Security. The Borrowers covenant and agree that they will sign such other documents and do such other things as may be requested by Liquid Capital in respect of the assignment of the assignment of the EDC insurance policies and the rights and benefits that arise therefrom.

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5. COVENANTS

Each of the Borrowers and Guarantors covenants, acknowledges and agrees with Liquid Capital that:

- (a) Performance of all conditions and terms of this Agreement is an integral inducement for Liquid Capital to agree to enter into this Forbearance Agreement and that Liquid Capital is relying upon strict performance of all of the terms hereof and the accuracy and truthfulness of the representations and warranties provided herein as an inducement to enter into this Forbearance Agreement;
- (b) The Borrowers shall engage Newhouse Partners Inc. (the “**Consultant**”) on the terms and conditions more particularly set forth in the engagement letter dated [March 29, 2019]. The Borrowers acknowledge and agree that any costs associated with the engagement of the Consultant will be for the account of the Borrowers alone and Liquid Capital shall have no obligation in respect of same.
- (c) The Borrowers acknowledge and agree that notwithstanding any provisions of the Purchase Agreement to the contrary, Liquid Capital may directly contact any of the Borrowers’ account debtors whose accounts have been purchased by Liquid Capital pursuant to the Purchase Agreement in connection with collecting upon such accounts.
- (d) The Borrowers acknowledge and agree that Liquid Capital may continue to provide the Borrowers with factoring services pursuant to the terms of the Purchase Agreement, and subject to section 4 above, during the Forbearance Period in its sole and absolute discretion and Liquid Capital may hold back from any advance amount pursuant such continued factoring arrangements any additional reserves Liquid Capital deems necessary in connection therewith.
- (e) The Borrowers will forthwith provide to Liquid Capital:
 - (i) Payment to Liquid Capital of an extension and administrative fee of \$10,000 (“**Fee**”) to partially reimburse Liquid Capital with respect to the time expended by it with respect to dealing with default issues and negotiating this Agreement. The Fee becomes fully earned, due and payable upon execution by all parties of this Forbearance Agreement. The Fee will be paid by the Borrowers to Liquid Capital on execution of this agreement, without further notice. The Borrowers will ensure there are sufficient funds in its account to pay the Fee;
 - (ii) The Borrowers acknowledge failure to obtain alternate funding sufficient to repay Liquid Capital in full by **December 31, 2019** will be an event of default enabling Liquid Capital to immediately terminate the Forbearance Period and forthwith take all steps it deems necessary to protect its loan and security therefore;

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- (iii) The Borrowers will not declare any dividends, nor repay any shareholders' loan, inter-corporate indebtedness or make any other payment to any corporation or person who does not deal at arm's length (as such term is defined in the *Income Tax Act (Canada)*) with it and no salaries, bonuses or other form of compensation, direct or indirect, will be paid out except as was paid to employees, officers and directors and with payment being consistent with past payment amounts;
- (iv) Each of the Borrowers covenants and warrants that all lease payments for the premises it carries on business from are and will be kept current. Each of the Borrowers covenant to immediately notify Liquid Capital of any non-payment of rent when due, or any other covenant breach by such Borrower of its lease;
- (v) The Borrowers will reimburse Liquid Capital for all expenses, including all legal fees and disbursements, that Liquid Capital has incurred or will incur arising out of its dealings with it, both to date and with respect to, and including the Forbearance Agreement, all matters related to payout, and in any protection, preservation and/or enforcement of the Security or the Guarantees, including the preparation of this Agreement, and covenants and agrees to fully reimburse Liquid Capital for all such expenses and legal fees and disbursements;
- (vi) The Borrowers will provide to Liquid Capital, in accordance with its loan agreement and credit facility terms, all reports, including, but not limited to, weekly reporting as required by Liquid Capital, including, but not limited to, weekly updated cash flow reports and bank statements for all accounts of the Borrowers, and in addition thereto, monthly reporting, including internally prepared financial reports, bank statements with copies of all cancelled cheques, and a statutory declaration signed by a director of the Borrowers, setting out all government priorities (including HST, withholding taxes, CPP and employment insurance), paid and payable, and that all wages to date of declaration are paid and that there are no unpaid monies due for government taxes, liens, deemed trust, super priorities and the Borrowers acknowledge failure to keep same current will be an event of default;
- (vii) prior to any contemplated sale or other disposition of any assets, including but not limited to, the premises lease, or equipment, out of the ordinary course of business, the Borrowers will provide Liquid Capital with full particulars of the contemplated transaction and will not carry out such transaction without the prior written consent of Liquid Capital having been first obtained; and
- (viii) Taylor agrees to provide a collateral charge against his property located at 518 King Street, Port Colborne, Ontario; and

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- (ix) Byrd agrees to provide a collateral charge against his property located at 19480 Saturnia Lakes Drive, Boca Raton, Florida or such local properties as Liquid Capital may agreed upon. To the extent required by law, Byrd covenants and agrees to obtain his spouse's consent to such charge and obtain independent legal advice for his spouse;
- (f) In order to ensure the smooth running and continued operations, the Borrowers agrees to use comfort letters and irrevocable directions as required to ensure key suppliers are paid. As at April 2, 2019 there is approximately \$450,000 of the Borrowers' accounts payable which need to be paid; and
- (g) While the Forbearance Agreement is in place, the Borrowers agree not to obtain or such any borrowings or loans from third parties, including without limitation, Merchant cash loan. In addition, the Borrowers agree, upon the request of Liquid Capital, to repay all outstanding loan obligations to Premium Capital Group Inc. and Merchant Advance Capital and to obtain the discharge of any security relating to these loans, which shall include the registration of financing statements under the *Personal Property Security Act* (Ontario) discharging such loans.

6. GUARANTOR ACKNOWLEDGEMENT

Each of the Guarantors confirms to Liquid Capital that each is cognisant of the current financial circumstances of the Borrowers for which it has guaranteed payment pursuant to its guarantee.

7. DELIVERY OF DOCUMENTS

The Borrowers and Guarantors shall deliver or cause to be delivered, the following documents, all in a form required by Liquid Capital on or before May 10, 2019:

- (a) Byrd shall deliver an unlimited guarantee using Liquid Capital's standard form guarantee;
- (b) the collateral charges referenced above shall be delivered;
- (c) the consulting agreement with the Consultant; and
- (d) this Forbearance Agreement.

8. CONSENT TO APPOINTMENT OF RECEIVER-MANAGER ("RECEIVER")

Receiver Application

Upon the earlier of (i) the expiry of the Forbearance Period without repayment in whole to Liquid Capital; or (ii) the occurrence of an Event of Default of which Liquid Capital has given the Borrowers and the Guarantors notice, Liquid Capital may immediately terminate all credit facilities, terminate its forbearance hereunder and the Forbearance Period, and take steps to enforce, without further notice or delay, all of its rights and remedies against each of the Borrowers and each Guarantor for such indebtedness, including taking steps to realize on the

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security and guarantees, which rights and remedies may, at the sole option of Liquid Capital include an application to Court for the appointment of a receiver or receiver-manager and each of the Borrowers and the Guarantors consent to such appointment of a receiver and agree that they do not, and will not, oppose such appointment and that Liquid Capital can rely upon the consent to appointment of a Receiver contained herein and that such consent shall be ongoing until such time as all Indebtedness is fully repaid. Each of the Borrowers and the Guarantors shall be estopped from disputing their respective consent to the appointment of a receiver following an event of default and termination of the forbearance term and this agreement.

9. **EVENTS OF DEFAULT**

The occurrence of any one or more of the following events shall constitute an event of default (“**Event of Default**”) under this Agreement:

- (a) Liquid Capital shall not be repaid in full on or before **[December 31]**, 2019;
- (b) failure to make any other payments to Liquid Capital on their due date;
- (c) failure to provide any reports, certificates, information or materials required to be provided to Liquid Capital pursuant to any Liquid Capital facility agreement, the security granted to Liquid Capital or this Agreement;
- (d) if any representation or warranty provided to Liquid Capital (herein or otherwise) by the parties hereto was incorrect when made or becomes incorrect;
- (e) failure to execute and deliver to Liquid Capital this Forbearance Agreement no later than May 10 2019 ;
- (f) failure to materially perform or comply with any of the covenants, terms, obligations or conditions contained in this Agreement, or in any other agreement or undertaking made between the parties hereto and Liquid Capital;
- (g) if the Security ceases to constitute a valid and perfected security interest against all assets of the Borrowers granted to Liquid Capital, ranking first in priority, or for any other reason Liquid Capital reasonably considers that its security, or any part thereof, is at risk;
- (h) the Borrowers or the Guarantors, or any of them, take any steps to challenge the validity or enforceability of Liquid Capital’s security, the Indebtedness (which shall include without limitation, all indebtedness owing under any continued factoring services provided by Liquid Capital as set out herein, any security granted to Liquid Capital as security for the Indebtedness, the Guarantees, or this Agreement, or any parts thereof;
- (i) if, in Liquid Capital’s commercially reasonable opinion, a material adverse change occurs in the business, affairs or condition of the Borrowers, financial or otherwise, arising for any reason whatsoever;

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- (j) default by the Borrowers under this Forbearance Agreement and for which default Liquid Capital declares an Event of Default and terminates this Agreement and the Forbearance Period;
- (k) if at any time during the forbearance term any of the Borrowers or the Guarantors consents to or makes a general assignment for the benefit of creditors or takes advantage of any insolvency, restructuring, reorganization, other creditor protection legislation, or takes any corporate steps in furtherance of the foregoing, or is declared a bankrupt, or if a liquidator, trustee in bankruptcy, custodian, interim receiver, receiver or receiver manager or other party with similar powers is appointed over the Borrowers or any step in furtherance of any of the foregoing is taken for the Borrowers; and
- (l) the expiry or early termination of this Forbearance Agreement without repayment of all indebtedness owing by the Borrowers to Liquid Capital.

10. **TOLLING ARRANGEMENTS**

- (a) as of the date hereof, and continuing until the termination of the Forbearance Period and thereafter, until the termination of the tolling arrangements hereof in the manner provided for herein, Liquid Capital, each of the Borrowers and the Guarantors hereby agree to toll and suspend the running of the applicable statutes of limitations, laches or other doctrines related to the passage of time in relation to the Indebtedness, the security and the guarantees, and any entitlements arising from the indebtedness or the Security and any other related matters, and each of the parties confirms that this agreement is intended to be an agreement to suspend or extend the basic limitation period provided by Section 4 of the *Limitations Act*, 2002 (Ontario) as well as the ultimate limitation period provided by Section 15 of the *Limitations Act*, 2002 (Ontario) in accordance with the provisions of Section 22 (2) of the *Limitations Act*, 2002 (Ontario) and as a business agreement in accordance with the provisions of Section 22 (5) of the *Limitations Act*, 2002 (Ontario), and any contractual time limitation on the commencement of proceedings, any claims or defences based upon such applicable statute of limitations, contractual limitations, or any time related doctrine including waiver, estoppel or laches; and
- (b) the tolling provisions of this Forbearance Agreement will terminate upon either party providing the other with 60 clear days written notice of an intention to terminate the tolling provisions hereof, and upon the expiry of such 60 days' notice, and any time provided for under the statutes of limitations, laches, or any other doctrine related to the passage of time in relation to the indebtedness, the Security or any entitlements arising from the indebtedness of the Borrowers or the Security and guarantees, and any other related matters, will recommence running as of the effective date of such notice, and, for greater certainty, the time during which the limitation period is suspended pursuant to the tolling provisions of this Forbearance Agreement shall not be included in the computation of any limitation period.

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11. **ENFORCEMENT**

Upon the occurrence of either an Event of Default or the non-payment of the Obligations of the Borrowers ("**Termination Event**"), Liquid Capital may forthwith take steps to terminate the Forbearance Period and enforce all security and pursue any or all remedies that it may have against either of the Borrowers and the Guarantors, including, without limitation, the appointment of a Receiver, or a Receiver and Manager over the Borrowers as Liquid Capital shall determine in its sole discretion.

12. **CREDIT ENQUIRIES**

If Liquid Capital is asked to respond to any credit enquiry concerning the Borrowers made by any other bank, financial institution or any other lending party, Liquid Capital may refuse to respond to such enquiry, unless each of the Borrowers and the Guarantors each consent in writing to Liquid Capital responding, and the Borrowers and the Guarantors, hereby release and discharge Liquid Capital in respect of any loss that the Borrowers and/or the Guarantors may suffer as a result of such refusal to respond, or arising from Liquid Capital responding following receipt of written confirmation by each of the Borrowers and the Guarantors to do so.

13. **NO CLAIMS AGAINST LIQUID CAPITAL**

- (a) Each of the Borrowers and the Guarantors, jointly and severally confirm that they do not dispute their liability to pay the indebtedness of the Borrowers or the amount they have guaranteed, on any basis whatsoever, and each of the Borrowers and the Guarantors have no cause of action, claim, set-off, counterclaim or damages, direct or indirect, contingent or otherwise, on any basis whatsoever (in law or in equity) against Liquid Capital as of the date of this Agreement.
- (b) The Borrowers and each of the Guarantors acknowledge that all security and guarantees for the indebtedness of the Borrowers granted to Liquid Capital, or any of it, has not been discharged, varied, waived, released, forgiven, amended, or altered in any manner whatsoever, and continues to be binding upon and is enforceable against it in accordance with its terms. The guarantors acknowledges that the guarantees granted by them to Liquid Capital as security for the Obligations of the Borrowers are in full force and effect and enforceable against them in accordance with the terms thereof.
- (c) Each of the Borrowers and the Guarantors (collectively the "**Releasors**") hereby releases, remises, acquits and forever discharges Liquid Capital, its officers, directors, employees, consultants and advisors (the "**Released Parties**") from any and all actions, causes of action, judgments, executions, suits, debts, claims, liabilities, obligations, setoffs, recoupments, counterclaims, defences, damages and expenses of any and every character, known or unknown, suspected or unsuspected, direct and/or indirect, at law or in equity of whatsoever kind or nature, whether heretofore or hereafter arising, for or because of any matter or things done, omitted or suffered to be done by any of the Released Parties prior to and after the date hereof, and in any way directly or indirectly arising out of or in any manner connected with the Forbearance Agreement, the loan facility

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documents, the security granted to Liquid Capital (and any enforcement relating thereto) (the "**Released Matters**"). Each Releasor acknowledges that the agreements in this section are intended to be in full satisfaction of all or any alleged injuries or damages arising in connection with the Released Matters and constitute a complete waiver of any right of setoff or recoupment, counterclaim or any other defence or cause of action of any nature whatsoever with respect to the Released Parties or which might limit or restrict the effectiveness or scope of its agreements in this section. Each Releasor represents and warrants that it has no knowledge of any claim by it against the Released Parties or any facts, or acts or omissions of the Released Parties which is not released hereby. Each Releasor represents that it has not purported to transfer, assign, pledge or otherwise convey any of its rights, title or interest in any Released Matter to any other person or entity and that the foregoing constitutes a full and complete release of all Released Matters. The Releasors have granted this release freely and voluntarily and without duress.

- (d) Each of the Borrowers acknowledges and agrees with Liquid Capital that with respect to this Agreement, nothing contained herein, or any agreement with Liquid Capital referred to herein, shall have the effect of changing the nature of any part of the Obligations which are characterized as demand facilities from a demand facility, subject to the terms of this Agreement. This Agreement will not discharge or constitute novation of any debt, obligation, covenant or obligation contained in any agreement with Liquid Capital or any security, and same shall remain in full force and effect, save to the extent it is specifically amended by the provisions of this Agreement.

14. **SURVIVAL OF REPRESENTATIONS AND WARRANTIES**

All representations and warranties made in this Forbearance Agreement or any other document furnished in connection herewith shall survive the execution and delivery of this Forbearance Agreement and such other document and shall not affect the continuation of all such representations and warranties and the right of Liquid Capital to rely upon them.

15. **NOTICE**

Without prejudice to any other method of giving notice, any notice required or permitted to be given to a party pursuant to this Agreement shall be conclusively deemed to have been received by such party on the next business day following the sending of the notice by prepaid private courier or on the next business day if sent by facsimile to such party at his, her or its facsimile number and address noted on the first page of this Agreement. Any party may change his, her or its address for service by notice given in the foregoing manner. In the case of The Borrowers and the Guarantors, the address for service as of the date of this Agreement is:

1635536 Ontario Inc.
4 Stonebridge Drive, Unit 4
Port Colborne, Ontario L3K 5V4
Attention: David Taylor

Versitec Marine USA Inc.

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1623 Military Road, #283
Niagara Falls, New York, USA 14304
Attention: David Taylor

David Taylor
4 Stonebridge Drive, Unit 4, Port Colborne,
Ontario, L4K 5V5 Email:
dtaylor@versitecmarine.com

Reuben Kary Byrd 19480 Saturnia Lakes
Drive, Boca Raton, Florida 33498
Email: rbyrd@versitecmarine.com

Liquid Capital Exchange Corp.
5734 Yonge Street, Suite 400
Toronto, ON M2M 4E7
Attention: Jonathan Brindley
Email: jbrindley@liquidcapitalcorp.com

– with a copy to –
Torkin Manes LLP
151 Yonge Street, Suite 1500
Toronto, ON M5C 2W7
Attention: Jeffrey Alpert
Email: jalpert@torkinmanes.com

16. TIME OF THE ESSENCE

Each of the parties hereto acknowledges that time is of the essence of this Agreement. A waiver by Liquid Capital of any default, event of default, breach or non-compliance under this Agreement is not effective unless in writing and executed by Liquid Capital confirming such waiver by Liquid Capital.

17. FURTHER ASSURANCES

Each party agrees to promptly do, make, execute and deliver all such further acts, documents and instruments as Liquid Capital may reasonably require to allow Liquid Capital to enforce any of its rights under this Agreement and to give effect to the intention of this Agreement.

18. LAWS OF ONTARIO

This Agreement shall be governed by the laws of the Province of Ontario and the laws of Canada (without regard to any rules or principles relating to conflicts of law) applicable therein. The parties hereto irrevocably submit and attorn to the non-exclusive jurisdiction of the Courts of the Province of Ontario and the Provincial and federal laws of Canada applicable thereto. Notwithstanding the provisions herein, each of the Borrowers and the Guarantors acknowledge

and agree that Liquid Capital shall be at liberty to take enforcement proceedings, including appointment of a Receiver, in the [Province of Ontario or the State of New York] should Liquid Capital so determine to do so.

19. GENERAL

If any provision of this Agreement shall be deemed by any court of competent jurisdiction to be invalid or void, the remaining provisions shall remain in full force and effect.

This Agreement shall be binding upon and shall enure to the benefit of the parties hereto and their respective heirs, executors and successors.

This Agreement constitutes the entire agreement of the parties relating to the subject matter hereof and may not be amended or modified except by written consent executed by all parties. No provision of this Agreement shall be deemed waived by any course of conduct unless such waiver is in writing and signed by all parties, specifically stating that it is intended to modify this Agreement. In the event of a contradiction between the terms and conditions of this Agreement, and the terms and conditions of the security, the terms and conditions of this Agreement shall prevail.

20. LEGAL ADVICE

Each of the Borrowers and the Guarantors acknowledge they have reviewed this Agreement in its entirety with their legal counsel prior to executing same, and execute this Agreement with full capacity to do so, freely and voluntarily, with full knowledge and understanding of the contents and obligations contained herein and acknowledge Liquid Capital has advised them to seek legal advice before executing this Agreement.

21. COUNTERPART

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same instrument. This Agreement may be executed as an original hereof or by facsimile transmission, with an original to be exchanged between the parties hereto forthwith thereafter.

22. SUCCESSORS AND ASSIGNS

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

23. ENTIRE AGREEMENT

This Agreement constitutes the entire agreement of the parties relating to the subject matter hereof and may not be amended or modified except by written consent executed by all parties. No provision of this Agreement shall be deemed waived by any course of conduct unless such waiver is in writing and executed by all parties, specifically stating that it is intended to modify this Agreement. In the event of a contradiction between the terms and conditions of this Agreement and terms of any credit facility with the Borrowers, the terms hereof to the extent applicable, shall prevail.

IN WITNESS WHEREOF AND FOR VALUABLE CONSIDERATION, this Agreement has been executed, sealed and delivered by the parties hereto.

1635536 ONTARIO INC.

Per: [Signature]
Name: DAVE Taylor
Title: President
I have the authority to bind the corporation

VERSITEC MARINE USA INC.

Per: [Signature]
Name: DAVE TAYLOR
Title: President
I have the authority to bind the corporation

VERSITEC MARINE HOLDING INC.

Per: _____
Name: DAVE TAYLOR
Title: President
I have the authority to bind the corporation

[Signature]
Witness

[Signature]
DAVID TAYLOR

Witness

REUBEN BYRD

LIQUID CAPITAL EXCHANGE CORP.

Per: _____
Name:
Title:
I have the authority to bind the corporation

IN WITNESS WHEREOF AND FOR VALUABLE CONSIDERATION, this Agreement has been executed, sealed and delivered by the parties hereto.

1635536 ONTARIO INC.

Per: [Signature]
Name: Reuben K Byrd
Title: CEO
I have the authority to bind the corporation

VERSITEC MARINE USA INC.

Per: [Signature]
Name: Reuben K Byrd
Title: CEO
I have the authority to bind the corporation

VERSITEC MARINE HOLDING INC.

Per: [Signature]
Name: Reuben K Byrd
Title: CEO
I have the authority to bind the corporation

Witness

Witness

DAVID TAYLOR
[Signature]
REUBEN BYRD



LIQUID CAPITAL EXCHANGE CORP.

Per: [Signature]
Name: S. BAINSON
Title:
I have the authority to bind the corporation

[Signature]

This is Exhibit “P” referred to in the Affidavit of Jonathan Brindley sworn by Jonathan Brindley of the City of Mississauga, in the Regional Municipality of Peel, before me at the City of Toronto, in the Province of Ontario, on November 18, 2021 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

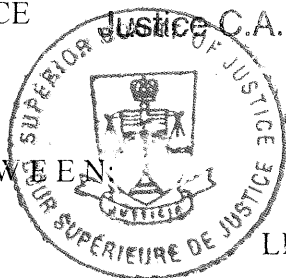
STEWART THOM

Court File No.: CV-20-00637427-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE) MONDAY, THE 9TH
JUSTICE)
Justice C.A. Gilmore) DAY OF MARCH, 2020

BETWEEN:



LIQUID CAPITAL EXCHANGE CORP.

Applicant

-and-

1635536 ONTARIO INC. O/A VERSITEC MARINE & INDUSTRIAL,
VERSITEC MARINE HOLDINGS INC., VERSITEC MARINE USA INC.,
DAVID TAYLOR, REUBEN BYRD and DAVID CARPENTER

Respondents

APPLICATION UNDER SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*,
R.S.C. 1985, C. B-3, AS AMENDED AND SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, C. C-43, AS AMENDED

**ORDER
(Appointing Receiver)**

THIS MOTION made by the Applicant, Liquid Capital Exchange Corp. for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "**CJA**") appointing Morgan & Partners Inc. as receiver (in such capacities, the "Receiver") without security, over certain of the assets, undertakings and properties of Versitec Marine USA Inc. and 1635536 Ontario Inc. o/a Versitec Marine & Industrial (Versitec Marine USA Inc. and 1635536 Ontario Inc. o/a Versitec Marine & Industrial shall hereinafter be referred

to as the “**Debtors**”) acquired for, or used in relation to a business carried on by the Debtors, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Jonathan Brindley sworn March 4, 2020 and the Exhibits thereto and on hearing the submissions of counsel for the Applicant and on reading the consent of Morgan & Partners Inc. to act as the Receiver,

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Motion and the Motion is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

2. THIS COURT ORDERS that pursuant to section 243(1) of the BIA and section 101 of the CJA, Morgan & Partners Inc. is hereby appointed Receiver, without security, of:

- (a) all of the assets, undertakings and properties of Versitec Marine USA Inc.;
and
- (b) the assets of 1635536 Ontario Inc. o/a Versitec Marine & Industrial set out at Schedule “A1” and “A2” hereto

acquired for, or used in relation to a business carried on by the Debtors, including all proceeds thereof (all collectively, the “**Property**”).

RECEIVER’S POWERS

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

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate, and carry on the business of the Debtors, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtors;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtors or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtors and to exercise all remedies of the Debtors in collecting such monies, including, without limitation, to enforce any security held by the Debtors;
- (g) to settle, extend or compromise any indebtedness owing to the Debtors;

- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtors, for any purpose pursuant to this Order;
- (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtors, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (i) without the approval of this Court in respect of any transaction not exceeding \$50,000, provided that the aggregate consideration for all such transactions does not exceed \$500,000; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, or section 31 of the Ontario *Mortgages Act*, as the case may be, shall not be required.
- (l) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;

- (m) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (o) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtors;
- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtors, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtors;
- (q) to exercise any shareholder, partnership, joint venture or other rights which the Debtors may have; and
- (r) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

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

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. THIS COURT ORDERS that (i) the Debtors, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the

Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

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

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

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

NO PROCEEDINGS AGAINST THE RECEIVER

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

NO PROCEEDINGS AGAINST THE DEBTORS OR THE PROPERTY

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

NO EXERCISE OF RIGHTS OR REMEDIES

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

NO INTERFERENCE WITH THE RECEIVER

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

CONTINUATION OF SERVICES

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

RECEIVER TO HOLD FUNDS

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

EMPLOYEES

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

PIPEDA

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

LIMITATION ON ENVIRONMENTAL LIABILITIES

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

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

LIMITATION ON THE RECEIVER'S LIABILITY

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

RECEIVER'S ACCOUNTS

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

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

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

FUNDING OF THE RECEIVERSHIP

21. THIS COURT ORDERS that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$100,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

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

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

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

SERVICE AND NOTICE

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

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

GENERAL

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

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

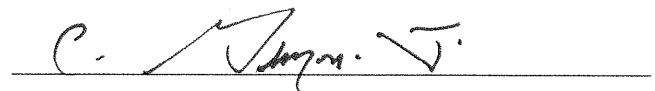
29. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals,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

Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

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

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

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



ENTERED AT / INSCRIT À TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO:

MAR 09 2020

PER / PAR: 

SCHEDULE "A1"**ASSETS**

- (i) All of Versitec Canada's present and future accounts receivable and inventory including, but not limited to, those particular accounts receivable corresponding to invoices issued by Versitec Canada and/or Versitec USA as set out at Schedule "A2";
- (ii) All contract rights, instruments, documents, chattel paper and general intangibles related to any of the foregoing, including all of Versitec Canada's rights as a seller of goods;
- (iii) All collateral held by Versitec Canada securing any of the foregoing;
- (iv) All cash and non cash proceeds of any of the foregoing, in whatever form, including without limitation any balances maintained in any reserve account with LCX and any returned or repossessed goods;
- (v) All books and records relating to the foregoing.

SCHEDULE "A2"

All accounts receivable of 1635536 ONTARIO INC. O/A VERSITEC MARINE & INDUSTRIAL, VERSITEC MARINE HOLDINGS INC., VERSITEC MARINE USA INC. including, but not limited to, the following:

Versitec Canada
AR Summary - Mar 4, 2020 In CDN \$
AC# 4822

DebtorName	Balance	Current	1-30	31-60	61-90	91-Up
AAT SHIPINVEST AS	7,084.47	--	--	--	--	7,084.47
Invoice#	Invoice Date	Funded Date	Batch#	Invoice Amount	Balance	Invoice Days
219155	7/19/2019	8/22/2019	10044	7,084.47	7,084.47	230
ADMIRAL CORPORATION	14,965.12	--	--	--	--	14,965.12
Invoice#	Invoice Date	Funded Date	Batch#	Invoice Amount	Balance	Invoice Days
219124	6/21/2019	8/22/2019	10044	14,965.12	14,965.12	258
Avin International Ltd.	13,647.29	--	--	--	--	13,647.29
Invoice#	Invoice Date	Funded Date	Batch#	Invoice Amount	Balance	Invoice Days
219167	8/14/2019	9/13/2019	10048	13,647.29	13,647.29	204
Blue Line Ship Management SA	30,896.22	--	--	--	--	30,896.22
Invoice#	Invoice Date	Funded Date	Batch#	Invoice Amount	Balance	Invoice Days
219138	9/16/2019	9/27/2019	10051	13,053.44	13,053.44	171
219222	10/21/2019	11/8/2019	10053	8,732.86	8,732.86	136
219223	11/1/2019	11/8/2019	10053	9,109.92	9,109.92	125
Bundesbeschaffung GMBH	30,338.88	--	--	--	--	30,338.88
Invoice#	Invoice Date	Funded Date	Batch#	Invoice Amount	Balance	Invoice Days
219115	6/18/2019	6/28/2019	10040	30,338.88	30,338.88	261
Dalomar Shipping S.A.	13,295.90	--	--	--	--	13,295.90
Invoice#	Invoice Date	Funded Date	Batch#	Invoice Amount	Balance	Invoice Days
219094	6/4/2019	6/28/2019	10040	13,295.90	13,295.90	275
Eastern Mediterranean Maritime Ltd.	28,452.89	--	--	--	--	28,452.89
Invoice#	Invoice Date	Funded Date	Batch#	Invoice Amount	Balance	Invoice Days
219132	6/15/2019	9/13/2019	10048	7,558.07	7,558.07	264
219137	7/8/2019	9/13/2019	10048	9,264.23	9,264.23	241
219216	10/24/2019	11/8/2019	10053	11,630.59	11,630.59	133
FRI KARMSUND AS	13,898.32	--	--	--	--	13,898.32
Invoice#	Invoice Date	Funded Date	Batch#	Invoice Amount	Balance	Invoice Days
219101	6/10/2019	8/22/2019	10044	13,898.32	13,898.32	269
GREEN SHIPPING AS	5,439.40	--	--	--	--	5,439.40
Invoice#	Invoice Date	Funded Date	Batch#	Invoice Amount	Balance	Invoice Days
219126	6/25/2019	8/22/2019	10044	5,439.40	5,439.40	254
HIGLI AS	4,852.29	--	--	--	--	4,852.29
Invoice#	Invoice Date	Funded Date	Batch#	Invoice Amount	Balance	Invoice Days
219160	8/16/2019	9/13/2019	10048	4,852.29	4,852.29	202
Premuda S.p.a.	10,313.26	--	--	--	--	10,313.26
Invoice#	Invoice Date	Funded Date	Batch#	Invoice Amount	Balance	Invoice Days
219178	7/28/2019	8/28/2019	10045	10,313.26	10,313.26	221
Thenamari (Ship Management) Inc.	37,456.51	--	--	--	--	37,456.51
Invoice#	Invoice Date	Funded Date	Batch#	Invoice Amount	Balance	Invoice Days
219162	7/30/2019	8/28/2019	10045	10,811.62	10,811.62	219
219194	10/29/2019	11/8/2019	10053	8,146.66	8,146.66	128
219204	10/1/2019	11/8/2019	10053	11,113.34	11,113.34	156
219225	10/25/2019	11/8/2019	10053	7,384.89	7,384.89	132
Transmed Shipping Co. Ltd.	14,075.21	--	--	--	--	14,075.21
Invoice#	Invoice Date	Funded Date	Batch#	Invoice Amount	Balance	Invoice Days
219163	10/22/2019	11/8/2019	10053	14,075.21	14,075.21	135
UAB Promar	3,111.77	--	--	--	--	3,111.77
Invoice#	Invoice Date	Funded Date	Batch#	Invoice Amount	Balance	Invoice Days
219175	8/2/2019	8/28/2019	10045	3,111.77	3,111.77	216
WILSON SHIP MANAGEMENT AS	10,009.27	--	--	--	--	10,009.27
Invoice#	Invoice Date	Funded Date	Batch#	Invoice Amount	Balance	Invoice Days
219103	7/5/2019	8/22/2019	10044	10,009.27	10,009.27	244
Grand Total AR Ac 4822	237,836.80	0	0	0	0	237,836.80

Versitec USA
AR Summary - Mar In US \$
AC# 4820U

DebtorName	Balance	Current	1-30	31-60	61-90	91-Up
ANGLO EASTERN SHIP MANAGEMENT LTD. (HONG K	22,555.00	--	--	--	--	22,555.00
Invoice#	Invoice Da Funded Da Batch#	Invoice Amou	Balance	Invoice Days		Over Due Day:
U19048	7/7/2019 8/28/2019 10022	5,095.00	5,095.00	242		212
U19051	7/28/2019 8/28/2019 10022	8,400.00	8,400.00	221		191
U19053	7/25/2019 8/28/2019 10022	9,060.00	9,060.00	224		194
Wallem Ship Management Ltd.	53,059.67	--	--	--	--	53,059.67
Invoice#	Invoice Da Funded Da Batch#	Invoice Amou	Balance	Invoice Days		Over Due Day:
U19027	7/25/2019 8/28/2019 10022	23,079.94	23,079.94	224		194
U19042	6/28/2019 8/3/2019 10020	4,940.38	4,940.38	251		221
U19044	7/26/2019 8/28/2019 10022	15,106.35	15,106.35	223		193
U19045	6/2/2019 8/22/2019 10021	3,938.00	3,938.00	277		247
U19049	7/19/2019 8/28/2019 10022	5,995.00	5,995.00	230		200
Grand Total AR	Ac 4820U	75,614.67	0	0	0	0 75,614.67

Versitec Canada
AR Summary - Mar 4, 2020 In US \$
AC# 4821

DebtorName	Balance	Current	1-30	31-60	61-90	91-Up
CRUISE MANAGEMENT INTERNATIONAL, INC.	13,945.00	--	--	--	--	13,945.00
Invoice#	Invoice Da Funded Da Batch#	Invoice Amount	Balance	Invoice Days		Over Due Days
	219078 4/10/2019 5/3/2019 10024	13,945.00	13,945.00	330		300
GREAT LAKES DREDGE & DOCK, LLC	48,921.79	--	--	--	--	48,921.79
Invoice#	Invoice Da Funded Da Batch#	Invoice Amount	Balance	Invoice Days		Over Due Days
	219213 8/26/2019 9/27/2019 10031	48,921.79	48,921.79	192		162
METEOR MANAGEMENT BULGARIA LTD	6,320.00	--	--	--	--	6,320.00
Invoice#	Invoice Da Funded Da Batch#	Invoice Amount	Balance	Invoice Days		Over Due Days
	219073 5/21/2019 6/28/2019 10028	6,320.00	6,320.00	289		259
Wallem Ship Management Ltd.	25,887.00	--	--	--	--	25,887.00
Invoice#	Invoice Da Funded Da Batch#	Invoice Amount	Balance	Invoice Days		Over Due Days
	219127 8/2/2019 8/28/2019 10029	19,532.00	19,532.00	216		186
	219214 9/16/2019 9/27/2019 10031	6,355.00	6,355.00	171		141
Grand Total AR	Ac 4822	95,073.79	0	0	0	0 95,073.79

SCHEDULE "B"
RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that Morgan & Partners Inc., the receiver (the "Receiver") of the assets, undertakings and properties of Versitec Marine USA Inc. and 1635536 Ontario Inc. o/a Versitec Marine & Industrial (the "Debtors") acquired for, or used in relation to a business carried on by the Debtors, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the ____ day of March, 2020 (the "Order") made in an action having Court file number CV-20-00637427-00CL, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Receiver is authorized to borrow under and pursuant to the Order.

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

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

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

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver

to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

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

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

DATED the ____ day of _____, 2020.

MORGAN & PARTNERS INC., solely in its
capacity as Receiver of the Property, and not in
its personal capacity

Per: _____

Name:

Title:

LIQUID CAPITAL EXCHANGE CORP.

-and-

1635536 ONTARIO INC. O/A VERSITEC MARINE &
INDUSTRIAL et al.

Applicant

Respondents

Court File No.: CV-20-00637427-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT
TORONTO

**ORDER
(Appointing Receiver)**

TORKIN MANES LLP
Barristers & Solicitors
151 Yonge Street, Suite 1500
Toronto ON M5C 2W7

Stewart Thom (55695C)
sthom@torkinmanes.com
Tel: 416-777-5197
Fax: 1-877-689-3872

Lawyers for the Applicant, Liquid Capital Exchange Corp.

Court File Number: CV-20-00637427-00CL

**Superior Court of Justice
Commercial List**

FILE/DIRECTION/ORDER

Liquid Capital Exchange Corp.

Applicant

AND

**1635536 Ontario Inc. o/a Versitec Marine & Industrial Versitec Marine Holdings
Inc., Versitec Marine USA Inc., David Taylor, Reuben Kary Byrd and David
Carpenter**

Respondents

Case Management Yes No by Judge:

Counsel	Telephone No:	Email/Facsimile No:
Stewart Thom for the Applicants	416/777-5197	
F. Parameswaban	905/523-1333	

Order Direction for Registrar (**No formal order need be taken out**)
 Above action transferred to the Commercial List at Toronto (**No formal order need be taken out**)

Adjourned to: _____
 Time Table approved (as follows): _____

Endorsement on Contested Adjournment Application

Heard: March 9, 2020

Judge: C. Gilmore, J.

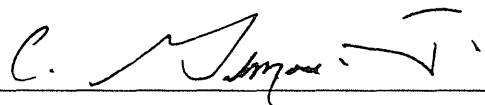
Overview and Positions of the Parties

1. The Respondents (other than David Carpenter who is no longer employed at Versitec and did not appear and was not represented by counsel) seek a two-week adjournment. They were served with the applicant's materials for appointment of Morgan & Partners Inc. as Receiver on March 5, 2020. The principal of Versitec is on vacation in Mexico and time is needed to adequately respond to the relief sought, which is opposed.
2. The respondent's arguments on this application may be summarized as follows:
 - a. The materials are voluminous and served on March 5, 2020. Counsel was only retained on March 6, 2020.
 - b. The Respondents intend to argue that that Versitec is not in default and that in fact the Applicant has improperly collected certain accounts receivable to which it was not entitled. Accounts receivable that are required to be submitted to the Applicant have been submitted as recently as March 2, 2020.
 - c. The amounts outstanding are modest being as low as \$286,000 USD and as high as \$400,000 USD. The amounts outstanding remain in dispute.
 - d. The principal of Versitec is on vacation and instructions must be obtained from him.
 - e. If the adjournment is not granted, a Receivership is too intrusive. An order directing the Respondents to inform their accounts receivable clients whose accounts are captured by the forbearance agreement or factoring agreement to direct payments to the Applicant should be sufficient in the interim.
3. The Applicant's arguments in favour of the granting a Receivership Order today are as follows:
 - a. There will be minimal effect of appointing a Receiver over Versitec USA while a recognition order is pending.
 - b. The Receivership Order in Canada will only cover intangibles such as accounts receivable and inventory. BDC has the first ranking security over equipment.
 - c. If the Respondents continue to re-direct receivables as the Applicant alleges, the accounts receivable will disappear, and the Applicant will have no security upon which to enforce.
 - d. Other lenders have issued Notices of Intention to Enforce Security. The situation is urgent as the Respondents' breaches continue.
 - e. Account debtors are located around the world and are experiencing confusion as to whether to pay the Applicant or Versitec as per conflicting directions.
 - f. The Respondents are in breach of the Forbearance Agreement dated April 25, 2019 which requires them to obtain refinancing by December 31, 2019. They have not obtained refinancing while admitting that there is at least \$286,000 USD outstanding.
 - g. The Forbearance Agreement provides a consent from the Respondents to the appointment of a Receiver upon the expiry of the Forbearance Period or an event of default. Both have occurred. As well, pursuant to the terms of the Forbearance Agreement, the Respondents are estopped from refusing to consent to the appointment of a Receiver following an event of default.

Ruling

4. I find that there is some urgency with respect to the possible disappearance of the Applicant's collateral and that given the strict terms of the Forbearance Agreement, the Applicant's order shall issue.
5. The Respondent's position, however, should not be completely discounted given their inability to respond and the short service of the materials. As such, the Order Appointing the Receiver shall be made without prejudice to the Respondents' ability to return to court on ten days-notice to argue why the Receivership Order should be vacated.

Judge's Signature:



March 9, 2020

This is Exhibit “Q” referred to in the Affidavit of Jonathan Brindley sworn by Jonathan Brindley of the City of Mississauga, in the Regional Municipality of Peel, before me at the City of Toronto, in the Province of Ontario, on November 18, 2021 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

STEWART THOM

Court File No. CV-20-00637427-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

LIQUID CAPITAL EXCHANGE CORP

Applicant

-and-

1635536 ONTARIO INC. O/A VERSITEC MARINE & INDUSTRIAL,
VERSITEC MARINE HOLDINGS INC., VERSITEC MARINE USA INC.,
DAVID TAYLOR, REUBEN BYRD and DAVID CARPENTER

Respondents

APPLICATION UNDER SECTION 243(1) OF THE BANKRUPTCY AND INSOLVENCY
ACT, R.S.C. 1985, C. B-3, AS AMENDED, AND SECTION 101 OF THE COURTS OF
JUSTICE ACT, R.S.O. 1990, C. C-43, AS AMENDED

**FIRST REPORT OF THE COURT-APPOINTED RECEIVER,
MORGAN & PARTNERS INC.**

February 5, 2021

MORGAN & PARTNERS INC.
4 Cedar Pointe Drive, Unit J-2
Barrie, ON L4N 5R7

Tel: 705-739-7003

Fax: 705-739-7119

Court-Appointed Receiver for
1635536 Ontario Inc. o/a Versitec Marine &
Industrial and Versitec Marine USA Inc.
("Versitec")

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INDEX OF EXHIBITS

1. Receivership Order dated March 9, 2020;
2. Form 87, Notice of Statement of the Receiver, s. 245(1), 246(1), BIA;
3. State of Delaware, Annual Franchise Tax Report;
4. Memorandum of Operations, dated March 31, 2020;
5. Management Consulting Agreement dated April 29, 2020;
6. Mold Inventory Listing, Procim Inc.
7. Letter to Customers, dated March 31, 2020;
8. Canada Revenue Agency online account statement, tax year balances;
9. First Vancouver v Canada (Minister of National Revenue – M.N.R.), [2002] 2 S.C.R. 720
10. Factored Receivables analysis;
11. Conneaut Creek Ship Repair, Inc. action – Amended Complaint;
12. Conneaut Creek Settlement Agreement;
13. Carpenter/Swindell Statements of Claim;
14. Receiver's communications re: Pranab Dhar;

INTRODUCTION

1. This is the First Report to the Court of Morgan & Partners Inc. (“MPI”), the Court-Appointed Receiver (the “Receiver”) over the assets and undertakings of the Respondents, 1635536 Ontario Inc. o/a Versitec Marine & Industrial and Versitec Marine USA Inc. (collectively, “Versitec”).

2. The purpose of this Report is to summarize and seek approval of limited activities of the Receiver from the date of its appointment through to present, and to provide background in respect of a substitution of the Receiver on consent.

RECEIVERSHIP ORDER

3. On March 9, 2020, an Order appointing MPI as Court-appointed Receiver over Versitec (the “Appointment Order”) was granted by the Honorable Madame Justice Gilmore (**Exhibit 1**).

4. The Application was brought by Versitec’s senior secured creditor, Liquid Capital Exchange Corp (“LCX”), which operates as an asset-based lender and provides, *inter alia*, accounts receivable financing and factoring facilities to customers. At the time of its commencement:

- a) demands and notices of intention to enforce security had been issued and delivered by LCX to Versitec;
- b) Versitec was in default of its obligations to LCX;
- c) Versitec had entered into a Forbearance Agreement with LCX, which agreement had expired without repayment to LCX in full as required;

d) LCX had expressed concern as to what it believed were serious breaches of the terms of the Forbearance Agreement and collection of factored accounts receivable by Versitec, which was in default of its obligations to LCX.

5. The Application was opposed by Versitec, who requested an adjournment of the hearing in order to file responding materials. On March 9, 2020, the Honourable Justice Gilmore granted the Appointment Order. The Endorsement of Gilmore J. indicates that on the evidence filed there was sufficient urgency to warrant the immediate granting of the Appointment Order, but provided that the issuance of the Appointment Order was without prejudice to the Respondents' ability to file responding materials and return to Court on ten days' notice to present argument seeking that the Appointment Order should be vacated.

6. The Respondents did not file any responding materials subsequent to the issuance of the Appointment Order and did not seek to vacate the Appointment Order.

7. The Appointment Order appointed MPI as Receiver, without security, over:

- (i) all of the assets, undertakings, and properties of Versitec Marine USA Inc.; and
- (ii) the assets of 1635536 Ontario Inc. o/a Versitec Marine & Industrial, as set out in Schedule "A1" and "A2" of the Appointment Order.

8. Since the date of its appointment, Receiver has, with the assistance of management carried on the business of both companies, one being an Ontario incorporated company and the other, Versitec Marine USA Inc., being a corporation incorporated in the State of Delaware, USA.

9. On March 9th 2020, MPI filed the required Form 87, Notice of Statement of the Receiver with the Office of the Superintendent in Bankruptcy, as required under sections 245(1) and 246(1) of the *Bankruptcy and Insolvency Act* (the “BIA”). Attached as **Exhibit 2** is a copy of the Receiver’s Notice. Attached as **Exhibit 3** is a State of Delaware Annual Franchise Tax Report filed with the State of Delaware for the calendar year 2019.

STABILIZATION AND CONTROL OF OPERATIONS

10. On March 13, 2020, the Receiver, along with LCX and Florian Meyer, the previous privately-appointed monitor under LCX’s forbearance agreement, met with management at the Port Colborne office to discuss stabilization and control of continuing operations under the Receivership.

11. Between March 13 and March 31, 2020, the management reporting and cash management protocol was agreed upon and a Memorandum of Operations dated March 31, 2020 was executed, a copy of which is attached as **Exhibit 4**.

12. Under the protocol, all cash was to be directed to the Receiver’s trust account, and, with the concurrence of management and the Receiver, receivables for both the Canadian operations and the US operations would be paid directly to the Receiver’s bank account held at Versa Bank, which had been opened and was under the sole control of the Receiver. The majority of these transactions were to be completed via wire transfer following consensus between the Receiver and Reuben Byrd, the current CEO of the

Versitec group of companies, who was retained by the Receiver under a management consulting agreement, a copy of which is attached as **Exhibit 5**.

13. The principal manufacturer of the rubber O-ring seals used for the business of Versitec, is a corporation known as Procim Inc. This company, located in Mississauga, Ontario, is also the repository for more than 50 or 60 molds of various sizes and circumferences, which are owned by Versitec.

14. On March 13, 2020, the Receiver visited Procim Inc.'s office premises in Mississauga, as well as an offsite location for the storage of molds not currently in active use. The Receiver verified the existence and ownership of the molds following review and receipt of a detailed listing from Procim Inc.

15. Most, if not all of the molds were of a size and weight that would require heavy machinery to remove them from the storage sites. The Receiver confirmed that both sites are locked and securitized by electronic means, thereby securing against any unauthorized physical access and removal.

16. A full inventory list of the molds held by Procim Inc. is attached as **Exhibit 6**.

PORT COLBORNE FACILITY/OPERATIONS

17. The Receiver reviewed and evaluated staffing and employment requirements for continued operations. The Receiver effected short-term lay-offs and maintained the employment of key operations employees who had been overseeing the operations of Versitec.

18. The Receiver maintained employment of a key employee who was responsible for all logistics concerning orders and accounts receivable. The receiver maintained a second key employee who was responsible for the purchasing and co-ordination of all required materials and supplies to complete each shipment for distribution to haul-out facilities world-wide, the timing of which is dependent upon the precise scheduling of dry docking of ships for the installation of Versitec's products and related servicing.

19. Throughout the course of the receivership, the Receiver has been in constant communications with these key employees, along with Mr. Byrd, either on a daily or weekly basis as required, in order to facilitate and continue the overall business operations of Versitec. The Receiver also utilized the assistance of Mr. Byrd and these employees in the collection of receivables, and in dealing with any operational issues within the organization. In respect of receivables, the Receiver evaluated aging and non-performing accounts, and devised and implemented a comprehensive collection strategy. The Receiver actively reduced set-offs of older receivables with set-off payables and integrated the review of aged receivables and aged payables for better oversight and to facilitate cash-flow projections. The Receiver further evaluated and streamlined relationships with logistics and materials suppliers, in furtherance of maintaining and optimizing cash-flow for operations.

20. The Receiver further evaluated and took remediation steps concerning the balance sheet for shareholder loans and employee advances. These steps included issuing T-4As for expenditures and cash disbursements which had been identified as either un-

authorized or non-business expenditures or disbursements. The Receiver also took steps to eliminate non-income producing assets, and redundant payables.

21. In respect of operations, the Receiver also managed crisis issues involving logistics providers from time to time, and addressed issues concerning maintenance of other key suppliers. The Receiver further liaised between customers and management in respect of day to day operations strategy and maintenance of an orderly flow of finished product to world-wide customers.

22. During COVID-19, the Receiver monitored and evaluated changing market conditions both internationally and locally and assisted management with market and deployment strategy. The Receiver facilitated the utilization of Canadian Government loan and wage subsidy assistance from inception to close of original programs.

BANKING PROCESS

23. Versitec's banking had primarily been conducted through the TD Canada Trust branch in Port Colborne, Ontario, and a Bank of America branch located in Boca, Florida.

24. At the time of the Receiver's appointment, the majority of expenditures and receipt of receivables of Versitec were being transacted through the Bank of America. The Receiver's initial review of Versitec's banking activity, indicated that there also appeared to have been uncontrolled personal or non-business-related expenses of certain management personnel which were being transacted prior to the Receiver's appointment.

25. The Receiver's review of Versitec's banking activities also indicated that regular monthly loan payments were also being made to two U.S. Merchant cash advancers, both of which were U.S. secured creditors that had funded Versitec's operations during the early part of 2020 when the business was experiencing cash-flow issues. The Receiver also observed monthly loan payments going to Bank of America, which had provided funding to assist the Versitec Group some two years prior to the Receiver's appointment.

26. The Receiver has not obtained opinions in respect of the relative priority of security interests held by creditors of the U.S. entity, as the Receiver is not appointed in the U.S.; however, it appears that based on time of registration, LCX has a senior ranking general security interest. It was also apparent at the time of the Receiver's appointment, that certain Canadian receivables were being deposited to the Versitec U.S. account. The Receiver since determined that management had been seeking at the time to prevent unauthorized withdrawals from the Versitec Canadian account and was therefore depositing to the U.S. account. The Receiver further took steps to distinguish, account for, and reconcile all Canadian and U.S. receivables.

27. The Receiver sought to determine a procedure within which to stabilize, maintain control, and prevent dissipation of funds of Versitec, without disruption of ordinary business activities and transactions and the incoming flow of receivables payments.

28. Accordingly, the Receiver set up an independent Canadian receivership account at Versa Bank for Canadian operations, and a further independent account at BB&T Bank in Florida for U.S. operations, also solely controlled by the Receiver. The flow of revenues and receivables ordinarily flowing to Versitec's Bank of America account would then be

'swept' in a consistent and continual manner in order to control and prevent leakage of funds.

29. The Receiver's bank accounts at Versa Bank in Saskatchewan and BB&T in Boca, Florida, were set up for this purpose. Any transfer of funds from Versa Bank to the BB&T bank account for U.S. operations would only be initiated once there was consensus between Mr. Byrd, as consultant for operations, and the Receiver, as to what funds were required to meet the needs and obligations of both the Canadian and U.S. operations on an ongoing basis.

30. At the outset of the receivership, the principal customers of Versitec, being mainly international overseas customers, were communicated with to re-direct their receivable payments directly to the Receiver's bank account at Versa Bank. A copy of that communication and the list of customers is attached as **Exhibit 7**.

31. The Receiver has on the whole, received re-directed payments and wire transfers from customers continuously during the course of the receivership. Notwithstanding, on a number of occasions certain wire transfer payments continued to be deposited to Versitec's Bank of America account. When this occurred, the Receiver and Mr. Byrd through continual monitoring, re-directed these payments to the Versa Bank account and/or the BB&T bank account accordingly. This process ensured there was no leakage of funds which the Receiver and/or management did not know or were not aware of.

32. An alert mechanism was also set up by the Receiver for the Bank of America account as a further monitoring safe-guard, in order to ensure that no overdrafts or

unauthorized expenditures occurred. The alert mechanism further enabled the Receiver to take corrective, remedial action if required.

33. The Receiver's trust account as referenced was reconciled monthly to the trust bank statement to ensure completeness and accuracy.

CANADA REVENUE AGENCY

34. As prior referenced, LCX made a successful application for the appointment of MPI as Court-appointed Receiver to *inter alia*, take control over the assets and undertaking of Versitec, and to prevent against the dissipation of proceeds, including those which were subject to LCX's security.

35. At the time of the application, a debt was owing by Versitec to Canada Revenue Agency on behalf of Her Majesty in Right of Canada ("CRA") for unpaid employee source deductions. Following its appointment, the Receiver obtained confirmation of the debt owing to CRA in excess of \$225,000, which appears to have been incurred from 2019 to early 2020. A copy of Versitec's on-line CRA account confirming same is attached as **Exhibit 8**.

36. During the course of the receivership, post-appointment source deductions liabilities incurred to CRA were paid by the Receiver as and when due from funds received by the Receiver.

GENERAL SECURED CREDITORS

37. Versitec's general secured creditors are:

a) LCX: owed \$650,380.16 as of October 19, 2020; and

b) BDC: owed \$45,000 as of March 9, 2020.

38. Pursuant to a priorities agreement between LCX and BDC, LCX's security in any equipment owned by Versitec is subordinate to that of BDC, but superior in respect of all other assets.

39. The Receiver has obtained an opinion from its legal counsel as to the validity and enforceability of LCX's security.

40. Early in the receivership, LCX requested that the Receiver release to LCX upon receipt, any Versitec accounts receivable which had been purchased by LCX but remitted to Versitec. Having regard to the Supreme Court of Canada decision in *First Vancouver Finance v. Canada (Minister of National Revenue, M.N.R.)*, [2002] 2 S.C.R. 72, (**Exhibit 9**) and in consultation with legal counsel, the Receiver agreed to release to LCX upon collection those factored accounts receivable which had demonstrably been purchased by LCX and constituted property of LCX rather than that of Versitec. To date the total sum of \$60,000 has been released LCX on this basis. Set out at **Exhibit 10**, is an analysis of factored receivables which the Receiver determined to be appropriate to release to LCX.

41. During the course of the receivership, BDC has not raised any issues in respect of its security to the Receiver.

OTHER SECURED CREDITORS

42. There may be in existence secured creditors which have valid security interests as against Versitec Marine USA Inc., but as no recognition order was obtained by the applicant in the United States, the stay of proceedings afforded by the Appointment Order only extended to Canadian creditors.

OUTSTANDING LITIGATION

43. During the course of the receivership, the Receiver became aware of two outstanding Court proceedings which had been brought against the Versitec Group of companies prior to the date of the Appointment Order. With the assistance of counsel, settlements were reached and Releases were received by the Receiver.

CONNEAUT CREEK SHIP REPAIR, INC.

44. An action claiming payment of outstanding indebtedness for past invoices which had been disputed was issued by Conneaut Creek Ship Repair, Inc., a contracted service provider to Versitec, in the New York District Court in the United States, where the stay of proceedings provided for in the Appointment Order did not apply (**Exhibit 11**).

45. Conneaut was considered an essential service provider pursuant to an ongoing service contract in respect of installation, service and support of Versitec's products in the U.S. A dispute over invoicing and past delivery of services had been ongoing, despite continuing services being provided.

46. Following protracted negotiations, the claim was settled through the Receiver for payment of a total sum of USD\$70,000, in full satisfaction of the claim against Versitec which exceeded USD\$116,000, plus associated costs.

47. The settlement payments were made in accordance with an agreed upon payment schedule between August and October 2020 by the Receiver. Copies of the Settlement agreement and the full and final releases are attached as **Exhibit 12**.

CARPENTER/SWINDELL LITIGATION

48. Two separate proceedings were initiated as a result of allegations of wrongful dismissal by former management employees of Versitec. Both actions were filed against Versitec and its principal, through statements of claim dated May 21, 2019, which predated the Appointment Order, copies of which are attached as **Exhibit 13**.

49. Counsel had been retained jointly on behalf of corporate and non-corporate defendants, and had filed statements of defence, and steps were being taken by the plaintiffs to lift the stay of proceedings against the corporation. Given the legal issues and in the interests of time and cost-efficiency, both of these actions were settled in respect of all defendants by way of Minutes of Settlement at a formal Mediation which occurred on September 22, 2020.

50. The settlements are subject to an agreed-upon payment schedule over a period of 5 months, which remains current. A payment for mediator fees which was to have been made by the co-defendant, David Taylor, remains outstanding from the co-defendant.

PRANAB DHAR

51. An individual named Pranab Dhar had been a commissioned agent through Versitec Marine Inc. On or about August 14, 2020, the Receiver received a communication from Mr. Dhar stating that he was owed funds.

52. Following the Receiver's review and investigation, it was determined that no written or verbal agency agreement was in existence with Mr. Dhar for commissioned services after 2019, and certainly not for 2020.

53. The Receiver communicated its position that since there was no valid contract or arrangement with Versitec at the time of the Receiver's appointment, no payments could be made by the Receiver to Mr. Dhar. As at the date of this Report, no litigation has commenced and no further communications have been received. Attached as **Exhibit 14** are the Receiver's communications concerning this matter.

REVIEW OF AMOUNTS OWED TO LCX

54. Due to a) the necessity to perform a review of accounts receivable in order to determine and identify those factored accounts receivable which could be released to LCX; and b) inquiries made by management and principals of LCX as to independent verification of the amounts owed to LCX, the Receiver has undertaken a thorough review and analysis of the factored accounts receivable and of the amounts outstanding and owed to LCX. The Receiver has reviewed documentation provided by LCX in support of its calculation that Versitec is indebted to LCX, as of October 19, 2020, in the amount of \$650,380.16. On the basis of its review, the Receiver is satisfied with LCX's calculation.

COMPLIANCE WITH CRA OBLIGATIONS

55. During the course of the receivership, all source deductions have been remitted to CRA by the Receiver.

56. Furthermore, all HST filings have been made by Versitec as required. Since most of the accounts receivable are in respect of foreign customers, the refund created has been used by CRA to offset the more current amounts owing for source deductions. Notwithstanding, unpaid pre-Appointment Order source deduction liabilities remain. To date, the CRA has not requested any audit of Versitec's HST or source deductions account.

CURRENT STATUS

57. During the past 40 days, cash flow has decreased significantly due to the COVID-19 pandemic. The Receiver has worked with management to intensify follow up and collection efforts with world-wide customers, many of which are conserving cash or have delayed payment due to closures and restrictions of ports and dry-docks. As a result, the Receiver and management have placed all U.S. staff and approximately half of Canadian staff on short term leave, in order to preserve cash-flow. This situation has been complicated further by the second wave of the COVID-19 pandemic globally, which has shuttered or temporarily closed many of the firms that the company does business with worldwide. From the Receiver's perspective, this situation may or may not be short term in nature, and timing for resumption of ordinary operations remains uncertain.

APPROVAL OF RECEIVERSHIP ACTIVITIES; SUBSTITUTION OF RECEIVER

58. The Receiver requests Court approval of its activities as set out in the First Report from the date of its appointment on March 9, 2020 to date, except in relation to any payments made in relation to the litigation settlements described herein, or the litigation settlements themselves, for the reason that LCX has requested time to consider and evaluate its position on such.

59. There has been mutual agreement between MPI, LCX, and BDO Canada Inc. ("BDO"), that in order to effect an expedited sales process for the property under receivership, that it would be advantageous for MPI to be substituted by BDO. Accordingly, there has been mutual agreement that there be a substitution of MPI by BDO as Court-appointed Receiver.

ALL OF WHICH IS RESPECTFULLY REPORTED

Date: February 5 , 2021

MORGAN & PARTNERS INC.

Per: 

Name John H. R. Morgan

Title: President

I/We have the authority to bind the corporation

This is Exhibit “R” referred to in the Affidavit of Jonathan Brindley sworn by Jonathan Brindley of the City of Mississauga, in the Regional Municipality of Peel, before me at the City of Toronto, in the Province of Ontario, on November 18, 2021 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

STEWART THOM

Court File No.: CV-20-00637427-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE)	FRIDAY THE 12 TH
)	
JUSTICE KOEHNEN)	DAY OF FEBRUARY, 2021

B E T W E E N:

LIQUID CAPITAL EXCHANGE CORP.

Applicant

-and-

1635536 ONTARIO INC. O/A VERSITEC MARINE & INDUSTRIAL,
VERSITEC MARINE HOLDINGS INC., VERSITEC MARINE USA INC.,
DAVID TAYLOR, REUBEN BYRD and DAVID CARPENTER

Respondents

APPLICATION UNDER SECTION 243(1) OF THE *BANKRUPTCY AND INSOLVENCY ACT*,
R.S.C. 1985, C. B-3, AS AMENDED AND SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, C. C-43, AS AMENDED

**ORDER
(Appointing Substitute Receiver)**

THIS MOTION made by Morgan & Partners Inc. (“**MPI**”), Court appointed receiver (the “**Receiver**”) of certain assets and undertakings of 1635536 Ontario Inc. O/A Versitec Marine & Industrial and Versitec Marine USA Inc. (Versitec Marine USA Inc. and 1635536 Ontario Inc. o/a Versitec Marine & Industrial shall hereinafter collectively be referred to as the “**Debtors**”) for an Order, *inter alia*, discharging MPI from its active duties as receiver, and substituting and appointing BDO Canada Limited (“**BDO**” or the “**Substitute Receiver**”) as substitute receiver, without security, over the assets, undertakings and properties of the Debtors acquired for or used in relation to a business carried on by the Debtors.

ON READING the First Report of MPI dated February 9, 2021 (the “**First Report**”) and the Preliminary Report of the Substitute Receiver dated February 9, 2021 (the “**Preliminary Report**”), BDO, and on hearing counsel for the MPI, the proposed Substitute Receiver and the Applicant creditor and on hearing the submissions of the lawyer(s) for the parties,

SERVICE

1. THIS COURT ORDERS that the time for service of the Notice of Motion and the Motion is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

2. THIS COURT ORDERS that pursuant to section 243(1) of the BIA and section 101 of the CJA, BDO Canada Limited is hereby appointed Substitute Receiver, without security, of all of the assets, undertakings and properties of Versitec Marine USA Inc. and 1635536 Ontario Inc. o/a Versitec Marine & Industrial acquired for, or used in relation to a business carried on by the Debtors, including all proceeds thereof (all collectively, the "**Property**").

RECEIVER’S POWERS

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

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;

- (c) to manage, operate, and carry on the business of the Debtors, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtors;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Substitute Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtors or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtors and to exercise all remedies of the Debtors in collecting such monies, including, without limitation, to enforce any security held by the Debtors;
- (g) to settle, extend or compromise any indebtedness owing to the Debtors;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Substitute Receiver's name or in the name and on behalf of the Debtors, for any purpose pursuant to this Order;
- (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtors, the Property or the Substitute Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;

- (j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Substitute Receiver in its discretion may deem appropriate;
- (k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (i) without the approval of this Court in respect of any transaction not exceeding \$50,000, provided that the aggregate consideration for all such transactions does not exceed \$500,000; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, or section 31 of the Ontario *Mortgages Act*, as the case may be, shall not be required.
- (l) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (m) to report to, meet with and discuss with such affected Persons (as defined below) as the Substitute Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Substitute Receiver deems advisable;
- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (o) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and

on behalf of and, if thought desirable by the Substitute Receiver, in the name of the Debtors;

- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtors, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtors;
- (q) to exercise any shareholder, partnership, joint venture or other rights which the Debtors may have; and
- (r) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

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

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE SUBSTITUTE RECEIVER

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

5. THIS COURT ORDERS that all Persons shall forthwith advise the Substitute Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtors, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's

possession or control, and shall provide to the Substitute Receiver or permit the Substitute Receiver to make, retain and take away copies thereof and grant to the Substitute Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Substitute Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

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

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

NO PROCEEDINGS AGAINST THE SUBSTITUTE RECEIVER

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

NO PROCEEDINGS AGAINST THE DEBTORS OR THE PROPERTY

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

NO EXERCISE OF RIGHTS OR REMEDIES

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

NO INTERFERENCE WITH THE SUBSTITUTE RECEIVER

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

CONTINUATION OF SERVICES

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

SUBSTITUTE RECEIVER TO HOLD FUNDS

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

EMPLOYEES

14. THIS COURT ORDERS that all employees of the Debtors shall remain the employees of the Debtors until such time as the Substitute Receiver, on the Debtors' behalf, may terminate the employment of such employees. The Substitute Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Substitute Receiver may specifically agree in writing

to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

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

LIMITATION ON ENVIRONMENTAL LIABILITIES

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

pursuance of the Substitute Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE SUBSTITUTE RECEIVER'S LIABILITY

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

RECEIVER'S AND SUBSTITUTE RECEIVER'S ACCOUNTS

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

19. THIS COURT ORDERS that notwithstanding the foregoing, in respect of any Property of the Debtors not listed in Schedules A1 and A2 to this Order (herein, the "**Equipment**"), the Receiver's and Substitute Receiver's Charge shall only form a first charge in respect of the Equipment to the extent that such fees and expenses of the Receiver and Substitute Receiver have been incurred specifically in relation to the preservation, maintenance or sale of the Equipment.

20. THIS COURT ORDERS that the Receiver, the Substitute Receiver and their legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Receiver and

the Substitute Receiver and their legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

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

FUNDING OF THE RECEIVERSHIP

22. THIS COURT ORDERS that the Substitute Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$100,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Substitute Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Substitute Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Substitute Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

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

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

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

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

SERVICE AND NOTICE

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

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

GENERAL

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

29. THIS COURT ORDERS that nothing in this Order shall prevent the Substitute Receiver from acting as a trustee in bankruptcy of the Debtors.

30. THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Substitute Receiver and its agents in carrying out the terms of

this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Substitute Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Substitute Receiver and its agents in carrying out the terms of this Order.

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

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

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

34. THIS COURT ORDERS that this Order is effective from today's date and is not required to be entered.



SCHEDULE "A1"**ASSETS**

- (i) All of Versitec Canada's present and future accounts receivable and inventory including, but not limited to, those particular accounts receivable corresponding to invoices issued by Versitec Canada and/or Versitec USA as set out at Schedule "A2";
- (ii) All contract rights, instruments, documents, chattel paper and general intangibles related to any of the foregoing, including all of Versitec Canada's rights as a seller of goods;
- (iii) All collateral held by Versitec Canada securing any of the foregoing;
- (iv) All cash and non cash proceeds of any of the foregoing, in whatever form, including without limitation any balances maintained in any reserve account with LCX and any returned or repossessed goods;
- (v) All books and records relating to the foregoing.

- 2 -

Versitec USA									
AR Summary - Mar In US \$									
AC# 4820U									
DebtorName		Balance	Current	1-30	31-60	61-90	91-Up		
ANGLO EASTERN SHIP MANAGEMENT LTD. (HONG K		22,555.00	--	--	--	--		22,555.00	
Invoice#	Invoice Da	Funded Da	Batch#	Invoice Amou	Balance	Invoice Days		Over Due Day:	
U19048	7/7/2019	8/28/2019	10022	5,095.00	5,095.00	242		212	
U19051	7/28/2019	8/28/2019	10022	8,400.00	8,400.00	221		191	
U19053	7/25/2019	8/28/2019	10022	9,060.00	9,060.00	224		194	
Wallem Ship Management Ltd.		53,059.67	--	--	--	--		53,059.67	
Invoice#	Invoice Da	Funded Da	Batch#	Invoice Amou	Balance	Invoice Days		Over Due Day:	
U19027	7/25/2019	8/28/2019	10022	23,079.94	23,079.94	224		194	
U19042	6/28/2019	8/8/2019	10020	4,940.38	4,940.38	251		221	
U19044	7/26/2019	8/28/2019	10022	15,106.35	15,106.35	223		193	
U19045	6/2/2019	8/22/2019	10021	3,938.00	3,938.00	277		247	
U19049	7/19/2019	8/28/2019	10022	5,995.00	5,995.00	230		200	
Grand Total AR		Ac 4820U		75,614.67	0	0	0	0	75,614.67
Versitec Canada									
AR Summary - Mar 4, 2020 In US \$									
AC# 4821									
DebtorName		Balance	Current	1-30	31-60	61-90	91-Up		
CRUISE MANAGEMENT INTERNATIONAL, INC.		13,945.00	--	--	--	--		13,945.00	
Invoice#	Invoice Da	Funded Da	Batch#	Invoice Amount	Balance	Invoice Days		Over Due Days	
219078	4/10/2019	5/3/2019	10024	13,945.00	13,945.00	330		300	
GREAT LAKES DREDGE & DOCK, LLC		48,921.79	--	--	--	--		48,921.79	
Invoice#	Invoice Da	Funded Da	Batch#	Invoice Amount	Balance	Invoice Days		Over Due Days	
219213	8/26/2019	9/27/2019	10031	48,921.79	48,921.79	192		162	
METEOR MANAGEMENT BULGARIA LTD		6,320.00	--	--	--	--		6,320.00	
Invoice#	Invoice Da	Funded Da	Batch#	Invoice Amount	Balance	Invoice Days		Over Due Days	
219073	5/21/2019	6/28/2019	10028	6,320.00	6,320.00	289		259	
Wallem Ship Management Ltd.		25,887.00	--	--	--	--		25,887.00	
Invoice#	Invoice Da	Funded Da	Batch#	Invoice Amount	Balance	Invoice Days		Over Due Days	
219127	8/2/2019	8/28/2019	10029	19,532.00	19,532.00	216		186	
219214	9/16/2019	9/27/2019	10031	6,355.00	6,355.00	171		141	
Grand Total AR		Ac 4822		95,073.79	0	0	0	0	95,073.79

SCHEDULE "B"**SUBSTITUTE RECEIVER CERTIFICATE**

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that BDO Canada Limited, the substitute receiver (the "Substitute Receiver") of the assets, undertakings and properties of Versitec Marine USA Inc. and 1635536 Ontario Inc. o/a Versitec Marine & Industrial (the "Debtors") acquired for, or used in relation to a business carried on by the Debtors, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the ___ day of March, 2020 (the "Order") made in an action having Court file number CV-20-00637427-00CL, has received as such Substitute Receiver from the holder of this certificate (the "Lender") the principal sum of \$_____, being part of the total principal sum of \$_____ which the Substitute Receiver is authorized to borrow under and pursuant to the Order.

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

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

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

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Substitute

Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

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

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

DATED the ____ day of _____, 2020.

BDO CANADA LIMITED, solely in its capacity
as Substitute Receiver of the Property, and not in
its personal capacity

Per: _____

Name:

Title:

LIQUID CAPITAL EXCHANGE CORP.

Applicant

-and-

1635536 ONTARIO INC. O/A VERSITEC MARINE &
INDUSTRIAL et al.

Respondents

Court File No.: CV-20-00637427-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT
TORONTO

**ORDER
(Appointing Substitute Receiver)**

TORKIN MANES LLP
Barristers & Solicitors
151 Yonge Street, Suite 1500
Toronto ON M5C 2W7

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Fax: 1-877-689-3872

Lawyers for the Applicant, Liquid Capital Exchange Corp.

RCP-E 4C (May 1, 2016)

From: Koehnen, Mr. Justice Markus (SCJ) [REDACTED]
Sent: February 12, 2021 5:24 PM
To: Calvin Ho; Stewart Thom; mvalente@shlaw.ca; info@versitecgb.com; dtaylor@versitecmarine.com; rbyrd@versitecmarine.com; fisherr@simpsonwagle.com; Diane.Winters@justice.gc.ca; unit@ontario.ca; Crawford, Leslie A. (MOF); kjackson@kjrlaw.com; info@greenhowlaw.ca; pcrawley@bdo.ca; Phoenix, Graham
Cc: Sandra Chung; JUS-G-MAG-CSD-Toronto-SCJ Commercial List; 'John Morgan'; Jane Morgan; jeff@greenhowlaw.ca
Subject: Re: RE: Court File No. CV-20-00637427-00CL - LIQUID CAPITAL EXCHANGE CORP v. 1635536 ONTARIO INC. O/A VERSITEC MARINE & INDUSTRIAL, et al.
Attachments: Liquid Capital CounselSlip.pdf; Liquid Sale order 20210212.pdf; Liquid Substitute order 20210212.pdf

This is an external email.

Email Endorsement

This was a motion to substitute a receiver and approve a SISP process for the sale of assets.

Counsel on the attached counsel slip were present at today's hearing. No one opposed either form of relief sought. All creditors consent to both forms of relief. It appears that the new receiver will be better able to manage the SISP process. I have attached orders substituting the receiver and approving the SISP process.

Justice Markus Koehnen
Ontario Superior Court of Justice
361 University Ave.
Toronto, Ont.
M5G 1T3
416-327-5284

COUNSEL SLIP

Court File Number: CV-20-00637427-00CL **Date:** Friday, February 12, 2021 - 12:00 p.m.
via videoconference

Title of Proceeding: Liquid Capital Exchange Corp. v. 1635536 Ontario Inc. o/a Versitec Marine
& Industrial et al.

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Michael Valente Alex Don Scarfone Hawkins LLP	Counsel for the Respondents, 1635536 Ontario Inc. o/a Versitec Marine & Industrial; Versitec Marine USA Inc.	Tel: 905.523.1333 ext 235 Fax: 905.523.5878 Email: mvalente@shlaw.ca Email: adon@shlaw.ca
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Counsel	Party	Contact
		Email: fisherr@simpsonwagle.com
Peter Crawley	BDO Canada Limited, proposed substitute Receiver	Tel: 905.524.1008 Fax: 905.570.0249 Email: pcrawley@bdo.ca
Reuben Kary Byrd		Email: rbyrd@versitecmarine.com

This is Exhibit "S" referred to in the Affidavit of Jonathan Brindley sworn by Jonathan Brindley of the City of Mississauga, in the Regional Municipality of Peel, before me at the City of Toronto, in the Province of Ontario, on November 18, 2021 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

STEWART THOM

Court File No. CV-20-00637427-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
[COMMERCIAL LIST]

BETWEEN:

LIQUID CAPITAL EXCHANGE CORP.

Applicant

- and -

1635536 ONTARIO INC. O/A VERSITEC MARINE & INDUSTRIAL, VERSITEC MARINE HOLDINGS
INC., VERSITEC MARINE USA INC., DAVID TAYLOR, REUBEN BYRD and DAVID CARPENTER

Respondents

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

THIRD REPORT TO THE COURT
SUBMITTED BY BDO CANADA LIMITED
IN ITS CAPACITY AS SUBSTITUTE RECEIVER OF
1635536 ONTARIO INC. O/A VERSITEC MARINE & INDUSTRIAL
and
VERSITEC MARINE USA INC.

JUNE 16, 2021

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Appendix B	-	Preliminary Report dated February 9, 2021
Appendix C	-	Second Report dated April 23, 2021
Appendix D	-	Approval and Vesting Order dated May 4, 2021
Appendix E	-	Administrative Order dated May 4, 2021
Appendix F	-	Receiver's Interim Statement of Receipts & Disbursements
Appendix G	-	Canada Revenue Agency Claim Letter for Source Deductions
Appendix H	-	Security Opinion re: Liquid Capital Exchange Corp.
Appendix I	-	Fee Affidavit of Peter K. Crawley dated June 14, 2021
Appendix J	-	Fee Affidavit of Thomas Lambert dated June 16, 2021
Appendix K	-	Fee Affidavit of June Morgan dated June 16, 2021
Appendix L	-	Fee Affidavit of Calvin J. Ho dated June 14, 2021

1.0 INTRODUCTION AND PURPOSE OF REPORT

1.1 Introduction

- 1.1.1 By way of an order of the Honourable Justice Koehnen of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated February 12, 2021 (the "Appointment Order"), BDO Canada Limited was appointed as the substitute receiver (the "Receiver"), without security, of all the Property (as defined in the Appointment Order) of 1635536 Ontario Inc. o/a Versitec Marine & Industrial ("Versitec Canada") and Versitec Marine USA Inc. ("Versitec USA", and collectively "Versitec"). Attached as Appendix "A" is copy of the Appointment Order.
- 1.1.2 Prior to the issuance of the Appointment Order, Versitec had been the subject of a Court-appointed receivership pursuant to the Order of the Honourable Justice Gilmore dated March 9, 2020 wherein Morgan & Partners Inc. had acted as receiver (the "Prior Receiver") until being substituted pursuant to the Appointment Order (the "Substitution").
- 1.1.3 These receivership proceedings were initiated by Versitec's senior secured creditor, Liquid Capital Exchange Corp. ("LCX").
- 1.1.4 The Prior Receiver issued one report in these proceedings dated February 5, 2021 (the "Prior Receiver's Report") to summarize and seek approval of limited activities of the Prior Receiver and provide background in respect of the substitution of the Prior Receiver. A copy of the Prior Receiver's Report is attached to the Receiver's Second Report as Appendix "B".
- 1.1.5 The Receiver issued its first report dated February 9, 2021 (the "Preliminary Report") in these proceedings in support of the motion to approve the Receiver's proposed sale and investment solicitation process (the "SISP"). A copy of the Preliminary Report (without appendices) is attached hereto as Appendix "B". The Appointment Order also authorized the Receiver to conduct the SISP.
- 1.1.6 The Receiver issued its second report dated April 23, 2021 (the "Second Report") in support of the motion to approve the asset purchase agreement (the "Crug APA") between the Receiver and Crug Ltd. ("Crug") that resulted from the SISP. A copy of the Second Report (without appendices) is attached hereto as Appendix "C".
- 1.1.7 On May 4, 2021 the Court issued an Approval and Vesting Order (the "AVO") authorizing the Receiver to enter into the Crug APA and vesting in and to Crug all of Versitec's right, title and interest in the Purchased Assets (as defined in the Crug APA) on closing of the subject transaction. A copy of the AVO is attached hereto as Appendix "D".
- 1.1.8 Additionally, on May 4, 2021 the Court issued an administrative approval order approving the Receiver's Second Report, the activities as described therein, and sealing the two confidential appendices to the Second Report until completion of the transaction contemplated in the Crug APA. A copy of the Administrative Order is attached hereto as Appendix "E".

1.2 Purpose of this Report

1.2.1 This report is the Receiver's third report to the Court (the "Third Report") and is filed in respect of a motion for an order:

- Approving this Third Report and the actions of the Receiver described herein;
- Authorizing the Receiver to make an interim distribution (the "Interim Distribution") to LCX as well as any subsequent distributions to LCX from time to time as may in the Receiver's opinion be appropriate provided that the aggregate total amount distributed to LCX does not exceed the LCX Indebtedness, as defined below;
- Approving the professional fees of the Receiver and its legal counsel, Loopstra Nixon LLP ("Loopstra") as detailed in the affidavits of Peter K. Crawley and Thomas Lambert, respectively;
- Approving the professional fees of the Prior Receiver and its legal counsel, Laishley Reed LLP ("Laishley") as detailed in the affidavits of John Morgan and Calvin J. Ho, respectively; and
- such other relief as this Honourable Court deems appropriate.

1.2.2 In preparing this Third Report, the Receiver has relied upon the Debtors' books and records, unaudited and draft financial information available, certain financial information obtained from third parties, and discussions with various individuals (collectively, the "Information"). The Receiver has not audited, or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Canadian Auditing Standards ("CAS") pursuant to the Chartered Professional Accountants of Canada Handbook and, accordingly the Receiver expresses no opinion or other form of assurance contemplated under the CAS in respect of the Information.

1.2.3 This Third Report has been prepared for the use of this Court in respect of the above-noted relief. This Third Report should not be relied upon for any other purpose. The Receiver will not assume responsibility or liability for losses incurred as a result of the circulation, publication, reproduction or use of this Third Report contrary to the provisions of this paragraph.

1.2.4 All references to dollars are in Canadian currency unless otherwise noted.

1.2.5 In accordance with the Appointment Order, copies of unsealed materials and prescribed notices delivered and/or filed in the receivership proceedings are available on the Receiver's case website at www.extranets.bdo.ca/versitecmarine.

2.0 RECEIVER'S ACTIVITIES

2.1 Introduction

- 2.1.1 This Section is intended to provide the Court with a summary of the Receiver's activities since the issuance of the AVO.

2.2 Completion of the Crug APA

- 2.2.1 Upon issuance of the AVO, the Receiver executed the CRUG APA and set about completing the necessary closing documents.
- 2.2.2 The Receiver filed its Substitute Receiver's Certificate with the Court on May 31, 2021 (the "Closing Date") as evidence that the transaction contemplated in the Crug APA had closed and that the AVO had vested title to the subject purchased assets in Crug, free and clear of all claims and encumbrances.
- 2.2.3 Subsequent to the Closing Date the Receiver assisted Crug in obtaining possession of the Purchased Assets (as defined in the Crug APA). This has included negotiating with two third parties in possession of Versitec consignment inventory, providing access to online digital assets including web sites, domain registrar accounts and email.
- 2.2.4 The Receiver has relinquished possession of the Port Colborne premises to Crug's Canadian representatives effective June 1, 2021 and cancelled the applicable insurance policy.
- 2.2.5 The Receiver has returned the bid deposit(s) to the unsuccessful bidder(s) that submitted offers during the sale process.

2.3 Collection of Accounts Receivable

- 2.3.1 The accounts receivable of Versitec were not included as Purchased Assets in the Crug APA.
- 2.3.2 The Receiver has sent demand letters to each customer in Versitec's open accounts receivable ledger requesting payment of the outstanding amount. The Receiver is attempting to collect €147,131.20 and \$5,895 USD.

2.4 Review of the LCX Indebtedness

- 2.4.1 As discussed in further detail below, the Receiver has been provided with and reviewed the detailed calculations of the LCX Indebtedness as part of its determination of the appropriateness of the Interim Distribution sought herein.

2.5 Receipts & Disbursements

- 2.5.1 Attached hereto as Appendix "F" is the Receiver's Interim Statement of Receipts and Disbursements for the period February 12, 2021 to June 4, 2021. At this time, the Receiver has a total of \$470,171.66 CAD equivalent (\$199,940.66 CAD and \$226,300.43 USD) in its estate trust accounts.

3.0 PROPOSED DISTRIBUTION

3.1 Introduction

3.1.1 The creditors of Versitec that have registered their security interest in Versitec under the Personal Property Security Act (Ontario) registration system are:

- Business Development Bank of Canada (“BDC”);
- GM Financial Canada Leasing Ltd. (“GM”);
- LCX;
- Premium Capital Group, Inc. (“PCG”); and
- Merchant Advance Capital (“MAC”).

3.2 Canada Revenue Agency

3.2.1 Canada Revenue Agency (“CRA”) has provided the Receiver with its claim letter in respect of source deductions. A total of \$122,322.02 is owing to CRA for source deductions and, of this amount, \$65,428.90 is subject to a deemed trust in favour of CRA (the “CRA Deemed Trust Amount”). A copy of the CRA claim letter is attached hereto as Appendix “G” .

3.2.2 The Receiver intends to pay the CRA Deemed Trust Amount to CRA upon confirmation from CRA that it is satisfied with its trust examination.

3.2.3 There was no amount owing to CRA in respect of H.S.T. at the time of the Receiver’s appointment as Versitec was generally entitled to tax refunds, due to the export nature of its business, and any refunds were applied against the payroll account by CRA to reduce the amount owing in respect of source deductions.

3.2.4 Versitec is a quarterly filer for H.S.T. purposes and the next H.S.T. filing is due July 31, 2021 in respect of the quarter ending June 30, 2021. The Receiver will attend to this filing promptly. However, there is an amount owing to CRA for the quarter ending June 30, 2021 of an estimated \$31,340.48 as H.S.T. was charged and collected from the sale to Crug.

3.3 Service Canada (s81.4 priority)

3.3.1 Terminated employees of Versitec have potential claims totaling \$28,540.16 in respect of unpaid vacation pay and termination pay. As reported in the Second Report, the Receiver submitted the applicable information to Service Canada under the Wage Earner Protection Program (“WEPP”). Of this total amount, \$5,260.16 is subject to security under section 81.4 of the BIA (the “s81.4 Claim”).

- 3.3.2 As a condition of receiving their payments under WEPP, the employees assigned their claims against Versitec to Service Canada. Service Canada is entitled to receive a distribution in respect of the s81.4 Claim.
- 3.3.3 The Receiver will remit up to \$5,260.16 to Service Canada in respect of the s81.4 Claim. At the time of this Third Report Service Canada had paid \$4,808.00 that is subject to the s81.4 Claim. Two former employees have yet to submit their proof of claim to the Receiver.
- 3.4 BDC
- 3.4.1 BDC was owed approximately \$45,000 as per the Prior Receiver's Report (the "BDC Debt"). The BDC Debt is subject to security given by Versitec to BDC. The BDC Debt also has priority over equipment as per an intercreditor agreement entered into by BDC and LCX.
- 3.4.2 As of March 17, 2021, the BDC Debt was \$79,651.83.
- 3.4.3 On March 31, 2021, BDC and LCX entered into an assignment and priorities agreement whereby BDC assigned to LCX its right, title and interest in \$17,500 of the BDC Debt and all of its rights, title and interest in and to the security held by BDC in Versitec, but excluding any security granted by third parties. The agreement also subordinated any security interest held by BDC in respect of the assets of Versitec to the security interest held by LCX.
- 3.4.4 Based on the level of realizations in the receivership and LCX's priority standing, BDC is not expected to receive a distribution from these proceedings.
- 3.5 LCX
- 3.5.1 The amount owing to LCX and subject to security granted by Versitec in favour of LCX (the "LCX Indebtedness") as at October 19, 2020, as per the Prior Receiver's Report, was \$650,380.16. The Prior Receiver reviewed the calculations and was satisfied that this was the correct balance at that time.
- 3.5.2 LCX has advised the Receiver that the balance of the LCX Indebtedness as at May 27, 2021 is \$764,695.04, and further that the per diem interest charge is \$384.39. LCX has also provided the Receiver with detailed calculations used to arrive at the amount.
- 3.5.3 LCX had provided Versitec with three (3) different factoring facilities:
- Account 4822 - Canadian dollar account (Versitec Canada);
 - Account 4820 - U.S. dollar account (Versitec Canada); and
 - Account 4821 - U.S. dollar account (Versitec USA)

A summary of the outstanding balances is as follows:

Account	Cur.	Net Funds Employed	Penalty for Misdirected Funds	Accrued Fees	Enforcement Costs (1)	Total Balance Owing
4822	CAD	\$ 221,437.83	\$24,471.00	\$ 105,230.56	\$ 79,179.93	\$430,319.32
4821	USD	\$ 75,105.56	\$ 2,953.00	\$ 58,258.73	\$ -	\$136,317.29
4820U	USD	\$ 79,405.50	\$14,449.00	\$ 46,171.78	\$ -	\$140,026.28
Total stated in Canadian dollars (\$1 USD = \$1.21 CAD)						<u>\$764,695.04</u>
Note (1): excluding costs of the Receiver and its legal counsel						

- 3.5.4 B.Gunning, former management of Versitec, has provided the Receiver with Versitec's own calculations as to the indebtedness owed by Versitec to LCX, which calculations do not agree with the calculations of LCX. Versitec's own calculations, as provided to the Receiver, suggest that it is LCX who is indebted to Versitec.
- 3.5.5 The Receiver has reviewed LCX's calculations to arrive at the LCX Indebtedness of \$764,695.04. LCX also provided a detailed comparison of Versitec's calculations to LCX's. The primary differences are due to Versitec not accounting for the factoring fees and penalties that LCX was entitled to on advances, misdirected customer payments, reversed advances for invoices presented for factoring but not actually issued to the customer, and costs of enforcing LCX's security.
- 3.5.6 The Receiver concurs with the amount of the LCX Indebtedness as determined by LCX, based on the documents and records reviewed.
- 3.5.7 BDO has received a security opinion with respect to the security granted by Versitec in favour of LCX from Loopstra, its independent legal counsel. Loopstra has opined that, subject to the usual qualifications, LCX's security is valid and enforceable. A copy of such security opinion is attached hereto as Appendix "H".
- 3.6 Other Secured Creditors
- 3.6.1 The security registered in respect of GM is in relation to a leased 2017 Silverado pickup truck which Versitec used to pickup and deliver product. The vehicle lease expired on April 28, 2021 and the vehicle has been returned to the dealer.
- 3.6.2 The Receiver has not had any contact with PCG or MAC. The Receiver advises that there do not appear to be any liabilities stated on Versitec's financial statements in respect of PCG and MAC.

3.7 Proposed Distribution

- 3.7.1 After providing for the CRA Deemed Trust Amount, the s81.4 Amount, remittance of H.S.T. owing, unpaid professional fees to May 31, 2021 plus a holdback of \$40,000 to provide for further costs until discharge (the "Holdback"), the Receiver estimates \$180,000 is available to distribute to LCX at this time and seeks the Court's approval of same.
- 3.7.2 Further, the Receiver is requesting the Court to authorize and direct the Receiver to make future distributions to LCX, should there be further recoveries from the collection of accounts receivable, provided that the sum of all amounts distributed to LCX shall not exceed the LCX Indebtedness.

4.0 PROFESSIONAL FEES

- 4.1 Professional Fees of the Receiver and its legal counsel
- 4.1.1 As set out in the affidavit of Peter Crawley of BDO sworn June 14, 2021 and attached hereto as Appendix "I", professional fees of the Receiver incurred from January 13, 2021 to May 31, 2021 amount to 365.3 total hours, fees of \$142,253.00 (at an average hourly rate of \$389.41) and disbursements of \$586.77 (before H.S.T.).
- 4.1.2 As set out in the affidavit of Thomas Lambert of Loopstra sworn June 16, 2021 and attached hereto as Appendix "J", professional fees of the Receiver's counsel incurred from January 15, 2021 to May 31, 2021 amount to 91.2 total hours, fees of \$43,217.50 (at an average hourly rate of \$473.88) and disbursements of \$708.22 (before H.S.T.).
- 4.1.3 The Receiver has reviewed the accounts of Loopstra and believes them to be appropriate and reasonable in the circumstances.
- 4.1.4 Accordingly, the Receiver respectfully requests that this Court approve the fees and disbursements of the BDO and Loopstra.
- 4.2 Professional Fees of the Prior Receiver and its legal counsel
- 4.2.1 When the Receiver was substituted for the Prior Receiver, Morgan & Partners Inc., the Prior Receiver did not seek approval of its final fees and disbursements, nor those of its legal counsel, Laishley.
- 4.2.2 Since such time, the Prior Receiver and LCX, the only party with an economic interest, are in agreement that the Prior Receiver be paid an amount equal to \$27,500.00 + HST of \$3,575, plus \$5,000 in disbursements (the "Prior Receiver Fees & Disbursements"), which funds have previously been paid to the Prior Receiver from the Estate of Versitec. The particulars of the Prior Receiver Fees & Disbursements are as set out in the Affidavit of John Morgan sworn June 16, 2021, a copy of which is attached as Appendix "K" and indicating a total of 69.0 hours at an average hourly rate of \$398.55. The Prior Receiver has confirmed that it will not, now or in the future, seek to recover any amounts over and above the Prior Receiver Fees & Disbursements, as set out above, under the Administration Charge granted in these proceedings and releases any claim to recover further funds under such priority charge.
- 4.2.3 The Receiver has reviewed the affidavit of Mr. Morgan and does not believe the rates represented therein to be inappropriate or unreasonable in the circumstances. Additionally, the subject fees and disbursements have already been paid. The Receiver understands that LCX supports the approval of the Prior Receiver Fees & Disbursements.
- 4.2.4 In view of the foregoing, the Receiver respectfully requests, on behalf of the Prior Receiver, that this Court approve the Prior Receiver Fees & Disbursements.

- 4.2.5 As set out in the affidavit of Calvin J. Ho of Laishley sworn June 14, 2021 and attached hereto as Appendix "L", professional fees of the Prior Receiver's counsel incurred from March 12, 2020 to August 31, 2020 amount to 32.3 total hours, and fees and disbursements of \$13,000.00 (before H.S.T., and at an average hourly rate of \$402.48). Laishley has confirmed that it has no further claims for fees under the Administration Charge granted in these proceedings.
- 4.2.6 The Receiver has reviewed the accounts of Laishley and does not believe them to be inappropriate and unreasonable in the circumstances. The Receiver understands that LCX supports the approval of Laishley's fees and disbursements.

In view of the foregoing, the Receiver respectfully requests that this Court approve the fees and disbursements of Laishley.

5.0 CONCLUSION

5.1.1 For the reasons set out above, the Receiver respectfully requests that the Court issue an order:

- a) approving this Third Report and the actions of the Receiver described herein;
- b) approving the fees and disbursements of the Receiver and its legal counsel;
- c) approving the fees and disbursements of the Prior Receiver and its legal counsel;
- d) approving the Holdback;
- e) authorizing the Receiver to, after payment of approved administrative fees and disbursements and reserving the Holdback, make distributions to LCX, the sum of which not to exceed the LCX Indebtedness; and
- f) such other relief as this Court deems appropriate.

All of which is respectfully submitted this 16th day of June, 2021.

BDO CANADA LIMITED, solely in its capacity as Court-appointed Receiver of 1635536 Ontario Inc. o/a Versitec Marine & Industrial and Versitec Marine USA Inc. and not in its corporate or personal capacity.



Per: _____
Peter Crawley, MBA, CPA, CA, CIRP, LIT
Vice President

This is Exhibit "T" referred to in the Affidavit of Jonathan Brindley sworn by Jonathan Brindley of the City of Mississauga, in the Regional Municipality of Peel, before me at the City of Toronto, in the Province of Ontario, on November 18, 2021 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

STEWART THOM

Memo

To: Peter Crawley, Chris Mazur – BDO
Stewart Thom – Torkin Manes

From: Jonathan Brindley – Liquid Capital

cc: Pia Banister, Lilianna Rizopoulos, Robert Thompson-So – Liquid Capital

Date: May 27, 2021

Re: Liquid Capital + Versitec payouts CDN \$764,695

The purpose of this memo is to detail and provide support for:

- The payout amounts owing from Versitec to Liquid Capital as at May 27, 2021 for the pending distribution and court date of June 22. Total payout = CDN \$764,695
- Continuity and roll forward for Liquid Capital payouts totaling \$650,380 as at October 19, 2020 and approved in John Morgan's first receivership report dated Feb 5, 2021

Overview:

Liquid Capital (LCX) provided a factoring facility to the Versitec group in both CDN + US \$ as follows:

- 1635536 Ontario Inc. (o/a Versitec Marine & Industrial) in CDN \$ AC 4822 + US\$ AC 4821
- Versitec Marine USA Inc. in US \$ AC 4820U

Total payout amount as at May 27, 2021 = CDN \$764,695 (Per Diem rate = CDN \$384.39)

Versitec + LCX Payout As at May 27 2021											
Legal Entity	AC #	Currency	AR Balance	Escrow Reserves (Memo only)	Net Funds Employed (NFE)	Accrued Fees	Total Balance owing	Per Diem	Per month		
1635536 Ontario Inc. o/a Versitec Marine	4822	CDN	177,854.80	32,421.41	245,908.83	105,230.56	351,139.39	177.85	5,335.64	A	
1635536 Ontario Inc. o/a Versitec Marine	4821	US	95,073.79	18,001.51	78,058.56	58,258.73	136,317.29	95.07	2,852.21	B	
Versitec Marine USA Inc.	4820U	US	75,614.67	14,679.02	93,854.50	46,171.78	140,026.28	75.61	2,268.44	B	
		CDN	Torkins Legals (outstanding / unpaid)					79,179.93			
				Escrow Reserves	Net Funds	Accrued Fees	Total Bal Due*	Per Diem	Per Month		
		A	Total CDN	32,421.41	245,908.83	105,230.56	430,319.32	177.85	5,335.64		
		B	Total US	32,680.53	171,913.06	104,430.51	276,343.57	170.69	5,120.65		
Executive Summary:						Convert to CDN	Convert to US				
Ac 4822 in CDN						430,319.32	355,635.80				
AC 4821+4820U in CDN						334,375.72	276,343.57				
Total Payout in CDN / US \$						764,695.04	631,979.37				
Breakdown of payout amount						As at May 27 2021					
Principal / NFE						453,923.63					
Accrued Fees						231,591.48					
Legals / collection costs						79,179.93				Excludes receivership costs	
Total Payout amount						764,695.04					
Total Bal due * = includes Torkin Legals											
Memo: FX rate US to CDN \$						1.21	Memo Total Per diem in CDN		384.39		

The value of the factored AR in LCX records as at May 27, 2021 is basically unchanged from the AR balances disclosed in original court order from Mar 2020 when the receivership started, except for two lump sum payments from the first receiver (John Morgan) totaling CDN \$60,000.

However the current AR balances reflected in the Versitec books and records are significantly lower as the vast majority of the factored AR has now been collected and not remitted to LCX.

Reconciliation on AR:			Per Court order	Outstanding AR 30-9-2020	Var	
1635536 Ontario Inc.	4822	CAD	237,857	177,855	60,002	<i>Note 1</i>
1635536 Ontario Inc.	4821	USD	95,074	95,074	- 0	
Versitec Marine USA Inc.	4820U	USD	75,615	75,615	- 0	
Blended total (with no FX conversions)			408,545	348,544	60,002	
<i>Note 1 : Reflects two receipts from Receiver (J Morgan) \$50K on 26-6-2020 + \$10K 8-8-2020</i>						

Liquid Capital + Versitec Factoring facility

Pursuant to the terms of the original factoring facility and subsequent forbearance agreement LCX took an assignment of Versitec invoices in both CDN & US currency as follows:

- a) LCX advanced 80% of the gross value of Versitec invoices i.e. Net Funds Employed (NFE)
- b) The remaining 20% of the gross invoice value was recorded in an escrow reserve. Once the invoice was collected from the debtor the funds were applied against the factored AR and the escrow reserve was converted to cash reserves less any additional discount fees earned. Cash reserves are they available for release back to Versitec. Note: as at May 2021 any escrow reserves originally held at time of factoring the invoice have now been fully consumed by additional fees on overdue and uncollected factored AR.
- c) Factoring fees charged at time of funding at the rate of 3% of the gross invoice amount for initial 30 day period
- d) Additional fees earned on collections made after 30 days at the same rate of 3% monthly. Given that most of Versitec's customers were extremely slow payers i.e. 90 days or more was very common, then additional fees earned by LCX were significant. These fees were deducted from any cash reserves held.
- e) Additional fees on unpaid invoices are automatically accrued by the LCX system on an invoice by invoice basis after the initial 30 day period until the invoice is collected or charged back. Given that the bulk of the factored AR has not be repaid and has been outstanding for nearly 2 years there are a significant amount of accrued discount fees as at May 2021.
- f) Net Fund Employed (NFE) is comprised of : (i) Funds advanced to Versitec on factored invoices , (ii) payments to third parties e.g. legal fees , monitoring fees etc. (iii) LCX fees earned but not paid e.g. Misdirected funds fees

John Morgan Reconciliation of LCX factoring records (Oct 19, 2020)

Initially there was a material disconnect between the amounts owing from the Versitec Group to Liquid Capital as calculated by the first receiver John Morgan and the payout amounts calculated by Liquid Capital (LCX). Key drivers for these discrepancies were a combination of:

- (i) Material errors in Versitec's accounting records where a substantial amount of discount fees and other costs were omitted in error by Versitec's accountant Brian Gunning. Note Versitec had full on line access to its LCX reports yet failed to make the correct accounting entries in its records.
- (ii) Lack of clear understanding of how factoring works and the correct methodology of recording factored transactions.

In order to reconcile the Versitec payout balances per John Morgan vs Liquid Capital a detailed analysis / reconciling model was prepared for all three Versitec factoring accounts as at Oct 19, 2020. Details of the reconciliation were outlined in a Memo to John Morgan and his lawyer Calvin Ho on November 6, 2020. Copies of this memo and supporting reports + analysis are attached.

Total payout amount as at Oct 19, 2020 = CDN \$650,380.16.

This payout amount was confirmed in John Morgan First receivers report dated Feb 5,2021 (paragraph 54 "Review of Amounts owed to LCX") which states:

"The Receiver has reviewed documentation provided by LCX in support of its calculation that Versitec is indebted to LCX, as of October 19, 2020, in the amount of \$650,380.16. On the basis of its review, the Receiver is satisfied with LCX calculation."

Versitec Payout As at Oct 19 2020									
AC #	Currency	AR Balance	Escrow Reserves (Memo only)	Net Funds Employed (NFE)	Accrued Fees	Total Balance owing	Per Diem	Per Month	
1635536 Ontario Inc. o/a Versitec Marine	4822 CDN	177,854.80	32,421.41	212,746.33	66,102.48	278,848.81	177.85	5,335.64	A
1635536 Ontario Inc. o/a Versitec Marine	4821 US	95,073.79	18,001.51	78,058.56	37,342.49	115,401.05	95.07	2,852.21	B
Versitec Marine USA Inc.	4820U US	75,614.67	14,679.02	93,854.50	29,536.56	123,391.06	75.61	2,268.44	B
	CDN	Torkins Legals				49,162.00			
			Escrow Reserves	Net Funds	Accrued Fees	Total Bal Due*	Per Diem	Per Month	
	A	Total CDN	32,421.41	212,746.33	66,102.48	328,010.81	177.85	5,335.64	
	B	Total US	32,680.53	171,913.06	66,879.05	238,792.11	170.69	5,120.65	
		Memo only:			Convert to CDN	Convert to US			
		Ac 4822 in CDN			328,010.81	234,527.73			
		AC 4821+4820U in CDN			322,369.35	238,792.11			
		Total Payout in CDN / US \$			650,380.16	473,319.84			
		Total Bal due * = includes Torkin Legals							
						Memo Total Per diem in CDN		408.28	

Note: As at Oct 19, 2020 the FX rate used to convert US balances to CDN was 1.35. The CDN / US FX rate has improved to 1.21 as at May 27, 2021.

Roll forward for LCX payouts between Oct 19 2020 to May 27, 2021

Since the detailed reconciliation of the LCX payout amounts was completed by the first receiver John Morgan on Oct 19, 2020 no further collections have been received however NFE have increased due to third party payments e.g. legal fees \$33,162 and accrued discount fees plus unpaid legal costs have increased materially given the continued litigation.

As a result the LCX payout amounts have increased from CDN \$650,380 to CDN \$764,695.

The key drivers for the net increase in the payout amount are as follows:

<u>Increase in CDN Payout amount</u>			
Total Payout in CDN @ 27-5-2021	764,695.04		
Total Payout in CDN @ 19-10-2020	650,380.16	Per John Morgan Receivership report	
Increase in payout amount	114,314.88		
<u>Activity between Oct 19 2020 to May 27 2021</u>			
Extra NFE - BDC + Torkins (Paid)	33,162.50	Payments made by LCX	
Extra fees AC 4822	39,128.08	additional accrued fees	
Extra Fees AC 4820U+ 4821 in CDN	45,437.27	additional accrued fees	
Additional Torkin Fees (Unpaid)	30,017.93		
	147,745.78		
Change in FX rate (on US balances)	- 33,430.90	Improvement in CDN FX ie 1.21 vs 1.35	
Total Increase in payout amount	114,314.88		

Increase in NFE:

31/12/2020	15,000.00	Torkins legals
1/4/2021	17,500.00	BDC
12/5/2021	662.50	M Dobbie Legals
	<u>33,162.50</u>	

See attached payout analysis and calculations for further details.

Note: The improvement in the CDN / US FX rate between Oct 19, 2020 and May 27, 2021 i.e. 1.35 vs 1.21 which has been applied to the conversion of the US \$ balance owing totaling US\$276,343 has partially offset some of the increased amounts for total payout in CDN \$.

These LCX payout amounts do not include the receivership costs which have been incurred since March 2020 by John Morgan, BDO and their respective legal counsel.

Shortfall in LCX payout

Even though a successful receivership sale has been completed by BDO, the gross sale proceeds of US\$375,000 will be insufficient to payout LCX in full. Unfortunately there will be a material shortfall between the net sale proceeds (after receivership costs + CRA tax arrears) and LCX payout requirements.

As a result LCX will have to pursue its collateral mortgage security on both Taylor / Byrd properties and personal guarantees from the Versitec principals David Taylor , Reuben Byrd and David Carpenter in order recover the LCX payout shortfall.

Liquid Capital Exchange
Client Activity Statement
January 1, 2019 thru May 27, 2021

1635536 ONTARIO INC. (O/A VERSITEC MARINE & INDUSTRIAL)(4822)

Date	Batch#	Type	Accounts Receivable					Disbursements and Charges					Balances			
			Purchases	Gross Receipts	Discounts	Other	Adjustments	Funding	Cash Receipts	Charges and Fees	Expenses	Adjustments	Accounts Receivable	Funding	Cash Reserve	
12/31/2018		BAL												124,512.17	86,110.05	38,402.12
1/10/2019	10,030	BUY						1,443.69				40.00		124,512.17	87,593.74	36,918.43
1/11/2019	10,031	BUY										(255.29)		124,512.17	87,338.45	37,173.72
1/24/2019	135	PAY		54,721.06					54,721.06	13,069.59				69,791.11	45,686.98	24,104.13
1/25/2019	136	ADJ									5,665.11			75,456.22	45,686.98	29,769.24
1/25/2019	137	ADJ									(18,307.14)			57,149.08	49,557.96	7,591.12
4/30/2019	10,032	BUY	343,235.61					183,141.42		25,297.07		150.00		400,384.69	258,146.45	142,238.24
5/3/2019	10,033	BUY	135,207.58					104,079.84		4,056.23		30.00		535,592.27	366,312.52	169,279.75
5/10/2019	138	PAY		46,816.17			9.00		46,816.17					488,767.10	319,496.35	169,270.75
5/10/2019	139	ADJ									(57,149.08)			431,618.02	336,152.85	95,465.17
5/27/2019	10,034	BUY												431,618.02	346,152.85	85,465.17
5/31/2019	10,035	BUY	57,102.11							1,713.06		30.00		488,720.13	347,895.91	140,824.22
5/31/2019	10,036	BUY						46,993.60				30.00		488,720.13	394,919.51	93,800.62
6/5/2019	140	PAY		16,355.27			9.00		16,355.27	85.92				472,355.86	378,650.16	93,705.70
6/18/2019	10,038	BUY						774.93						472,355.86	379,425.09	92,930.77
6/21/2019	10,039	BUY						9,746.25						472,355.86	389,171.34	83,184.52
6/24/2019	141	PAY		25,391.08			(11.00)		25,391.08	494.91				446,975.78	364,275.17	82,700.61
6/28/2019	10,040	BUY	80,323.25					61,818.90		2,409.70		30.00		527,299.03	428,533.77	98,765.26
7/3/2019	142	ADJ									(3,449.06)			523,849.97	428,624.31	95,225.66
7/4/2019	143	PAY		28,546.77			9.00		28,546.77	771.00				495,294.20	400,848.54	94,445.66
7/8/2019	144	ADJ								1,299.40				495,294.20	402,147.94	93,146.26
7/17/2019	145	PAY		31,757.54			1,039.28		31,757.54	1,131.50				462,497.38	371,521.90	90,975.48
7/19/2019	146	PAY		36,096.74					36,096.74	1,380.70				426,400.64	336,805.86	89,594.78
7/22/2019	147	PAY		41,322.75					41,322.75	1,658.28				385,077.89	297,141.39	87,936.50
7/23/2019	10,041	BUY										(120,750.00)		385,077.89	176,391.39	208,686.50
7/24/2019	148	ADJ									(121,190.54)			263,887.35	181,497.27	82,390.08
7/25/2019	149	PAY		7,498.49			314.93		7,498.49					256,073.93	173,998.78	82,075.15
8/1/2019	10,042	BUY						6,215.00						256,073.93	180,213.78	75,860.15
8/2/2019	10,043	BUY	47,604.43					36,625.41		1,261.51		30.00		303,678.36	218,130.70	85,547.66
8/2/2019	10,046	BUY								166.20				303,678.36	218,296.90	85,381.46
8/14/2019	150	PAY		46,990.19					46,990.19					256,688.17	171,306.71	85,381.46
8/15/2019	151	PAY					(165.02)			2,633.92				256,853.19	173,940.63	82,912.56
8/16/2019	152	PAY		4,255.56					4,255.56					252,597.63	169,685.07	82,912.56
8/21/2019	153	PAY		68,334.65					68,334.65					184,262.98	101,350.42	82,912.56
8/22/2019	154	ADJ									1,247.65			185,510.63	105,162.89	80,347.74
8/22/2019	10,044	BUY	73,116.38					56,269.60		2,193.49		30.00		258,627.01	163,655.98	94,971.03
8/28/2019	10,045	BUY	49,786.45					38,305.57		1,493.59		30.00		308,413.46	203,485.14	104,928.32
9/10/2019	155	PAY		4,686.64					4,686.64					303,726.82	198,798.50	104,928.32

Liquid Capital Exchange
Client Activity Statement
January 1, 2019 thru May 27, 2021

1635536 ONTARIO INC. (O/A VERSITEC MARINE & INDUSTRIAL)(4822)

Date	Batch#	Type	Accounts Receivable					Disbursements and Charges					Balances		
			Purchases	Gross Receipts	Discounts	Other	Adjustments	Funding	Cash Receipts	Charges and Fees	Expenses	Adjustments	Accounts Receivable	Funding	Cash Reserve
9/11/2019	156	ADJ					4,686.64						308,413.46	198,798.50	109,614.96
9/13/2019	157	ADJ					(16,700.33)			176.07			291,713.13	198,974.57	92,738.56
9/13/2019	10,047	BUY						4,308.13					291,713.13	203,282.70	88,430.43
9/13/2019	10,048	BUY	71,319.65					42,872.43		2,139.59	30.00		363,032.78	248,324.72	114,708.06
9/16/2019	10,049	BUY						20,000.00		600.00	30.00		363,032.78	268,954.72	94,078.06
9/20/2019	10,050	BUY	26,639.61					20,482.50		799.19	30.00		389,672.39	290,266.41	99,405.98
9/23/2019	158	PAY		6,530.80			704.95		6,530.80	62.22			382,436.64	283,797.83	98,638.81
9/27/2019	10,051	BUY	37,320.98					28,707.15		1,119.63	30.00		419,757.62	313,654.61	106,103.01
10/1/2019	159	PAY		22,004.96									397,752.66	291,653.63	106,099.03
10/4/2019	160	ADJ										(8,270.16)	389,482.50	291,653.63	97,828.87
10/7/2019	10,052	BUY						4,943.75					389,482.50	296,597.38	92,885.12
10/8/2019	161	PAY		22,955.33			(22,955.33)		22,955.33				389,482.50	273,642.05	115,840.45
10/11/2019	162	PAY		29,538.97					29,538.97				359,943.53	244,103.08	115,840.45
10/21/2019	163	PAY		24,759.38					24,759.38				335,184.15	219,343.70	115,840.45
10/31/2019	164	ADJ						24,759.38					359,943.53	219,343.70	140,599.83
11/8/2019	166	ADJ						29,538.97					389,482.50	219,343.70	170,138.80
11/8/2019	10,053	BUY	100,614.57					57,443.22		3,018.45	30.00		490,097.07	279,835.37	210,261.70
11/12/2019	167	PAY		41,725.52					41,725.52				448,371.55	238,109.85	210,261.70
11/14/2019	168	PAY		14,392.60					14,392.60				433,978.95	223,717.25	210,261.70
11/18/2019	169	ADJ										(883.93)	433,095.02	223,987.24	209,107.78
11/19/2019	170	PAY		20,033.13					20,033.13				413,061.89	203,954.11	209,107.78
11/20/2019	171	PAY		8,859.76					8,859.76				404,202.13	195,094.35	209,107.78
11/22/2019	172	ADJ						(29,895.28)		436.47			374,306.85	195,530.82	178,776.03
11/22/2019	173	ADJ						8,859.76					383,166.61	195,530.82	187,635.79
11/22/2019	174	TFR										83,000.00	383,166.61	278,530.82	104,635.79
11/25/2019	10,054	BUY						6,638.75					383,166.61	285,169.57	97,997.04
12/4/2019	175	ADJ						(9,320.97)		278.86			373,845.64	285,448.43	88,397.21
12/6/2019	176	PAY		12,999.79			35.34		12,999.79	92.55			360,810.51	272,541.19	88,269.32
12/6/2019	177	PAY		11,371.35					11,371.35				349,439.16	261,169.84	88,269.32
12/11/2019	178	PAY		3,185.48					3,185.48	24.21			346,253.68	258,008.57	88,245.11
12/12/2019	179	PAY		51,615.10					51,615.10				294,638.58	206,393.47	88,245.11
12/13/2019	181	PAY					(1,665.81)			111.99			296,304.39	206,505.46	89,798.93
12/13/2019	182	ADJ						(17,504.01)		401.36			278,800.38	206,906.82	71,893.56
12/16/2019	183	ADJ						(15,820.57)		317.99			262,979.81	207,224.81	55,755.00
12/18/2019	184	ADJ						(1,361.86)		11.30			261,617.95	207,236.11	54,381.84
12/18/2019	185	PAY		10,153.19					10,153.19				251,464.76	197,082.92	54,381.84
1/3/2020	186	ADJ						62.02		105.96			251,526.78	197,188.88	54,337.90
1/8/2020	10,055	BUY							700.71				251,526.78	197,889.59	53,637.19

Liquid Capital Exchange
 Client Activity Statement
 January 1, 2019 thru May 27, 2021

1635536 ONTARIO INC. (O/A VERSITEC MARINE & INDUSTRIAL)(4822)

Date	Batch#	Type	Accounts Receivable					Disbursements and Charges					Balances		
			Purchases	Gross Receipts	Discounts	Other	Adjustments	Funding	Cash Receipts	Charges and Fees	Expenses	Adjustments	Accounts Receivable	Funding	Cash Reserve
1/13/2020	187	TFR										2,500.00	251,526.78	200,389.59	51,137.19
1/13/2020	10,056	BUY									36,355.19		251,526.78	236,744.78	14,782.00
1/13/2020	10,057	BUY									24,470.81		251,526.78	261,215.59	(9,688.81)
3/2/2020	188	PAY		13,680.98		9.00				13,680.98	1,943.98		237,836.80	249,478.59	(11,641.79)
6/3/2020	10,058	BUY						6,212.60					237,836.80	255,691.19	(17,854.39)
6/26/2020	189	PAY		49,991.00						49,991.00			187,845.80	205,700.19	(17,854.39)
6/29/2020	190	PAY									13,280.52		187,845.80	218,980.71	(31,134.91)
8/5/2020	191	PAY		9,991.00						9,991.00			177,854.80	208,989.71	(31,134.91)
8/6/2020	192	ADJ									3,756.62		177,854.80	212,746.33	(34,891.53)
12/31/2020	10,059	BUY						15,000.00					177,854.80	227,746.33	(49,891.53)
4/1/2021	10,060	BUY						17,500.00					177,854.80	245,246.33	(67,391.53)
5/12/2021	10,061	BUY						662.50					177,854.80	245,908.83	(68,054.03)
			1,022,270.62	766,561.25		(22,666.66)	(225,033.40)	770,885.95	766,561.25	180,429.37	(110,455.29)	85,500.00			

Liquid Capital Exchange
 Client Activity Statement
 January 1, 2019 thru May 27, 2021

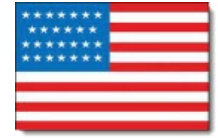
VERSITEC MARINE USA INC.(4820U)

Date	Batch#	Type	Accounts Receivable					Disbursements and Charges					Balances			
			Purchases	Gross Receipts	Discounts	Other	Adjustments	Funding	Cash Receipts	Charges and Fees	Expenses	Adjustments	Accounts Receivable	Funding	Cash Reserve	
12/31/2018		BAL													(481.04)	481.04
1/10/2019	125	TFR											288.34		(192.70)	192.70
1/11/2019	10,015	BUY											192.70			
4/30/2019	10,016	BUY	97,884.00					71,810.68		6,436.52	60.00			97,884.00	78,307.20	19,576.80
5/24/2019	126	PAY		13,210.50		423.50						13,210.50		84,250.00	65,096.70	19,153.30
5/29/2019	10,017	BUY	143,240.85					25,265.45		4,297.23	30.00			227,490.85	94,689.38	132,801.47
6/28/2019	10,018	BUY	20,274.08					15,581.04		608.22	30.00			247,764.93	110,908.64	136,856.29
7/23/2019	10,019	BUY									92,000.00			247,764.93	202,908.64	44,856.29
8/8/2019	10,020	BUY	83,963.43					64,621.84		2,518.90	30.00			331,728.36	270,079.38	61,648.98
8/22/2019	10,021	BUY	21,526.86					16,545.68		645.81	30.00			353,255.22	287,300.87	65,954.35
8/23/2019	128	ADJ								40.01				342,521.42	287,340.88	55,180.54
8/26/2019	129	PAY		39,037.65								39,037.65		303,483.77	249,480.51	54,003.26
8/28/2019	10,022	BUY	71,481.29					55,010.59		2,144.44	30.00			374,965.06	306,665.54	68,299.52
9/3/2019	130	PAY		73,625.44		3,031.00						73,625.44	357.59	298,308.62	233,397.69	64,910.93
9/4/2019	131	PAY		7,876.20		6.00						7,876.20	30.74	290,426.42	225,552.23	64,874.19
9/11/2019	132	TFR												290,426.42	219,552.23	70,874.19
9/11/2019	133	ADJ												267,709.82	219,790.76	47,919.06
9/13/2019	134	PAY		24,813.00								24,813.00	242.56	242,896.82	195,220.32	47,676.50
9/16/2019	135	ADJ											2,144.00	245,040.82	195,220.32	49,820.50
9/16/2019	10,023	BUY						2,144.00			30.00			245,040.82	197,394.32	47,646.50
9/23/2019	136	PAY		10,433.11								10,433.11	60.41	234,607.71	187,021.62	47,586.09
10/11/2019	137	PAY		22,473.94		6.00						22,473.94	78.68	212,127.77	164,626.36	47,501.41
10/28/2019	138	PAY		38,660.05		2,006.00						38,660.05	500.19	171,461.72	126,466.50	44,995.22
10/30/2019	139	ADJ												172,472.75	126,466.50	46,006.25
10/30/2019	140	ADJ												167,727.75	126,482.63	41,245.12
11/22/2019	142	ADJ												94,561.84	127,553.36	(32,991.52)
11/22/2019	143	TFR												94,561.84	65,212.06	29,349.78
12/9/2019	144	ADJ												88,174.67	65,317.45	22,857.22
12/17/2019	146	PAY		12,554.00		6.00						12,554.00	128.11	75,614.67	52,891.56	22,723.11
1/13/2020	10,024	BUY												75,614.67	78,715.37	(3,100.70)
1/13/2020	10,025	BUY												75,614.67	93,164.50	(17,549.83)
2/27/2020	10,026	BUY										330.00		75,614.67	93,494.50	(17,879.83)
9/11/2020	10,027	BUY										330.00	30.00	75,614.67	93,854.50	(18,239.83)
			438,370.51	242,683.89		5,478.50	(114,593.45)	251,639.28	242,683.89	60,970.41	92,462.70	(68,052.96)				

Liquid Capital Exchange
 Client Activity Statement
 January 1, 2019 thru May 27, 2021

1635536 ONTARIO INC. (O/A VERSITEC MARINE & INDUSTRIAL) (USD)(4821)

Date	Batch#	Type	Accounts Receivable					Disbursements and Charges					Balances			
			Purchases	Gross Receipts	Discounts	Other	Adjustments	Funding	Cash Receipts	Charges and Fees	Expenses	Adjustments	Accounts Receivable	Funding	Cash Reserve	
12/31/2018		BAL													288.34	(288.34)
1/10/2019	126	TFR											(288.34)			
4/18/2019	10,023	BUY						2,000.00				30.00			2,030.00	(2,030.00)
5/3/2019	10,024	BUY	26,025.00					20,009.25		780.75		30.00		26,025.00	22,850.00	3,175.00
5/21/2019	10,025	BUY						846.15				30.00		26,025.00	23,726.15	2,298.85
5/23/2019	127	PAY		5,176.50		23.50			5,176.50					20,825.00	18,549.65	2,275.35
5/29/2019	10,027	BUY						10,745.56				30.00		20,825.00	29,325.21	(8,500.21)
6/20/2019	128	PAY		5,865.60					5,865.60					14,959.40	23,459.61	(8,500.21)
6/21/2019	129	ADJ						5,865.60						20,825.00	23,459.61	(2,634.61)
6/28/2019	10,028	BUY	6,320.00					4,836.40		189.60		30.00		27,145.00	28,515.61	(1,370.61)
7/4/2019	130	PAY		16,055.00					16,055.00					11,090.00	12,460.61	(1,370.61)
7/8/2019	131	ADJ						16,055.00						27,145.00	12,460.61	14,684.39
8/28/2019	10,029	BUY	22,785.35					17,514.72		683.56		30.00		49,930.35	30,688.89	19,241.46
9/11/2019	132	TFR											6,000.00	49,930.35	36,688.89	13,241.46
9/20/2019	10,030	BUY	12,805.00					9,829.85		384.15		30.00		62,735.35	46,932.89	15,802.46
9/27/2019	10,031	BUY	61,296.79					47,168.53		1,838.90		30.00		124,032.14	95,970.32	28,061.82
10/10/2019	133	PAY		6,874.00		6.00			6,874.00	90.13				117,152.14	89,186.45	27,965.69
12/6/2019	135	PAY		12,799.00		6.00			12,799.00	61.46				104,347.14	76,448.91	27,898.23
12/12/2019	136	PAY		3,247.35		6.00			3,247.35	25.06				101,093.79	73,226.62	27,867.17
12/13/2019	137	ADJ						(6,020.00)		28.90				95,073.79	73,255.52	21,818.27
1/13/2020	10,032	BUY								1,849.84				95,073.79	75,105.36	19,968.43
1/13/2020	10,033	BUY								2,953.20				95,073.79	78,058.56	17,015.23
			129,232.14	50,017.45		41.50	15,900.60	112,950.46	50,017.45	8,885.55	240.00	5,711.66				



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Funds Employed 

A/R Balance:	75,614.67	Beginning A/R Balance:	75,614.67
Fee Escrow:	--	Purchases:	--
Reserve Escrow:	14,679.02	Collections:	--
Advanced Balance:	60,935.65	Recourse:	--
Cash Reserves:	(32,918.85)	Charge backs:	--
Settlement:	--	Give backs:	--
Simple Interest Loans:	--	Write Offs:	--
Amortized Loans:	--	Ending A/R Balance:	75,614.67
Purchase Orders:	--	A/R Turn:	0.0000 days
Financed:	--	M-T-D Earnings:	--
Total Funds Employed:	93,854.50	1 - 30 days:	-- 0.00%
		31 - 60 days:	-- 0.00%
		61 - 90 days:	-- 0.00%
		91 - 120 days:	-- 0.00%
		Over 120 days:	75,614.67 100.00%

Collateral 

A/R Balance	75,614.67
Invoice In Dispute:	53,059.67
Invoices Available For Recourse:	22,555.00
Ineligible Set Asides	--
Ineligible Invoices:	--
Cross Ineligibility:	--
Available Collateral:	--

Reserves 

Available Collateral:	--	Cash Reserves:	(32,918.85)
x Maximum Advance Rate:	80.00%	+ Escrow Reserves:	14,679.02
Gross Available:	--	Total Reserves:	(18,239.83)
- Funds Employed:	93,854.50	- Recourse/Ineligible	75,614.67
Available Reserves:	(93,854.50)	- Accrued Invoice Fees:	46,171.78
- Accrued Invoice Fees:	46,171.78	- Accrued Interest:	--
- Accrued Interest:	--	Adjusted Reserves:	(140,026.28)
Available For Release:	(140,026.28)	- Required Reserves:	--
		Available For Release:	(140,026.28)



1635536 ONTARIO INC. (O/A VERSITEC MARINE & INDUSTRIAL) - Client Summary

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Status Debtor lists/aging Collection/Purchase history Credit Information Data entry
 Reports Viewed in PDF Utilities

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Starting Date: Ending Date:  View

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Funds Employed 

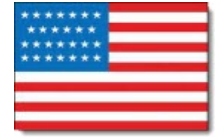
A/R Balance:	177,854.80	Beginning A/R Balance:	177,854.80	
Fee Escrow:	--	Purchases:	--	
Reserve Escrow:	32,421.41	Collections:	--	
Advanced Balance:	145,433.39	Recourse:	--	
Cash Reserves:	(100,475.44)	Charge backs:	--	
Settlement:	--	Give backs:	--	
Simple Interest Loans:	--	Write Offs:	--	
Amortized Loans:	--	Ending A/R Balance:	177,854.80	
Purchase Orders Financed:	--	A/R Turn:	0.0000 days	
Total Funds Employed:	245,908.83	M-T-D Earnings:	--	
		1 - 30 days:	--	0.00%
		31 - 60 days:	--	0.00%
		61 - 90 days:	--	0.00%
		91 - 120 days:	--	0.00%
		Over 120 days:	177,854.80	100.00%

Collateral 

A/R Balance	177,854.80
Invoice In Dispute:	--
Invoices Available For Recourse:	177,854.80
Ineligible Set Asides	--
Ineligible Invoices:	--
Cross Ineligibility:	--
Available Collateral:	--

Reserves 

Available Collateral:	--	Cash Reserves:	(100,475.44)
x Maximum Advance Rate:	80.00%	+ Escrow Reserves:	32,421.41
Gross Available:	--	Total Reserves:	(68,054.03)
- Funds Employed:	245,908.83	- Recourse/Ineligible	177,854.80
Available Reserves:	(245,908.83)	- Accrued Invoice Fees:	105,230.56
- Accrued Invoice Fees:	105,230.56	- Accrued Interest:	--
- Accrued Interest:	--	Adjusted Reserves:	(351,139.39)
Available For Release:	(351,139.39)	- Required Reserves:	--
		Available For Release:	(351,139.39)



1635536 ONTARIO INC. (O/A VERSITEC MARINE & INDUSTRIAL) (USD) - Client Summary

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Status Debtor lists/aging Collection/Purchase history Credit Information Data entry
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Thursday, May 27, 2021

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Funds Employed [?](#)

A/R Balance:	95,073.79	Beginning A/R Balance:	95,073.79
Fee Escrow:	--	Purchases:	--
Reserve Escrow:	18,001.51	Collections:	--
Advanced Balance:	77,072.28	Recourse:	--
Cash Reserves:	(986.28)	Charge backs:	--
Settlement:	--	Give backs:	--
Simple Interest Loans:	--	Write Offs:	--
Amortized Loans:	--	Ending A/R Balance:	95,073.79
Purchase Orders Financed:	--	A/R Turn:	0.0000 days
Total Funds Employed:	78,058.56	M-T-D Earnings:	--
		1 - 30 days:	-- 0.00%
		31 - 60 days:	-- 0.00%
		61 - 90 days:	-- 0.00%
		91 - 120 days:	-- 0.00%
		Over 120 days:	95,073.79 100.00%

Collateral [?](#)

A/R Balance	95,073.79
Invoice In Dispute:	74,808.79
Invoices Available For Recourse:	20,265.00
Ineligible Set Asides	--
Ineligible Invoices:	--
Cross Ineligibility:	--
Available Collateral:	--

Reserves [?](#)

Available Collateral:	--	Cash Reserves:	(986.28)
x Maximum Advance Rate:	80.00%	+ Escrow Reserves:	18,001.51
Gross Available:	--	Total Reserves:	17,015.23
- Funds Employed:	78,058.56	- Recourse/Ineligible	95,073.79
Available Reserves:	(78,058.56)	- Accrued Invoice Fees:	58,258.73
- Accrued Invoice Fees:	58,258.73	- Accrued Interest:	--
- Accrued Interest:	--	Adjusted Reserves:	(136,317.29)
Available For Release:	(136,317.29)	- Required Reserves:	--
		Available For Release:	(136,317.29)

**Versitec Payout
As at Oct 19 2020**

AC #	Currency	AR Balance	Escrow Reserves (Memo only)	Net Funds Employed (NFE)	Accrued Fees	Total Balance owing	Per Diem	Per month	Breakdown of Total balance owing									
									AC #	Net Funds Employed (Exc Penalties)	Penalty for funds misdirected	Net Funds Employed (NFE)	Accrued Fees to Mar 9 (Receivership start)	Accrued Fees since Mar 9 (Receivership start)	Total Balance owing	Per Diem		
1635536 Ontario Inc. o/a Versitec Marine	4822 CDN	177,854.80	32,421.41	212,746.33	66,102.48	278,848.81	177.85	5,335.64	A	4822 (CDN)	188,275.33	24,471.00	212,746.33	36,202.48	29,900.00	278,848.81	177.85	
1635536 Ontario Inc. o/a Versitec Marine	4821 US	95,073.79	18,001.51	78,058.56	37,342.49	115,401.05	95.07	2,852.21	B	4821 (US)	75,105.56	2,953.00	78,058.56	16,045.96	21,296.53	115,401.05	95.07	
Versitec Marine USA Inc.	4820U US	75,614.67	14,679.02	93,854.50	29,536.56	123,391.06	75.61	2,268.44	B	4820U (us)	79,405.50	14,449.00	93,854.50	12,598.87	16,937.69	123,391.06	75.61	
										Total CDN	188,275.33	24,471.00	212,746.33	36,202.48	29,900.00	278,848.81		
										Total US	154,511.06	17,402.00	171,913.06	28,644.83	38,234.22	238,792.11		
	CDN	Torkins Legals					49,162.00											
												Bal owing on Factored AR		CDN	278,848.81			
												LCX Legals		CDN	49,162.00			
														CDN	328,010.81	A		
												Bal owing on Factored AR		US	238,792.11	B		
		Memo only:				Convert to CDN	Convert to US											
		Ac 4822 in CDN				328,010.81	234,527.73											
		AC 4821+4820U in CDN				322,369.35	238,792.11											
		Total Payout in CDN / US \$				650,380.16	473,319.84											
										Total Bal due * = includes Torkin Legals								
												Memo Total Per diem in CDN		408.28				

Note: Any escrow reserves ie 20% held when invoices were originally factored has now been fully utilised with additional costs, chargebacks, penalties and accrued fees

FX rate CDN to US	1.35	Ac 4822 in US	
FX rate CDN to US	0.72	AC 4821+4820U in US	
Per Diem Rate	0.001	Total Payout in US	

- ** UPDATED - For the following changes
- 1) For Tokins legal fees accrual CDN \$2500
 - 2) Special adjustment for YTD fees error
 - 3) Special penalty fees adjustment re misdirected funds
 - 4) NFE > than AR due to penalty fees + Cadence fees error being added

Breakdown of Payout amount in CDN		
NFE	444,828.96	68%
Accrued fees	156,389.20	24%
Legals	49,162.00	8%
Total due	650,380.16	

**Versitec + LCX Payout
As at May 27 2021**

Legal Entity	AC #	Currency	AR Balance	Escrow Reserves (Memo only)	Net Funds Employed (NFE)	Accrued Fees	Total Balance owing	Per Diem	Per month	Breakdown of Total balance owing								
										AC #	Net Funds Employed (Exc Penalties)	Penalty for funds misdirected	Net Funds Employed (NFE)	Accrued Fees to Mar 9 (Receivership start)	Accrued Fees since Mar 9 (Receivership start)	Total Balance owing	Per Diem	
1635536 Ontario Inc. o/a Versitec Marine	4822	CDN	177,854.80	32,421.41	245,908.83	105,230.56	351,139.39	177.85	5,335.64	A	4822 (CDN)	221,437.83	24,471.00	245,908.83	36,202.48	69,028.08	351,139.39	177.85
1635536 Ontario Inc. o/a Versitec Marine	4821	US	95,073.79	18,001.51	78,058.56	58,258.73	136,317.29	95.07	2,852.21	B	4821 (US)	75,105.56	2,953.00	78,058.56	16,045.96	42,212.77	136,317.29	95.07
Versitec Marine USA Inc.	4820U	US	75,614.67	14,679.02	93,854.50	46,171.78	140,026.28	75.61	2,268.44	B	4820U (US)	79,405.50	14,449.00	93,854.50	12,598.87	33,572.91	140,026.28	75.61
											Total CDN	221,437.83	24,471.00	245,908.83	36,202.48	69,028.08	351,139.39	
											Total US	154,511.06	17,402.00	171,913.06	28,644.83	75,785.68	276,343.57	

CDN Tokins Legals (outstanding / unpaid)

79,179.93

Bal owing on Factored AR	CDN	351,139.39
LCX legals	CDN	79,179.93
	CDN	430,319.32
Bal owing on Factored AR	US	276,343.57

	Escrow Reserves	Net Funds	Accrued Fees	Total Bal Due*	Per Diem	Per Month
A Total CDN	32,421.41	245,908.83	105,230.56	430,319.32	177.85	5,335.64
B Total US	32,680.53	171,913.06	104,430.51	276,343.57	170.69	5,120.65

Executive Summary:		Convert to CDN	Convert to US
Ac 4822 in CDN		430,319.32	355,635.80
AC 4821+4820U in CDN		334,375.72	276,343.57
Total Payout in CDN / US \$		764,695.04	631,979.37
Breakdown of payout amount As at May 27 2021			
Principal / NFE		453,923.63	
Accrued Fees		231,591.48	
Legals / collection costs		79,179.93	Excludes receivership costs
Total Payout amount		764,695.04	

Total Bal due * = includes Torkin Legals
Memo: FX rate US to CDN \$ 1.21 Memo Total Per diem in CDN 384.39

Note: Any escrow reserves ie 20% held when invoices were originally factored has now been fully utilised with additional costs, chargebacks, penalties and accrued fees

FX rate CDN to US 1.21 FX rate May 27
FX rate CDN to US 0.83
Per Diem Rate 0.001

Ac 4822 in US
AC 4821+4820U in US
Total Payout in US

Breakdown of Payout amount in CDN		
NFE	453,923.63	59%
Accrued fees	231,591.48	30%
Legals	79,179.93	10%
Total due	764,695.04	

- ** UPDATED - For the following changes
1) For Tokins legal fees accrual CDN \$2500
2) Special adjustment for YTD fees error
3) Special penalty fees adjustment re misdirected funds
4) NFE > than AR due to penalty fees + Cadence fees error being added

This is Exhibit “U” referred to in the Affidavit of Jonathan Brindley sworn by Jonathan Brindley of the City of Mississauga, in the Regional Municipality of Peel, before me at the City of Toronto, in the Province of Ontario, on November 18, 2021 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

STEWART THOM

Court File No.: CV-20-00637427-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE)	TUESDAY, THE 22 nd
)	
JUSTICE GILMORE)	DAY OF JUNE, 2021

B E T W E E N:

LIQUID CAPITAL EXCHANGE CORP.

Applicant

-and-

**163556 ONTARIO INC. O/A VERSITEC MARINE & INDUSTRIAL,
VERSITEC MARINE HOLDINGS INC., VERSITEC MARINE USA INC.,
DAVID TAYLOR, REUBEN BYRD and DAVID CARPENTER**

Respondents

APPLICATION UNDER SECTION 243(1) OF THE BANKRUPTCY AND INSOLVENCY
ACT, R.S.C. 1985, C. B-3, AS AMENDED AND SECTION 101 OF THE
COURT OF JUSTICE ACT, R.S.O. 1990, C. C-43, AS AMENDED

ORDER

(Administrative Relief)

THIS MOTION, made by BDO Canada Limited, in it's capacity as substitute receiver (in such capacity, the "**Receiver**"), without security, over all of the assets, undertakings and properties (the "**Property**") of Versitec Marine USA Inc. ("**Versitec USA**") and 1635536 Ontario Inc. o/a Versitec Marine & Industrial ("**Versitec Canada**" and together with Versitec USA, the "**Debtors**") acquired for an order, *inter alia*:

1. approving the third report of the Receiver (the "**Third Report**"), as well as the activities of the Receiver detailed therein;

2. approving the fees and disbursements of the Receiver and its legal counsel, Loopstra Nixon LLP (“**Loopstra Nixon**”), for the period ending May 31, 2021;
3. approving the professional fees of Morgan & Partners Inc. in its capacity as the original receiver in these proceedings (in such capacity, the “**Prior Receiver**”) and its legal counsel Laishley Reed LLP (“**Laishley**”), for the period of March 9, 2020 up to and including the appointment of the Receiver;
4. authorizing the proposed interim distribution to Liquid Capital Exchange Corp. (“**LCX**”) as well as any subsequent distributions to LCX from time to time as may in the Receiver’s opinion be appropriate provided that the aggregate total amount distributed to LCX does not exceed the amount owed by the Debtors to LCX,

was heard virtually by “Zoom” videoconference on this day in Toronto, Ontario.

ON READING the Third Report and on hearing the submissions of counsel for the Receiver and counsel to such other parties as reflected in the attendance sheet, no one else appearing for any other person on the service list, although properly served as appears from the affidavit of Amanda Adamo, sworn June 17, 2021, filed:

1. **THIS COURT ORDERS** that that the time for service and filing of the Motion Materials is abridged and validated so that this motion is properly returnable today and dispenses with further service thereof.
2. **THIS COURT ORDERS** that the Third Report and activities of the Receiver described therein are hereby approved.
3. **THIS COURT ORDERS** that the fees and disbursements of the Receiver and its counsel, as set out in the Third Report and the fee affidavits appended thereto as Appendix “I” and Appendix “J”, are hereby approved.
4. **THIS COURT ORDERS** that the fees and disbursements of the Prior Receiver and Laishley, as counsel to the Prior Receiver, as set out in the fee affidavits appended to the Third Report as Appendix “K” and “L”, respectively, are hereby approved.

5. **THIS COURT ORDERS** that, after payment of (a) \$65,428.90 to the Canada Revenue Agent (the “CRA”) and such other amount as may be determining to be owing in respect of source deductions that are subject to a deemed trust in favour of the CRA, (b) \$5,260.16 to Service Canada in respect of its security under section 81.4 of the Bankruptcy and Insolvency Act, (c) any HST payable in respect of Versitec’s reporting period ending June 30, 2021, (d) the approved professional fees of the Receiver, the Receiver’s counsel, the Prior Receiver and the Prior Receiver’s counsel, and (e) holding back the sum of \$120,000, the Receiver shall pay the monies in its hands to LCX.
6. **THIS COURT ORDERS** that the Receiver shall be and is hereby authorized to make such further distributions to LCX that are, in the opinion of the Receiver, appropriate provided that the aggregate total amount distributed to LCX does not exceed the amount owed by the Debtors to LCX.
7. **THIS COURT ORDERS** that this order is effective from today’s date and is enforceable without the need for entry and filing.

A handwritten signature in blue ink, appearing to read 'C. Justice Gilmore', is written above a horizontal line.

The Honourable Justice Gilmore

Applicant

Respondents

Court File No. CV-20-00637427-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceedings commenced at Toronto

ORDER
(Administrative Relief)

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*Lawyers for the court-appointed Substitute
Receiver, BDO Canada Ltd.*

[REDACTED]

From: [REDACTED]
Sent: June 22, 2021 12:12 PM
To: Phoenix, Graham
Cc: JUS-G-MAG-CSD-Toronto-SCJ Commercial List
Subject: Liquid Capital v. 1635536 Ontario Inc. o/a Versitec et al. - Court File No. CV-20-00637427-00CL
Attachments: Final Signed Orde (2021June22) re. Admin Relief (L2164284xC2C1F).pdf

Endorsement of Gilmore, J.

This is the Substitute Receiver's motion for an Administrative Order. The draft Order was provided in the motion materials dated June 16, 2021. Minor amendments to that Order were made and circulated to the service list. There is no opposition to the motion or the proposed Order. The signed Order is attached and in effect immediately.

June 22, 2021



Madam Justice Cory A. Gilmore
Ontario Superior Court of Justice
361 University Avenue
4th Floor
Toronto, Ontario
M5G 1T3

[REDACTED]

This is Exhibit “V” referred to in the Affidavit of Jonathan Brindley sworn by Jonathan Brindley of the City of Mississauga, in the Regional Municipality of Peel, before me at the City of Toronto, in the Province of Ontario, on November 18, 2021 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.



Commissioner for Taking Affidavits (or as may be)

STEWART THOM

Versitec + LCX Payout
As at Nov 11 2021



Legal Entity	AC #	Currency	AR Balance	Escrow Reserves (Memo only)	Net Funds Employed (NFE)	Accrued Fees	Total Balance owing	Per Diem	Per month
1635536 Ontario Inc. o/a Versitec Marine	4822	CDN	177,854.80	32,421.41	279,790.88	135,110.14	414,901.02	177.85	5,335.64 A
1635536 Ontario Inc. o/a Versitec Marine	4821	US	39,832.00	7,269.15	31,177.77	32,390.38	63,568.15	39.83	1,194.96 B
Versitec Marine USA Inc.	4820U	US	75,614.67	14,679.02	93,854.50	58,875.03	152,729.53	75.61	2,268.44 B

CDN	Torkins Legals (outstanding / unpaid)	89,179.93
A	Total CDN	504,080.95
B	Total US	216,297.68

Executive Summary:	Convert to CDN	Convert to US
Ac 4822 in CDN	504,080.95	400,064.25
AC 4821+4820U in CDN	272,535.08	216,297.68
Total Payout in CDN / US \$	776,616.03	616,361.93
Breakdown of payout amount	As at Nov 11 2021	
Principal / NFE	437,331.54	← Excludes receivership costs
Accrued Fees	250,104.56	
Legals / collection costs	89,179.93	
Total Payout amount	776,616.03	

Total Bal due * = includes Torkin Legals
 Memo: FX rate US to CDN \$ 1.26 Memo Total Per diem in CDN 323.32

Note: Any escrow reserves ie 20% held when invoices were originally factored has now been fully utilised with additional costs, chargebacks, penalties and accrued fees

Versitec Payout Per BDO Report

Legal Entity	AC #	Currency	Net Funds Employed	Penalty for funds misdirected	Accrued Fees	Enforcement Costs (1)	Total Balance owing
1635536 Ontario Inc. o/a Versitec Marine	4822	CDN	255,319.88	24,471.00	135,110.14	89,179.93	\$ 504,080.95
1635536 Ontario Inc. o/a Versitec Marine	4821	US	28,224.77	2,953.00	32,390.38	-	\$ 63,568.15
Versitec Marine USA Inc.	4820U	US	79,405.50	14,449.00	58,875.03	-	\$ 152,729.53
Total Stated in CDN							\$ 776,616.03

Memo: FX rate US to CDN \$ 1.26 FX rate Nov 11

LIQUID CAPITAL EXCHANGE CORP.

Applicant

-and- 1635536 ONTARIO INC. O/A VERSITEC MARINE &
INDUSTRIAL et al.
Respondents

Court File No. CV-20-00637427-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDING COMMENCED AT
TORONTO

MOTION RECORD
(Returnable November 24, 2021)

TORKIN MANES LLP
Barristers & Solicitors
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Stewart Thom (55695C)
sthom@torkinmanes.com
Tel: 416-777-5197

Lawyers for the Applicant, Liquid Capital Exchange Corp.

RCP-F 4C (September 1, 2020)