



**No. B-250002**  
**Vancouver Registry**  
**Estate No. 11-3170658**

**IN THE SUPREME COURT OF BRITISH COLUMBIA**  
**IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE NOTICE OF INTENTION TO MAKE A PROPOSAL OF**  
**MICROB RESOURCES INC.**

**FIRST REPORT OF KPMG INC. IN ITS CAPACITY AS**  
**PROPOSAL TRUSTEE UNDER THE**  
**NOTICE OF INTENTION OF**  
**MICROB RESOURCES INC.**

**January 8, 2025**

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## APPENDICES

- Appendix “A”** – Certificate of Filing of a Notice of Intention to Make a Proposal
- Appendix “B”** – Summary of the Personal Property Security Act registrations against Microb Resources Inc.
- Appendix “C”** – Cash flow forecast for the period ending January 4, 2025 to March 29, 2025 and Associated Reports
- Appendix “D”** – Maynbridge Capital debtor-in-possession financing term sheet dated January 2, 2025
- Appendix “E”** – Caffe & Roasters Holdings Inc. asset purchase agreement to purchase the assets of Microb Resources Inc.
- Appendix “F”** – Microb Resources Inc. Liquidation Analysis

## **I. INTRODUCTION**

1. On January 2, 2025, Microb Resources Inc., operating as Salt Spring Coffee (“**SSC**” or the “**Company**”), filed a Notice of Intention to Make a Proposal (the “**NOI**”) pursuant to subsection 50.4(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended (the “**BIA**”).
2. KPMG Inc. was appointed as the trustee (the “**Proposal Trustee**”) of SSC under this NOI proceeding (the “**NOI Proceeding**”). Attached as **Appendix “A**” hereto is the Certificate of Filing of a Notice of Intention to Make a Proposal dated January 2, 2025 (the “**Filing Date**”) issued by the Office of the Superintendent of Bankruptcy.
3. The NOI provides the Company with an initial stay of proceedings until February 1, 2025 (the “**Initial Stay Period**”).
4. Information on these proceedings can be accessed on the Proposal Trustee’s website at: <https://kpmg.com/ca/en/home/services/advisory/deal-advisory/creditorlinks/microb-resources-inc.html>.

## **II. PURPOSE OF THIS FIRST REPORT**

5. This is the first report of the Proposal Trustee (the “**First Report**”) to provide this Honourable Court (the “**Court**”) with information regarding:
  - i. the circumstances surrounding the commencement of the NOI Proceeding;
  - ii. the objectives of the NOI Proceeding and information concerning the creditors of the Company;
  - iii. the Company’s statement of projected cash flow for the thirteen-week period from January 4, 2025 to March 29, 2025 (the “**Cash Flow Forecast**”);
  - iv. the Company’s application for this Court’s approval of:
    - (i) certain debtor-in-possession financing (the “**DIP Financing**”) and an associated charge on SSC’s assets in favour of the lender (the “**DIP Lender Charge**”) pursuant to the provision discussed further below;
    - (ii) a charge on SSC’s assets in favour of the Proposal Trustee, the Proposal Trustee’s counsel, and the Company’s counsel (the “**Administration**”).

**Charge**”) for associated professional fees and costs in connection with the NOI Proceeding;

- (iii) the Company’s entering into the Asset Purchase Agreement between SSC (as vendor) and Caffe & Roaster Holdings Inc., or its assignee (the “**Purchaser**”), dated January 2, 2025 (the “**APA**”), and the proposed transaction pursuant to the APA (the “**Transaction**”) as discussed in detail herein; and
  - (iv) vesting, upon closing of the Transaction, all right, title, and interest of the Company in and to the Purchased Assets (as hereinafter defined) in the Purchaser free and clear of all liens, charges, security interests, and other encumbrances.
- v. a summary of the sales and investment solicitation process (the “**SISP**”) undertaken by the Company prior to the NOI Proceeding; and
  - vi. the Proposal Trustee’s views and recommendations in connection with the Company’s application.

### **III. RESTRICTIONS AND LIMITATIONS**

- 6. In preparing this First Report, the Proposal Trustee has been provided with, and has relied upon, unaudited financial information, books and records, and financial and other information of SSC, as well as information from other third-party public sources (“**Information**”). The accuracy and completeness of the Information contained herein have not been audited or otherwise verified by the Proposal Trustee, and the Proposal Trustee does not express any opinion or provide any other form of assurance with respect to the Information presented herein or relied upon by the Proposal Trustee in preparing this First Report.
- 7. Some of the Information referred to or reported in this First Report consists of future-oriented information and is based on estimates and assumptions regarding future events. Actual results may vary from forecast and such variations may be material. An examination or review of the financial forecasts and projections, as outlined in the *Chartered Professional Accountants Canada Handbook*, has not been performed.

8. The information contained in the First Report is not intended to be relied upon by any prospective purchaser or investor in any transaction involving the Company.
9. Capitalized terms not otherwise defined herein are defined in the Company's application materials. This First Report should be read in conjunction with the affidavit of Norman McLeod sworn on January 3, 2025 (the "**McLeod Affidavit**") and filed in support of the Company's application, which is scheduled to be heard on January 16, 2025.
10. Unless otherwise stated, all monetary amounts contained herein are expressed in Canadian dollars.

#### **IV. BACKGROUND**

##### **The Company**

11. SSC is a British Columbia-based coffee roaster and manufacturer that distributes fair trade organic coffee throughout Canada and the United States. SSC was incorporated in 1989 by its current shareholders, Norman McLeod ("**Mr. McLeod**") and Robbyn Scott ("**Ms. Scott**"), on Salt Spring Island, British Columbia with the mission of providing sustainable, high-quality, fair trade organic coffee.
12. SSC's business model is premised on importing coffee, roasting in a leased facility in Richmond, B.C., packaging the product, and distributing it across its North American customer base.
13. SSC supplies coffee to major grocery stores, including Costco, Loblaws, Whole Foods, and Sobeys, along with over one hundred other prominent food service providers, including certain restaurants, the Vancouver Aquarium, and the University of Victoria.
14. In 2010, SSC moved its operations from Salt Spring Island to its leased facility at 3551 Viking Way #105, Richmond, B.C. V6V 1W1 (the "**Leased Facility**"), where the Company employs 25 staff members and works with multiple independent contractors to ship its product.
15. Further details in respect of the Company's business and affairs are set out in the McLeod Affidavit and are not repeated in their entirety herein.

##### **General Background to this NOI Proceeding**

16. SSC's solvency and liquidity issues began in 2021 during the COVID-19 pandemic as the Company struggled to adapt to increasing interest and inflation rates which made it difficult for production to keep pace with rising costs.
17. SSC entered into an agreement with Club Coffee L.P. ("**Club Coffee**") on November 1, 2021 (the "**Club Coffee Agreement**"), whereby SSC sold raw green coffee beans to Club Coffee to roast and package on SSC's behalf. The roasted and packaged product was then sold back to SSC to distribute to its customers, with shipments beginning in April 2022.
18. The Club Coffee Agreement marked the first time that SSC had outsourced any roasting and packaging work, and the arrangement led to constraints in SSC's liquidity due to the relatively higher purchasing cost of roasted beans as compared to roasting raw coffee beans inhouse. The incremental production time required to ship the coffee beans from the Club Coffee site to SSC also increased SSC's inventory hold time, increasing working capital requirements.
19. SSC engaged in the Club Coffee Agreement to address customer demand for an environmentally sustainable packaged coffee solution. Additional challenges with the Club Coffee Agreement became apparent early on, due to high transportation costs, product quality issues, and additional quality control requirements during transportation between British Columbia and Ontario, where Club Coffee is located.
20. SSC terminated the Club Coffee Agreement prior to its maturity date in October 2023 which resulted in Club Coffee taking legal action against SSC in the form of a Statement of Claim filed with the Ontario Superior Court on January 9, 2024.
21. In early 2023, SSC began exploring options for new debt financing partners to replace its existing lender, The Toronto-Dominion Bank ("**TD Bank**"), as TD Bank was no longer willing to extend credit to SSC.
22. As the refinancing process continued into the summer of 2023, SSC attempted to resolve its immediate liquidity issues by entering into an agreement for the purchase and sale of SSC's future receivables (the "**Merchant Agreement**") with Merchant Opportunities Fund Limited Partnership ("**Merchant Growth**") in June 2023 through a \$378,000 demand loan

(the “**Merchant Facility**”) issued by Merchant Growth. The Merchant Facility was repaid in full and terminated on December 4, 2024.

23. The Merchant Facility provided SSC with the required liquidity to continue to operate while the Company finalized a new loan agreement with Royal Bank of Canada (“**RBC**”), which included a \$1,500,000 revolving demand loan, a \$175,000 non-revolving term loan, and certain credit card facilities (collectively, the “**RBC Loan**”) pursuant to a credit agreement dated June 28, 2023.
24. In January 2024, SSC carried out the SISP to identify a purchaser or investor who would be able to inject required capital into SSC’s business. The SISP resulted in three (3) letters of intent (the “**LOI’s**”) which did not proceed for various reasons. The details of the SISP are discussed below.
25. In October 2024, SSC was in need of incremental liquidity and attempted to negotiate an increase to the borrowing limit available on the RBC Loan but was unsuccessful.
26. The Company’s continued liquidity concerns resulted in unfulfilled sales orders with customers, and on November 8, 2024, the Company engaged KPMG LLP to act as its financial advisor (the “**Financial Advisor**”) to explore various strategic alternatives available to SSC.
27. As part of that process, both Maynbridge Capital Inc. (“**Maynbridge**” or the “**Lender**”) as a potential source of financing, and the Purchaser as a potential interested party, were approached. As discussed in a later section, the Purchaser and Maynbridge are affiliated through some indirect common ownership.
28. To assist in addressing immediate liquidity concerns, on or about November 29, 2024, SSC entered into a Loan and Security Agreement, whereby Maynbridge provided a loan in the amount of \$400,000 to allow SSC to fulfil certain purchase orders (the “**Maynbridge Loan Agreement**”).
29. The initial advance from Maynbridge was made on December 2, 2024, in the amount of US\$146,019.45 which allowed SSC to purchase raw materials from its coffee bean suppliers including Sustainable Harvest Inc., Swiss Water Decaffeinated Coffee Inc., and Sucafina Colombia to fulfill select sales orders.

30. Subsequent advances under the Maynbridge Loan Agreement were dependent on certain conditions being met, including the acquisition by Maynbridge of certain facilities under the RBC Loan. As further discussed in a later section, these conditions were met on December 10, 2024. As of the Filing Date, Maynbridge has advanced \$564,647.40 to SSC for operating expenses.
31. Due to ongoing liquidity constraints, SSC continues to have customer backorders and is continually negotiating with suppliers for supply continuity and payment terms. As SSC's cash difficulties have persisted, SSC is no longer able to obtain the product it requires or pay for its ongoing operations.
32. Accordingly, SSC was unable to continue to fund liabilities as they generally became due and commenced the NOI Proceeding, with support from Mr. McLeod who has advanced monies to the Company on an unsecured basis for professional fees in connection with the proposed Transaction and other NOI Proceeding planning activities.

#### **V. OBJECTIVES OF THE NOI**

33. The Company's primary objectives in the NOI Proceeding are to:
  - i. ensure the ongoing operational capabilities of the Company to maximize value to its stakeholders; and
  - ii. complete the proposed Transaction with the Purchaser, pursuant to the APA.

#### **VI. THE COMPANY'S CREDITORS**

34. Attached hereto as **Appendix "B"** is a copy of a search of the British Columbia Personal Property Registry (the "**BC PPR**") relating to SSC.
35. The Merchant Facility currently has a first-ranking registered security position on the Company's assets per the BC PPR. As noted above, the Proposal Trustee understands that the Merchant Facility is fully repaid, and the Company is in the process of having this registration discharged.
36. As noted, RBC was the Company's primary operating lender pursuant to the RBC Loan. On December 2, 2024, the RBC Loan and corresponding security was assigned to Maynbridge (becoming the "**Maynbridge Facility**"). As of January 6, 2025, the total

amount funded and outstanding on the Maynbridge Facility, including all recent funding, is approximately \$2,242,000.

37. Consistent with the RBC Loan, the Maynbridge Facility has a first-ranking charge on all of SSC's assets, subject to the security of certain other secured creditors (as later discussed), pursuant to a general security agreement. As discussed further herein, Maynbridge has also agreed to fund the Company during the NOI Proceeding via a debtor-in-possession financing agreement (the "**DIP Financing Agreement**") (and in such capacity, Maynbridge is referred to as the "**DIP Lender**").
38. Business Development Bank of Canada ("**BDC**") provided a \$1,500,000 equipment loan and a \$100,000 non-revolving term loan to SSC (collectively, the "**BDC Loan**"), pursuant to a credit agreement dated January 21, 2019. The BDC Loan is secured by a first-ranking charge on select SSC equipment registered and by a second-ranking charge on SSC's assets pursuant to a GSA. We understand that the outstanding amount on the BDC Loan as of the Filing Date is \$1,170,170, including interest.
39. Bodkin Financial Corp. ("**Bodkin**") provided an equipment lease to SSC (the "**Bodkin Lease**") which has an outstanding balance of \$26,725 as of the Filing Date. The Bodkin Lease is secured by a charge on certain leased equipment pursuant to the Bodkin Lease registered in the BC PPR.
40. In addition to the amounts owed to the foregoing secured creditors (the "**Secured Creditors**"), the Company estimates that it has unsecured obligations totaling approximately \$2.5 million, excluding any advances or loans made by the direct and/or indirect shareholders of SSC (including recent advances by Mr. McLeod).
41. As indicated in the table below, SSC has total liabilities of approximately \$5.9 million at the Filing Date:

**Microb Resources Inc.**

**Summary of Creditor Profile as of the Filing Date**

**\$CAD - Estimated**

**Secured Creditors**

Maynbridge Capital Inc.	2,242,000
Business Development Bank of Canada	1,170,170
Bodkin Financial Corp.	26,725
<b>Total secured creditors</b>	<b>3,438,895</b>

**Unsecured Creditors**

Trade creditors	2,284,505
Unsecured loans	208,977
<b>Total unsecured creditors</b>	<b>2,493,482</b>
<b>Total liabilities</b>	<b>5,932,377</b>

**VII. THE COMPANY'S ACTIVITIES SINCE THE FILING DATE**

42. The Company's activities since the Filing Date have included, *inter alia*, the following:

- i. advising its stakeholders, including employees, customers and key suppliers of the NOI Proceeding;
- ii. engaging in matters relating to the restructuring including with respect to interim financing and the proposed Transaction;
- iii. continuing to develop cost reduction initiatives;
- iv. finalizing the APA and DIP Financing Agreement;
- v. working with the Proposal Trustee to prepare and subsequently update/revise the Cash Flow Forecast;
- vi. communicating with suppliers to secure goods and services during the Company's NOI Proceeding and to address payment terms;
- vii. responding to calls and enquiries from creditors and other stakeholders regarding the NOI Proceeding;

- viii. reporting its receipts and disbursements for the first week of the Cash Flow Forecast, being the week ended January 4, 2025; and
- ix. negotiating with suppliers for goods and services received following the Filing Date.

#### **VIII. THE PROPOSAL TRUSTEE'S ACTIVITIES SINCE THE FILING DATE**

43. The Proposal Trustee's activities since the Filing Date have included, *inter alia*:
- i. issuing notice to SSC's creditors, in prescribed form, advising of the NOI Proceeding as required under the BIA;
  - ii. establishing the Proposal Trustee's website, email address and telephone hotline in respect of this NOI Proceeding;
  - iii. reviewing and commenting on the APA;
  - iv. assisting the Company with the preparation and subsequent revisions/updates of the Company's cash flow projections, including a review of the underlying assumptions and filing the statutory prescribed cash flow projection within the required 10-day period;
  - v. implementing procedures for monitoring the Company's receipts and disbursements and for the ongoing reporting of variances to the Company's cash flow projections;
  - vi. assisting the Company in preparing certain communication materials, and in responding to employee and other creditor enquiries;
  - vii. discussions with the Company regarding all matters related to its creditors;
  - viii. engaging with certain of the Company's stakeholders;
  - ix. responding to calls and enquiries from the Company's creditors, including former/current employees, suppliers, and other stakeholders regarding the Company's NOI Proceeding;
  - x. drafting this First Report, including completing the Liquidation Analysis (as defined below) and reviewing all Court materials filed in connection with the Company's motion;

- xi. numerous discussions with the Company's counsel and the DIP Lender regarding interim financing and the NOI Proceeding, generally; and
- xii. corresponding with the Company and its advisors regarding the foregoing.

**IX. CASH FLOW FORECAST**

- 44. As noted, SSC, with the assistance of the Proposal Trustee, has prepared the Cash Flow Forecast. The Cash Flow Forecast and supporting schedules were filed with the Office of the Superintendent of Bankruptcy on January 6, 2025. A copy of the Cash Flow Forecast and associated reports of both the Company and the Proposal Trustee are attached hereto as **Appendix "C"** and is summarized below.

<b>Microb Resources Inc.</b>		
<b>13 Week Forecast, to week ending March 29, 2025</b>		
<b>Forecast</b>		
<b>Week Ending Date</b>	<b>Notes</b>	<b>Total</b>
Revenue receipts	1	2,577,364
Advances from interim lender	2	250,000
<b>Total Receipts</b>		<b>2,827,364</b>
<b>Disbursements Operating Costs</b>		
Cost of sales	3	(1,916,235)
Payroll & benefits	4	(457,940)
Professional fees	5	(130,000)
Rent and equipment lease	6	(145,098)
Operating expenses	7	(209,541)
<b>Total Disbursements</b>		<b>(2,858,814)</b>
<b>Beginning Cash</b>		<b>163,402</b>
Less net cash flow		(31,450)
<b>Ending Cash</b>		<b>131,951</b>
<b>Notes:</b>		
<p>1) Per management revenue receipts estimates as of January 2, 2025. Includes funds to be received from existing customers, new customer and GST refunds.</p> <p>2) Funds to be advanced from Maynbridge under Interim Financing Agreement.</p> <p>3) Includes product, production, and shipping costs.</p> <p>4) Employee payroll which includes payments for CRA source deductions and payroll processing expenses.</p> <p>5) Includes the estimated Proposal Trustee, Proposal Trustee legal counsel, and Company legal counsel fees.</p> <p>6) Includes amounts for rent paid for the Richmond location and equipment lease payments.</p> <p>7) Operating expenses includes SG&amp;A, insurance, R&amp;M, debt repayment on the BDC Loan, and DIP Financing interest / fees.</p>		

45. The Proposal Trustee has reviewed the Cash Flow Forecast to the standard required by section 50.4(2) of the BIA and the Canadian Association of Insolvency and Restructuring Professional's Standards of Professional Practice. Section 50.4(2) of the BIA requires the Proposal Trustee to review the debtor's cash flow statement as to its reasonableness and to file a report with the Office of the Superintendent of Bankruptcy on the Proposal Trustee's findings.

46. Our review consisted of inquiries, analytical procedures, and discussions related to information supplied to us by certain members of the Company's management and employees. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the Cash Flow Forecast. We have also reviewed the support provided by the Company's management for the probable assumptions, and the preparation and presentation of the Cash Flow Forecast.
  
47. Based on our review, nothing has come to our attention that causes us to believe that in all material respects:
  - i. the hypothetical assumptions are not consistent with the purpose of the Cash Flow Forecast;
  - ii. as of the date of the First Report, the probable assumptions developed by the Company's management are not suitably supported and consistent with the plans of the Company or do not provide a reasonable basis for the Cash Flow Forecast, given the hypothetical assumptions; or
  - iii. the Cash Flow Forecast does not reflect the probable and hypothetical assumptions.

48. Since the Cash Flow Forecast is based on assumptions regarding future events, actual results will vary from the information presented, even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the Cash Flow Forecast will be achieved.
49. The Cash Flow Forecast has been prepared solely for the purpose described on the face of the Cash Flow Forecast, and readers are cautioned that it may not be appropriate for other purposes.
50. Based on the assumptions above, and subject to the Company obtaining approval for the DIP Financing and receiving a continued supply of goods on payment terms consistent with Canadian restructuring proceedings generally, the Company is anticipated to have sufficient funds to operate during the Initial Stay Period.

**X. DIP FINANCING AND DIP LENDER'S CHARGE**

51. Based on the Cash Flow Forecast, absent the DIP Financing, the Company is not projected to have sufficient liquidity to operate or pursue its restructuring.
52. The Cash Flow Forecast projects that the Company will need to draw \$250,000 from the DIP Financing Agreement during the week ending January 18, 2025, to fund operating expenses, including payroll, and restructuring professional fees. It is anticipated that this will allow the Company sufficient funds to operate for the Initial Stay Period.
53. Accordingly, the ability to borrow funds is vital to providing stability to the NOI Proceeding and to maintaining the going concern value of the Company.
54. Prior to the Filing Date, the DIP Lender and the Company had been in discussions regarding the Company's requirement for financing during the NOI Proceeding, and the parties negotiated the DIP Financing Agreement. A copy of the DIP Financing Agreement is attached as **Appendix "D"**.
55. Under the terms of the DIP Financing Agreement and the proposed order sought by the Company (the "**Order**"), the DIP Lender will advance funds for operations (the "**DIP Advances**") on the following basis:
  - i. Maximum principal amount: \$250,000;

- ii. Interest rate: 14%;
- iii. Fees: \$10,000 commitment fee (being 4% of the maximum principal amount) and a 2.5% standby fee to be paid on the difference between the maximum principal amount and the amounts outstanding under the DIP Financing Agreement;
- iv. Security: a court-ordered super priority charge on the property, assets, and undertakings of SSC in the amount of \$250,000, subject only to the Administration Charge;
- v. Conditions precedent to advance:
  - (i) issuance of the Order by this Court, satisfactory in form and substance to the DIP Lender, approving and authorizing the DIP Financing and granting the Security with the priority, authorizing the establishment of the Credit Facility by the Lender, and such orders being in full force and effect, unamended and not stayed;
  - (ii) There will be no appeals, injunctions, or other legal impediments relating to the completion of the DIP Financing or pending litigation seeking to restrain or prohibit the completion of the DIP Financing; and
  - (iii) The Borrower shall have paid all fees then owing to the Lender including, without limitation, commitment fees and deposits.
- vi. Mandatory Prepayment: The DIP Financing can be prepaid at any time following two months from the date of the Order subject to penalties starting at 3.0% of the DIP Facility at two months and decreasing on a monthly basis by 0.75% to no mandatory prepayment fees of the DIP Financing at six months;
- vii. Maturity: the earlier of six months from the date of the Order, the date the stay of proceedings in favour of SSC expires, and ten days following written notice of an event of default under the DIP Term Sheet;
- viii. Events of default include:
  - (i) Change of Proposal Trustee;

- (ii) Issuance of a Court Order terminating the proceedings, lifting the stay, appointing a Receiver, or granting any charge or encumbrance equal or superior in priority to the security other than the Administration Charge; and
  - (iii) Subject to any permitted variance by the DIP Lender, any payment that is made by SSC that is not contemplated by or within the approved Cash Flow without the Lender's prior written consent.
- 56. The DIP Financing Agreement is conditional upon Court approval of the DIP Lender Charge, in the form of a priority security and charge (subject only to the Administration Charge) over all assets, rights, undertakings, and properties of the Company of every nature and kind whatsoever, and wherever situated, including all proceeds thereof, up to a maximum of \$250,000.
- 57. Taking into consideration the above, the Proposal Trustee supports the Company's proposed borrowing under the DIP Financing Agreement for the following reasons:
  - i. the Company is facing an imminent liquidity crisis and SSC is without the cash needed to maintain operational capabilities and implement a restructuring plan – funding is needed in the short-term;
  - ii. as referenced in the Liquidation Analysis, the Company is more valuable as a going concern;
  - iii. if financing is not available, the Company's operations will likely cease, and the Company's employees would be terminated;
  - iv. the terms required by the DIP Lender are appropriate given:
    - (i) Maynbridge in its capacity as secured lender is not prepared to advance further funds other than through the DIP Financing. This position is consistent with RBC, the previous lender, which was not willing to provide any further credit to the Company prior to Maynbridge's purchase of the RBC Loan;
    - (ii) alternative interim financing options were not explored, as Maynbridge was not willing to be primed by an alternative lender;

- (iii) the minimal amount required and condensed timeframe for funding, which would make this facility unattractive to a number of lenders; and
  - (iv) the proposed interest rate is reflective of the risk in this scenario, and is not out of line with debtor-in-possession financing arrangements, generally; and
- v. the Company believes, and the Proposal Trustee agrees, that due to the urgency of the financing need, any third-party lender except for Maynbridge would be difficult to attract in this circumstance, and parties would require time to complete due diligence beyond the time period within which the Company requires funding.

## **XI. PRE-FILING SALE AND INVESTMENT SOLICITATION PROCESS**

58. As noted, prior to entering into the APA, the Company conducted an extensive SISP. An overview of the SISP is as follows, and further details of the Company's activities to market SSC's business and assets are set out in the McLeod Affidavit and are not repeated in their entirety herein:

- i. SSC identified 40 prospective purchasers located in Canada, including strategic parties, financial targets, and other food manufacturers, using management's existing network;
- ii. SSC launched the SISP in January 2024 and reached out to those 40 parties, providing preliminary background regarding the Company;
- iii. Parties interested in learning more about SSC were required to sign a non-disclosure agreement ("**NDA**"), following which they were provided access to a data room that contained financial, legal, tax, and operational information regarding SSC. The Proposal Trustee understands that twelve (12) parties signed the NDA;
- iv. During the summer and into fall of 2024, SSC received three (3) non-binding LOI's from the prospective purchasers which resulted in two (2) separate asset purchase agreements to purchase substantially all of the Company's assets – one in July 2024 and the other in October 2024 (each an "**Unsuccessful APA**"); and
- v. SSC has advised the Proposal Trustee that the Unsuccessful APAs did not become binding due to the potential purchasers identifying solvency concerns with SSC during the diligence phase and electing not to proceed.

59. Following the outcome of the Unsuccessful APAs, the Financial Advisor assisted the Company in soliciting the Purchaser and establishing communication between the Company and the Purchaser. SSC began negotiations with the Purchaser for the Transaction in December 2024, and the Proposal Trustee understands that the APA was presented to SSC by the Purchaser on January 2, 2025. The Purchaser is owned by Artigiano Holdings, which has similar business operations to SSC and, as previously discussed, has ultimate common shareholdings with Maynbridge.

## **XII. PROPOSED TRANSACTION**

60. The following is a summary of the key terms of the APA, a copy of which is attached as **Appendix “E.”** All terms in this section not otherwise defined herein are as defined in the APA:

- i. The Company shall sell, transfer, convey, and assign to the Purchaser, and the Purchaser shall purchase and acquire from the Company, free and clear of all encumbrances (other than the Permitted Encumbrances), substantially all of the Company’s right, title, and interest in all of the Company’s property and assets (other than the Excluded Assets, being employee books and records, minute books, shareholder records, and any assets which by law, cannot be assigned through the Order) (the “**Purchased Assets**”);
- ii. obligations assumed by the Purchaser are limited to the Assumed Liabilities (as defined below).
- iii. The purchase price (the “**Purchase Price**”), as outlined in the APA, is composed of the following:
  - (i) A cash payment (the “**Cash Payment**”) of an amount equal to the sum of:
    - (A) priority payment amounts required by the BIA to be paid in super priority (the “**Priority Payments**”);
    - (B) any amounts due and owing under the Administration Charge; and

- (C) an administrative wind down amount to a maximum of \$50,000 (the “**Administrative Wind-down Amount**”) to fund the bankruptcy of Microb Resources Inc. following the closing of the Transaction.
  - (ii) \$2,545,000 being the aggregate principal amount of secured debt owing to Maynbridge including the Maynbridge Facility and the DIP Financing (the “**Total Maynbridge Debt**”); and
  - (iii) The balance of the principal amount of the BDC Loan, the Bodkin Lease, and a shareholder loan owed to Mr. McLeod (together with the post-closing obligations of SSC under the Purchased Contracts, the “**Assumed Liabilities**”) being assumed under the APA, which is estimated to be \$1,355,000.
- iv. The Purchase Price shall be paid as follows upon closing of the APA:
- (i) the Cash Payment will be directed to the Proposal Trustee to hold in trust for the benefit of the parties to be paid from the Cash Payment;
  - (ii) the Purchaser will direct payment to Maynbridge, on behalf of the Company, to fully repay the Total Maynbridge Debt;
  - (iii) the Purchaser shall assume and continue performance of the Assumed Liabilities.
- v. The Purchaser shall use commercially reasonable efforts to offer employment to all of the Company’s employees, on terms and conditions that are substantially comparable to those on which such employees were employed by the Company; and
61. The terms of the APA do not contemplate any deposit to be payable by the Purchaser to SSC.
62. The closing of the Transaction is subject to the following conditions (which may be waived):

- i. Purchaser conditions:
  - (i) SSC has complied with all agreements on or before the time of closing (the “**CP Satisfaction Date**”);
  - (ii) consent from the Secured Creditors in respect to the Assumed Liabilities and consent of the landlord for the assignment of the Leased Facility (the “**Assignment of Lease**”). The Proposal Trustee understands that BDC and Bodkin have been served with notice of the Company’s motion and that:
    - (A) BDC has indicated to the Company that it is not supportive of the Transaction;
    - (B) Bodkin has indicated to the Company that it is supportive of the Transaction;
  - (iii) there is no injunction or restraining order against SSC preventing the completion of the APA;
  - (iv) approval of the Order;
  - (v) SSC will deliver the books and records as set out in the APA (the “**Books and Records**”) excluding the Excluded Assets, including the Assignment of Lease and a duly executed form GST44 GST/HST Election Concerning the Acquisition of a Business or Part of a Business (the “**GST Election**”); and
  - (vi) Each employee to whom the Purchaser has made an offer of employment has accepted that offer.
- ii. SSC conditions:
  - (i) Approval of the Order;
  - (ii) there is no injunction or restraining order against SSC preventing the completion of the APA;
  - (iii) the Purchaser has provided the Purchase Price; and
  - (iv) the Purchaser has executed the GST Election.

iii. Closing is set to occur at 12:01 AM PT, January 24, 2025, with an outside date set for January 31, 2025 (the “**Outside Date**”).

63. SSC has advised the Proposal Trustee that it believes that:

- i. the Transaction is the best available in the circumstances, given the SISP previously undertaken by the Company;
- ii. the Transaction maximizes the value of SSC’s business and assets; and
- iii. further time marketing the business would not result in a superior transaction.

64. The Proposal Trustee is supportive of the proposed Transaction for the following reasons:

- i. the Proposal Trustee understands that prior to the Filing Date, the Company had been soliciting interest in its business since 2023, most recently marketing the business to 40 prospective purchasers, which resulted in the Unsuccessful APAs;
- ii. the Transaction contemplates continued operations for SSC’s business, benefitting multiple stakeholders, including employees;
- iii. based on the Proposal Trustee’s Liquidation Analysis (defined and detailed herein), the proposed Transaction is anticipated to result in a more favourable result to the creditors than a liquidation pursuant to a bankruptcy;
- iv. the Transaction is contemplated to repay all of the Maynbridge debt, and the BDC Loan and the Bodkin Lease are to be assumed by the Purchaser;
- v. the Proposal Trustee understands that Maynbridge, being the creditor with the primary financial interest in the Company, supports the proposed Transaction;
- vi. an expedient closing timeframe is contemplated (the Outside Date of the Transaction is prior to the expiry of the Initial Stay Period), and the Company is not requesting an extension of the stay of proceedings at this time, which will mitigate unnecessary professional fees and further interim financing requirements;
- vii. based on the Cash Flow Forecast, it is not anticipated that there will be adequate liquidity to fund the Company’s operations for a further period in order to further market SSC’s business and assets. The Proposal Trustee understands that Maynbridge

is not willing to provide further interim financing to fund a further marketing process in the NOI Proceeding or otherwise;

- viii. we understand that the Purchase Price in the proposed Transaction is in the range of the Unsuccessful APAs, which did not close, as previously discussed; and
- ix. the conditions and closing risk are consistent with the market for transactions of this nature in restructuring proceedings. While no deposit is payable in connection with APA, the Proposal Trustee notes the short closing timeframe and the affiliation between the Purchaser and Maynbridge, mitigate some of the closing risk for the Transaction.

### **XIII. LIQUIDATION ANALYSIS**

- 65. The Proposal Trustee has prepared a statement of estimated realizations (the “**Liquidation Analysis**”) attached as **Appendix “F”**, which estimates the net realizations in a bankruptcy scenario should the Transaction not be completed.
- 66. The Liquidation Analysis was prepared by the Proposal Trustee based on the book value reported on SSC’s balance sheet as at the Filing Date. Underlying assumptions on the estimated realizable value in the event of a bankruptcy, are based on the Company’s expectations given their knowledge of the industry and the Proposal Trustee's experience when liquidating assets in similar situations.
- 67. Subject to the underlying assumptions detailed herein, the Proposal Trustee highlights the following regarding the likely alternative to the Transaction:
  - i. the Company will be bankrupt and its assets liquidated;
  - ii. estimated realizations from the assets of the Company are anticipated to result in a significant shortfall to the Secured Creditors, including Maynbridge, and unsecured creditors are not anticipated to receive any proceeds; and
  - iii. the key benefits of the Transaction are that employee jobs are proposed to be retained, the Company’s operations will continue to function providing continuity to customers and suppliers, and the Secured Creditors will have their debt repaid or assumed in the Transaction.
- 68. The Liquidation Analysis is based on the following underlying assumptions:

- i. the estimated realization on SSC's assets considers management's expectations and the Proposal Trustee's experience in selling assets in similar sectors and under similar proceedings;
- ii. the Company has no outstanding payroll source deductions; and
- iii. the Company will not owe any GST other than for amounts created due to the sale of assets in liquidation.

69. The Proposal Trustee is therefore supportive of the proposed Transaction for the following reasons:

- i. the business and assets have been exposed to the market through the SISP, which was not successful;
- ii. the Proposal Trustee has reviewed copies of the draft Unsuccessful APAs and discussed the key economic terms of each with representatives of SSC. Based on its review, the Proposal Trustee is of the view that the purchase price of the proposed Transaction is within the range of the Unsuccessful APAs that did not progress, which suggests that the Transaction represents a fair and reasonable value for SSC's assets;
- iii. the Company does not have sufficient funds to conduct a further sales process, or to continue going-concern operations much beyond the Initial Stay Period;
- iv. it will result in continued operations, and it will benefit multiple stakeholders, including employees;
- v. it will repay all of the Maynbridge debt and transfer the BDC Loan and Bodkin Lease to the Purchaser for continued servicing, thereby avoiding the material shortfall to the Secured Creditors anticipated in a liquidation scenario;
- vi. there will be an expedient closing timeframe, which will mitigate unnecessary professional fees; and
- vii. the conditions and closing risk are relatively in line with the market for transactions of this nature in restructuring proceedings.

#### **XIV. COURT-ORDERED CHARGES**

70. The Company is also seeking approval of both the Administration Charge and the DIP Lender Charge (collectively, the “**Charges**”).

##### **Administration Charge**

71. The proposed Order provides for a Court-ordered charge up to a maximum amount of \$130,000 in favour of the Proposal Trustee, its counsel, and counsel to SSC on all of the present and future assets, properties, and undertakings of SSC, including any cash on hand at the day of the NOI filing, as security for their respective fees and disbursements relating to services rendered in respect of SSC (the “**Administration Charge**”). The creation of an administration charge is typical in proceedings of this nature to ensure that professionals are protected and are prepared to act in relation to insolvent entities. The amount of the Administration Charge was determined by the Company and its advisors in consultation with the Proposal Trustee, and the Proposal Trustee believes that it is fair and reasonable based on the Cash Flow Forecast assumptions and in the circumstances.

72. The Proposal Trustee supports the Administration Charge pursuant to section 64.2(1) of the BIA on the basis that the professionals entitled to the benefit of the Administration Charge are necessary to the completion of the NOI Proceeding, and the Administration Charge provides certainty for the professionals involved that they will be properly compensated for their involvement in the NOI Proceeding.

73. The Proposal Trustee understands that the DIP Lender consents to the granting of the Administration Charge.

74. If the Company does not file a proposal, or if the proposal filed is not approved by the Company’s creditors or the Court, then the Company will be deemed to have made an assignment in bankruptcy. KPMG, as the current Proposal Trustee, would automatically be appointed as trustee-in-bankruptcy (in such capacity, the “**Bankruptcy Trustee**”), and would be required to perform certain statutory duties. The fees and disbursements of KPMG as the Bankruptcy Trustee are not secured by the proposed Administration Charge. If the Transaction closes, the costs of the bankruptcy are covered by the Administrative Wind-down Amount. If the Transaction does not close, the Proposal Trustee has obtained

a third-party guarantee and retainer from Mr. McLeod personally in the amount of \$50,000 to cover professional fees related to a bankruptcy.

**DIP Lender Charge**

75. The Company requires further funding to maintain operational capabilities and pursue its restructuring in the NOI Proceeding, facilitated through the DIP Financing.
76. As noted above, it is a condition of the DIP Financing Agreement that the DIP Lender receive a Court-ordered Charge for the DIP Advances, up to a maximum amount of \$250,000.
77. The Proposal Trustee recommends that the Court grant the DIP Lender Charge for the same reasons it supports the DIP Financing discussed above.

**Priority of Charges**

78. The Company is requesting that this Honourable Court declare the Charges to rank in priority to any and all charges, security interests, liens, trusts, deemed trusts, and encumbrances against the property of the Company, including liens and trusts created by federal and provincial legislation.
79. The Company proposes that the Charges, as among them, rank in the following priority:
  - i. first, the Administration Charge; and
  - ii. second, the DIP Lender Charge.
80. As set out in **Appendix “B,”** there are numerous parties with personal property security registrations against the Company. The Company is proposing to “prime” any properly perfected purchase money security interests already in existence as of the date of the Order, except for security registered against specific equipment.
81. The proposed Administration Charge would not prime any super-priority amounts claimed under subsections 14.06(7) of the BIA or 81.3(1) of the BIA.

82. Should the Transaction close, the Proposal Trustee believes that the Charges and rankings are required and reasonable in the circumstances and, as such, supports the granting and the proposed ranking of the Charges. In particular, given the quantum of the Charges and the benefit of the Transaction, no creditor is materially prejudiced by the granting of the Charges, and as noted, both Charges are required to complete a restructuring.

**XV. CONCLUSION AND RECOMMENDATION**

83. For the reasons set out above, the Proposal Trustee respectfully recommends that the Court grant the relief outlined in paragraph 5 iv) of this First Report.

All of which is respectfully submitted at Vancouver, British Columbia this 8<sup>th</sup> day of January, 2025.

**KPMG Inc., in its capacity as Proposal Trustee  
under the Notice of intention to make a Proposal of  
Microb Resources Inc., and not in its personal or  
corporate capacity.**

Per:   
\_\_\_\_\_  
Huey Lee, CPA, CA, CIRP, LIT  
Senior Vice President

Per:   
\_\_\_\_\_  
Jackie Shellon, CPA, CIRP, LIT  
Vice President

## **Appendix “A”**

Certificate of Filing of a Notice of Intention to Make a Proposal



Industry Canada  
Office of the Superintendent  
of Bankruptcy Canada

Industrie Canada  
Bureau du surintendant  
des faillites Canada

District of British Columbia  
Division No. 03 - Vancouver  
Court No. 11-3170658  
Estate No. 11-3170658

In the Matter of the Notice of Intention to make a proposal of:

**Microb Resources Inc.**

Insolvent Person

**KPMG INC.**

Licensed Insolvency Trustee

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Date of the Notice of Intention:

January 02, 2025

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CERTIFICATE OF FILING OF A NOTICE OF INTENTION TO MAKE A PROPOSAL  
Subsection 50.4 (1)

I, the undersigned, Official Receiver in and for this bankruptcy district, do hereby certify that the aforementioned insolvent person filed a Notice of Intention to Make a Proposal under subsection 50.4 (1) of the Bankruptcy and Insolvency Act;

Pursuant to subsection 69. (1) of the Act, all proceedings against the aforementioned insolvent person are stayed as of the date of filing of the Notice of Intention.

E-File/Dépôt Electronique

Date: January 02, 2025, 17:09

Official Receiver

300 Georgia Street W, Suite 2000, Vancouver, British Columbia, Canada, V6B6E1, (877)376-9902

**Canada**

## **Appendix “B”**

Summary of the Personal Property Security Act registrations against Microb Resources Inc.

## Business Debtor - "MICROB RESOURCES INC."

**Search Date and Time:** November 21, 2024 at 10:50:07 am Pacific time  
**Account Name:** KPMG LLP KPMG SRL/SENCRL

### TABLE OF CONTENTS

4 Matches in 4 Registrations in Report

Exact Matches: 4 (\*)

Total Search Report Pages: 21

	Base Registration	Base Registration Date	Debtor Name	Page
1	<a href="#">143401E</a>	January 18, 2008	* MICROB RESOURCES INC.	<a href="#">2</a>
2	<a href="#">020610M</a>	January 23, 2020	* MICROB RESOURCES INC.	<a href="#">6</a>
3	<a href="#">595200P</a>	June 12, 2023	* MICROB RESOURCES INC.	<a href="#">17</a>
4	<a href="#">628667P</a>	June 27, 2023	* MICROB RESOURCES INC.	<a href="#">19</a>

**Base Registration Number: 143401E**

<b>Registration Description:</b>	PPSA SECURITY AGREEMENT
<b>Act:</b>	PERSONAL PROPERTY SECURITY ACT
<b>Base Registration Date and Time:</b>	January 18, 2008 at 8:59:40 am Pacific time
<b>Current Expiry Date and Time:</b>	January 18, 2037 at 11:59:59 pm Pacific time Expiry date includes subsequent registered renewal(s)
<b>Trust Indenture:</b>	No

**CURRENT REGISTRATION INFORMATION**

(as of November 21, 2024 at 10:50:07 am Pacific time)

**Secured Party Information**

**BUSINESS DEVELOPMENT BANK OF  
CANADA**

**Address**

1500 - 1133 MELVILLE STREET  
VANCOUVER BC  
V6E 4E5 Canada

**Debtor Information**

**MICROB RESOURCES INC.**

**Address**

#1 - 156 ALDERS ROAD  
SALT SPRING ISLAND BC  
V8K 2K5 Canada

**Vehicle Collateral**

None

## General Collateral

March 6, 2019 at 10:48:34 am Pacific time

ADDED

PRINTER, VIKING M400 SPARE PARTS, STAINLESS STEEL LOAD SHELF, ONE ADDITIONAL QUAD FORMING TUBE FOR 124MM WIDE X 85MM DEEP, ACCRPLY LABEL VALVE APPLICATOR, VIKING CAROUSEL UNIT, M400 BAGGER STAND, AND SET OF EXCHANGEABLE POCKETS FOR SECOND 908 GRAM BAG SIZE; (III) TOGETHER WITH ALL ATTACHMENTS ACCESSORIES ACCESSIONS REPLACEMENTS SUBSTITUTIONS ADDITIONS AND IMPROVEMENTS THERETO AND ALL PROCEEDS IN ANY FORM DERIVED DIRECTLY OR INDIRECTLY FROM ANY SALE ,(I) BUHLER INC. COFFEE ROASTER ROASTMASTER 120 (AIR RE-CIRCULATING SYSTEM), INCLUDING CONTROL PANEL UL VERSION, FREIGHT DDP, FEEDING SYSTEM TO ROASTMASTER 120, AND DE-STONING SYSTEM; (II) VIKING MASEK GLOBAL PACKAGING TECHNOLOGIES EQUIPMENT DESCRIBED AS PNEU-CON \WHISPER LOADER\ FREE FLOW GRANULAR CONVEYING SYSTEM, WEIGH RIGHT IQ-SHUTTLE NET WEIGH FILLING MACHINE, VIKING MASEK M400 VFFS MACHINE, MARKEM-IMAGE X40 (53 MM)THERMAL TRANSFER ,AND OR DEALINGS WITH THE COLLATERAL AND A RIGHT TO AN INSURANCE PAYMENT OR OTHER PAYMENT THAT INDEMNIFIES OR COMPENSATES FOR LOSS OR DAMAGE TO THE COLLATERAL OR PROCEEDS OF THE COLLATERAL.

### Base Registration General Collateral:

ALL OF THE DEBTOR'S PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY, INCLUDING INVENTORY, EQUIPMENT AND FIXTURES AND PROCEEDS, INCLUDING ACCOUNTS RECEIVABLE, BOOK ACCOUNTS AND THE PROCEEDS THEREOF, BUT EXCLUDING CONSUMER GOODS

## Original Registering Party

**MCCONNAN BION O'CONNOR &  
PETERSON**

### Address

420 880 DOUGLAS STREET  
VICTORIA BC  
V8W 2B7 Canada

## HISTORY

(Showing most recent first)

### COLLATERAL ADDITION

**Registration Date and Time:** March 6, 2019 at 10:48:34 am Pacific time  
**Registration Number:** 354421L

#### General Collateral

March 6, 2019 at 10:48:34 am Pacific time

ADDED

PRINTER, VIKING M400 SPARE PARTS, STAINLESS STEEL LOAD SHELF, ONE ADDITIONAL QUAD FORMING TUBE FOR 124MM WIDE X 85MM DEEP, ACCRAPLY LABEL VALVE APPLICATOR, VIKING CAROUSEL UNIT, M400 BAGGER STAND, AND SET OF EXCHANGEABLE POCKETS FOR SECOND 908 GRAM BAG SIZE; (III) TOGETHER WITH ALL ATTACHMENTS ACCESSORIES ACCESSIONS REPLACEMENTS SUBSTITUTIONS ADDITIONS AND IMPROVEMENTS THERETO AND ALL PROCEEDS IN ANY FORM DERIVED DIRECTLY OR INDIRECTLY FROM ANY SALE ,(I) BUHLER INC. COFFEE ROASTER ROASTMASTER 120 (AIR RE-CIRCULATING SYSTEM), INCLUDING CONTROL PANEL UL VERSION, FREIGHT DDP, FEEDING SYSTEM TO ROASTMASTER 120, AND DE-STONING SYSTEM; (II) VIKING MASEK GLOBAL PACKAGING TECHNOLOGIES EQUIPMENT DESCRIBED AS PNEU-CON \WHISPER LOADER\ FREE FLOW GRANULAR CONVEYING SYSTEM, WEIGH RIGHT IQ-SHUTTLE NET WEIGH FILLING MACHINE, VIKING MASEK M400 VFFS MACHINE, MARKEM-IMAJE X40 (53 MM)THERMAL TRANSFER ,AND OR DEALINGS WITH THE COLLATERAL AND A RIGHT TO AN INSURANCE PAYMENT OR OTHER PAYMENT THAT INDEMNIFIES OR COMPENSATES FOR LOSS OR DAMAGE TO THE COLLATERAL OR PROCEEDS OF THE COLLATERAL.

#### Registering Party Information

CAMPBELL FROH MAY & RICE LLP	Address
	200 5611 COONEY ROAD RICHMOND BC V6X 3J6 Canada

## RENEWAL

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**Registration Date and Time:** March 5, 2019 at 2:28:10 pm Pacific time  
**Registration Number:** 352473L  
**Registration Life:** 4 Years  
**New Expiration Date and Time:** January 18, 2037 at 11:59:59 pm Pacific time

## Registering Party Information

**CAMPBELL FROH MAY & RICE LLP**      **Address**  
200 5611 COONEY ROAD  
RICHMOND BC  
V6X 3J6 Canada

## AMENDMENT

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**Registration Date and Time:** May 21, 2014 at 9:46:01 am Pacific time  
**Registration Number:** 965513H  
**Description:** BUSINESS DEVELOPMENT BANK OF CANADA GRANTS TO THE TORONTO- DOMINION BANK PRIORITY OVER THE INTEREST OF BUSINESS DEVELOPMENT BANK OF CANADA AND POSTPONES THE RIGHT, TITLE AND INTEREST OF BUSINESS DEVELOPMENT BANK OF CANADA TO THE TORONTO-DOMINION BANK AS IF BASE REGISTRATION NUMBER 143401E HAD BEEN REGISTERED IMMEDIATELY AFTER THE REGISTRATION OF THE TORONTO-DOMINION BANK, BASE REGISTRATION NUMBER 965447H, NOTWITHSTANDING THE RESPECTIVE DATES AND TIME OF EXECUTION AND REGISTRATION OF THE CHARGES OR THE RESPECTIVE DATES OF ADVANCEMENT OF MONIES UNDER THEM.

## Registering Party Information

**CHARLES L. ANDERSON,  
BARRISTER & SOLICITOR**      **Address**  
835 GRANVILLE STREET  
VANCOUVER BC  
V6Z 1K7 Canada

**Base Registration Number: 020610M**

<b>Registration Description:</b>	PPSA SECURITY AGREEMENT
<b>Act:</b>	PERSONAL PROPERTY SECURITY ACT
<b>Base Registration Date and Time:</b>	January 23, 2020 at 2:15:20 pm Pacific time
<b>Current Expiry Date and Time:</b>	January 23, 2026 at 11:59:59 pm Pacific time Expiry date includes subsequent registered renewal(s)
<b>Trust Indenture:</b>	No

**CURRENT REGISTRATION INFORMATION**

(as of November 21, 2024 at 10:50:07 am Pacific time)

**Secured Party Information**

**BODKIN, A DIVISION OF  
BENNINGTON FINANCIAL CORP.**

**Address**

102-1465 NORTH SERVICE RD E  
OAKVILLE ON  
L6H 1A7 Canada

---

## Debtor Information

**MICROB RESOURCES INC.**

**Address**

105-3551 VIKING WAY  
RICHMOND BC  
V6V 1W1 Canada

---

**MCLEOD, NORMAN**

**Address**

211 HOREL RD  
SALT SPRING ISLAND BC  
V8K 2A4 Canada

**Birthdate**

April 7, 1956

---

**SALT SPRING COFFEE CO**

**Address**

105-3551 VIKING WAY  
RICHMOND BC  
V6V 1W1 Canada

---

**MCLEOD, NORMAN LEWIS**

**Address**

211 HOREL RD  
SALT SPRING ISLAND BC  
V8K 2A4 Canada

**Birthdate**

April 7, 1956

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## Vehicle Collateral

None

## General Collateral

May 21, 2020 at 8:06:04 am Pacific time

DELETED

PURSUANT TO LEASE AGREEMENT 50008681, ALL PRESENT AND FUTURE EQUIPMENT

ADDED

220LB/HR 1 642/B628106.12 RATIONAL ELECTRIC COMBI 62E 208V-3PH 1 435/TP424-208/240V TOASTMASTER 4 SLOT TOASTER 208/240V 1 1768/02157397 T1-6060RSRD-S GRAB & GO REFRIGERATED DISPLAY 60\ 1 747/02173565 PANINI TURBOCHEF OVEN 1 WORK TOP 137.25\ W/SINK ITEM #2163/02180922 1 WORK TOP 54.5\ W/SINK ITEM #2163/02180922B 1 WORK TOP 55.5\ ITEM #2163/02180922C 1 CLEAN SIDE DISHTABLE ITEM #2163/02180922D 1 L-SHAPED SOILED DISHTABLE ITEM #2163/02180922D 1 WORK TOP 77.5\ ITEM #2163/02180922G & DELIVERY, 2 AIRBLADE-LOW VOLT NKL (6) DYSON PART NUMBER 307174-01, KITCHEN SMALLWARES AND SHELVES AS PER INVOICE NO. 232615 ,REFRIGERATED COUNTER, 2 DR 2.5\ CASTORS 1 318/TUC-27F-D-2-HC(2.5) TRUE UNDERCOUNTER DRAWERED FREEZER 2.5\ CASTORS 1 318/TUC-27-HC(2.5) TRUE U/C COOLER 27\ W/2.5\ CASTORS 2.5\ CASTORS 1 318/TUC-27-HC(2.5-LH) UNDERCOUNTER COOLER, LH HINGE 2.5\ CASTORS LEFT HAND HINGE 1 318/TUC-24-HC(LH) TRUE UNDERCOUNTER COOLER LEFT HINGE LEFT HAND HINGE 1 642/60.30.343 BASE CABINET US III FOR TYPE 62 - MOBILE 1 807/UYF0190A - NEO U/C ICE MACHINE 1 124/02173555 DH6000VHR VENTLESS HEAT RECOVERY DOOR TYPE DISHWASHER 208V-3PH CORNER CONFIGURATION SPLASH SHIELD KIT DRAIN WATER TEPMERING KIT 1 318/TUC-48-HC(2.5) TRUE REFRIGERATED COUNTER 48\ 2.5\ CASTORS 1 085/02173560 KET12T TILTING KETTLE ELECTRIC 208V-3PH CL12- LIFT OFF COVER DPKT- DOUBLE PANTRY KETTLE ELECTRIC 208V-3PH CL12- LIFT OFF COVER DPKT- DOUBLE PANTRY FAUCET ST28 - EQUIPMENT STAND WITH SLIDING DRAIN DRAWER& SPLASH SCREEN1 642/60.74.974 ULTRA VENT FOR COMBI DUO 1 153/CL50E VEGETABLE PREP,TRUE REFRIGERATION CANADA MODEL NO. TUC-48-HC 1 KETTLE, ELECTRIC, COUNTERTOP - GARLAND CANADA MODEL NO. KET12T 1 60.30.343 US III ULTRAVENT 1 60.74.974 ULTRAVENT RECIRCULATING CONDENSATION HOOD 1 ICE MAKER WITH BIN, CUBE-STYLE - MANITOWOC MODEL NO. UYF0190A 1 POP-UP TOASTER - TOASTMASTER MODEL NO. TP424 1 COMBI OVEN, ELECTRIC - RATIONAL CANADA MODEL NO. B628106.12 1 DISHWASHER, DOOR TYPE, VENTLESS - CHAMPION MOYER DIEBEL CANADA MODEL NO. DH-6000-VHR 1 REACH-IN UNDERCOUNTER FREEZER - TRUE REFRIGERATION CANADA MODEL NO. TUC-27F-D-2-HC 1 MICROWAVE CONVECTION / IMPINGEMENT OVEN - TURBOCHEF MODEL NO. PANINI 2 318/TWT-48-HC(2.5) TRUE REFRIGERATED COUNTER, 2 DR 2.5\ CASTORS 1 COOLER DISPLAY - SMART COOLING CONCEPTS MODEL NO. 2.5\ CASTORS 1 COOLER DISPLAY - SMART COOLING CONCEPTS MODEL NO. T1-6060RSRD-S 1 REFRIGERATED WORK TOP - TRUE REFRIGERATION CANADA MODEL NO. TWT-48-HC 1 VARIOUS FOOD EQUIPMENT 1 318/TWT-48-HC(2.5) TRUE,PURSUANT TO LEASE AGREEMENT 50008681, ALL PRESENT AND FUTURE EQUIPMENT ENCOMPASSED BY LEASE AGREEMENT 50008681 TOGETHER WITH ALL ATTACHMENTS ACCESSORIES, ACCESSIONS, REPLACEMENTS, SUBSTITUTIONS, ADDITIONS AND IMPROVEMENTS THERETO AND ALL PROCEEDS OF EVERY TYPE, ITEM OR KIND IN ANY FORM DERIVED DIRECTLY OR INDIRECTLY FROM ANY DEALING WITH COLLATERAL INCLUDING

WITHOUT LIMITATION TRADE-INS, EQUIPMENT, INVENTORY, GOODS, NOTES, CHATTEL PAPER, CONTRACT RIGHTS, ACCOUNTS, RENTAL PAYMENTS, SECURITIES, INTANGIBLES, DOCUMENTS OF TITLE AND MONEY AND ALL PROCEEDS OF PROCEEDS AND A RIGHT TO ANY INSURANCE PAYMENT AND ANY OTHER PAYMENT THAT INDEMNIFIES OR COMPENSATES FOR LOSS OR DAMAGE TO THE COLLATERAL OR THE PROCEEDS OF THE COLLATERAL INCLUDING BUT NOT TO THE COLLATERAL OR THE PROCEEDS OF THE COLLATERAL INCLUDING BUT NOT LIMITED TO THE FOLLOWING 1 MODULAR RANGE, 24\ CHAR-BROILER - QUEST METAL PRODUCTS MODEL NO. 105-BROQB24 1 UNDERCOUNTER REFRIGERATOR -

February 14, 2020 at 10:09:44 am Pacific time

DELETED

PURSUANT TO LEASE AGREEMENT 50008681, ALL PRESENT AND FUTURE EQUIPMENT

ADDED

PURSUANT TO LEASE AGREEMENT 50008681, ALL PRESENT AND FUTURE EQUIPMENT ENCOMPASSED BY LEASE AGREEMENT 50008681 TOGETHER WITH ALL ATTACHMENTS ACCESSORIES, ACCESSIONS, REPLACEMENTS, SUBSTITUTIONS, ADDITIONS AND IMPROVEMENTS THERETO AND ALL PROCEEDS OF EVERY TYPE, ITEM OR KIND IN ANY FORM DERIVED DIRECTLY OR INDIRECTLY FROM ANY DEALING WITH COLLATERAL INCLUDING WITHOUT LIMITATION TRADE-INS, EQUIPMENT, INVENTORY, GOODS, NOTES, CHATTEL PAPER, CONTRACT RIGHTS, ACCOUNTS, RENTAL PAYMENTS, SECURITIES, INTANGIBLES, DOCUMENTS OF TITLE AND MONEY AND ALL PROCEEDS OF PROCEEDS AND A RIGHT TO ANY INSURANCE PAYMENT AND ANY OTHER PAYMENT THAT INDEMNIFIES OR COMPENSATES FOR LOSS OR DAMAGE TO THE COLLATERAL OR THE PROCEEDS OF THE COLLATERAL INCLUDING BUT NOT TO THE COLLATERAL OR THE PROCEEDS OF THE COLLATERAL INCLUDING BUT NOT LIMITED TO THE FOLLOWING 1 MODULAR RANGE, 24\ CHAR-BROILER - QUEST METAL PRODUCTS MODEL NO. 105-BROQB24 1 UNDERCOUNTER REFRIGERATOR -,REFRIGERATED COUNTER, 2 DR 2.5\ CASTORS 1 318/TUC-27F-D-2-HC(2.5) TRUE UNDERCOUNTER DRAWERED FREEZER 2.5\ CASTORS 1 318/TUC-27-HC(2.5) TRUE U/C COOLER 27\ W/2.5\ CASTORS 2.5\ CASTORS 1 318/TUC-27-HC(2.5-LH) UNDERCOUNTER COOLER, LH HINGE 2.5\ CASTORS LEFT HAND HINGE 1 318/TUC-24-HC(LH) TRUE UNDERCOUNTER COOLER LEFT HINGE LEFT HAND HINGE 1 642/60.30.343 BASE CABINET US III FOR TYPE 62 - MOBILE 1 807/UYF0190A - NEO U/C ICE MACHINE 1 124/02173555 DH6000VHR VENTLESS HEAT RECOVERY DOOR TYPE DISHWASHER 208V-3PH CORNER CONFIGURATION SPLASH SHIELD KIT DRAIN WATER TEPMERING KIT 1 318/TUC-48-HC(2.5) TRUE REFRIGERATED COUNTER 48\ 2.5\ CASTORS 1 085/02173560 KET12T TILTING KETTLE ELECTRIC 208V-3PH CL12- LIFT OFF COVER DPKT- DOUBLE PANTRY KETTLE ELECTRIC 208V-3PH CL12- LIFT OFF COVER DPKT- DOUBLE PANTRY FAUCET ST28 - EQUIPMENT STAND WITH SLIDING DRAIN DRAWER& SPLASH SCREEN1 642/60.74.974 ULTRA VENT FOR COMBI DUO 1 153/CL50E VEGETABLE PREP,220LB/HR 1 642/B628106.12 RATIONAL ELECTRIC COMBI 62E 208V-3PH 1 435/TP424-208/240V TOASTMASTER 4 SLOT TOASTER 208/240V 1 1768/02157397 T1-6060RSRD-S GRAB & GO REFRIGERATED DISPLAY 60\ 1 747/02173565 PANINI TURBOCHEF OVEN 1 WORK TOP 137.25\ W/SINK ITEM #2163/02180922 1 WORK TOP 54.5\ W/SINK ITEM #2163/02180922B 1 WORK TOP 55.5\ ITEM #2163/02180922C 1

CLEAN SIDE DISHTABLE ITEM #2163/02180922D 1 L-SHAPED SOILED DISHTABLE ITEM #2163/02180922D 1 WORK TOP 77.5\ ITEM #2163/02180922G & DELIVERY ,TRUE REFRIGERATION CANADA MODEL NO. TUC-48-HC 1 KETTLE, ELECTRIC, COUNTERTOP - GARLAND CANADA MODEL NO. KET12T 1 60.30.343 US III ULTRAVENT 1 60.74.974 ULTRAVENT RECIRCULATING CONDENSATION HOOD 1 ICE MAKER WITH BIN, CUBE-STYLE - MANITOWOC MODEL NO. UYF0190A 1 POP-UP TOASTER - TOASTMASTER MODEL NO. TP424 1 COMBI OVEN, ELECTRIC - RATIONAL CANADA MODEL NO. B628106.12 1 DISHWASHER, DOOR TYPE, VENTLESS - CHAMPION MOYER DIEBEL CANADA MODEL NO. DH-6000-VHR 1 REACH-IN UNDERCOUNTER FREEZER - TRUE REFRIGERATION CANADA MODEL NO. TUC-27F-D-2-HC 1 MICROWAVE CONVECTION / IMPINGEMENT OVEN - TURBOCHEF MODEL NO. PANINI 2 318/TWT-48-HC(2.5) TRUE REFRIGERATED COUNTER, 2 DR 2.5\ CASTORS 1 COOLER DISPLAY - SMART COOLING CONCEPTS MODEL NO. 2.5\ CASTORS 1 COOLER DISPLAY - SMART COOLING CONCEPTS MODEL NO. T1-6060RSRD-S 1 REFRIGERATED WORK TOP - TRUE REFRIGERATION CANADA MODEL NO. TWT-48-HC 1 VARIOUS FOOD EQUIPMENT 1 318/TWT-48-HC(2.5) TRUE

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**Base Registration General Collateral:**

PURSUANT TO LEASE AGREEMENT 50008681, ALL PRESENT AND FUTURE EQUIPMENT ENCOMPASSED BY LEASE AGREEMENT 50008681 TOGETHER WITH ALL ATTACHMENTS ACCESSORIES, ACCESSIONS, REPLACEMENTS, SUBSTITUTIONS, ADDITIONS AND IMPROVEMENTS THERETO AND ALL PROCEEDS OF EVERY TYPE, ITEM OR KIND IN ANY FORM DERIVED DIRECTLY OR INDIRECTLY FROM ANY DEALING WITH ,COLLATERAL INCLUDING WITHOUT LIMITATION TRADE-INS, EQUIPMENT, INVENTORY, GOODS, NOTES, CHATTEL PAPER, CONTRACT RIGHTS, ACCOUNTS, RENTAL PAYMENTS, SECURITIES, INTANGIBLES, DOCUMENTS OF TITLE AND MONEY AND ALL PROCEEDS OF PROCEEDS AND A RIGHT TO ANY INSURANCE PAYMENT AND ANY OTHER PAYMENT THAT INDEMNIFIES OR COMPENSATES FOR LOSS OR DAMAGE ,TO THE COLLATERAL OR THE PROCEEDS OF THE COLLATERAL INCLUDING BUT NOT LIMITED TO THE FOLLOWING 1 MODULAR RANGE, 24\ CHAR-BROILER - QUEST METAL PRODUCTS MODEL NO. 105-BROQB24 1 UNDERCOUNTER REFRIGERATOR - TRUE REFRIGERATION CANADA MODEL NO. TUC-48-HC 1 KETTLE, ELECTRIC, COUNTERTOP - GARLAND CANADA MODEL NO. KET12T 1 60.30.343 US III ,ULTRAVENT 1 60.74.974 ULTRAVENT RECIRCULATING CONDENSATION HOOD 1 ICE MAKER WITH BIN, CUBE-STYLE - MANITOWOC MODEL NO. UYF0190A 1 POP-UP TOASTER - TOASTMASTER MODEL NO. TP424 1 COMBI OVEN, ELECTRIC - RATIONAL CANADA MODEL NO. B628106.12 1 DISHWASHER, DOOR TYPE, VENTLESS - CHAMPION MOYER DIEBEL CANADA MODEL NO. DH-6000-VHR 1 REACH-IN ,UNDERCOUNTER FREEZER - TRUE REFRIGERATION CANADA MODEL NO. TUC-27F-D-2-HC 1 MICROWAVE CONVECTION / IMPINGEMENT OVEN - TURBOCHEF MODEL NO. PANINI 2 318/TWT-48-HC(2.5) TRUE REFRIGERATED COUNTER, 2 DR 2.5\ CASTORS 1 COOLER DISPLAY - SMART COOLING CONCEPTS MODEL NO. T1-6060RSRD-S 1 REFRIGERATED WORK TOP - TRUE REFRIGERATION CANADA ,MODEL NO. TWT-48-HC 1 VARIOUS FOOD EQUIPMENT 1 318/TWT-48-HC(2.5) TRUE REFRIGERATED COUNTER, 2 DR 2.5\ CASTORS 1 318/TUC-27F-D-2-HC(2.5) TRUE UNDERCOUNTER DRAWERED FREEZER 2.5\ CASTORS 1 318/TUC-27-HC(2.5) TRUE U/C COOLER 27\ W/2.5\ CASTORS 2.5\ CASTORS 1 318/TUC-27-HC(2.5-LH) UNDERCOUNTER COOLER, LH HINGE 2.5\ CASTORS LEFT HAND HINGE 1 ,318/TUC-24-HC(LH) TRUE

UNDERCOUNTER COOLER LEFT HINGE LEFT HAND HINGE 1 642/60.30.343 BASE CABINET US III FOR TYPE 62 - MOBILE 1 807/UYF0190A - NEO U/C ICE MACHINE 1 124/02173555 DH6000VHR VENTLESS HEAT RECOVERY DOOR TYPE DISHWASHER 208V-3PH CORNER CONFIGURATION SPLASH SHIELD KIT DRAIN WATER TEPMERING KIT 1 318/TUC-48-HC(2.5) TRUE ,REFRIGERATED COUNTER 48\ 2.5\ CASTORS 1 085/02173560 KET12T TILTING KETTLE ELECTRIC 208V-3PH CL12- LIFT OFF COVER DPKT- DOUBLE PANTRY FAUCET ST28 - EQUIPMENT STAND WITH SLIDING DRAIN DRAWER& SPLASH SCREEN 1 642/60.74.974 ULTRA VENT FOR COMBI DUO 1 153/CL50E VEGETABLE PREP 220LB/HR 1 642/B628106.12 RATIONAL ELECTRIC COMBI 62E 208V-3PH 1 ,435/TP424-208/240V TOASTMASTER 4 SLOT TOASTER 208/240V 1 1768/02157397 T1-6060RSRD-S GRAB & GO REFRIGERATED DISPLAY 60\ 1 747/02173565 PANINI TURBOCHEF OVEN

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## Original Registering Party

**AVS SYSTEMS INC.**

**Address**

201-1325 POLSON DR.  
VERNON BC  
V1T 8H2 Canada



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## HISTORY

(Showing most recent first)

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### AMENDMENT

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**Registration Date and Time:** May 21, 2020 at 8:06:04 am Pacific time  
**Registration Number:** 227424M  
**Description:** AMEND GENERAL COLLATERAL



## General Collateral

May 21, 2020 at 8:06:04 am Pacific time

DELETED

PURSUANT TO LEASE AGREEMENT 50008681, ALL PRESENT AND FUTURE EQUIPMENT

ADDED

220LB/HR 1 642/B628106.12 RATIONAL ELECTRIC COMBI 62E 208V-3PH 1 435/TP424-208/240V  
TOASTMASTER 4 SLOT TOASTER 208/240V 1 1768/02157397 T1-6060RSRD-S GRAB & GO  
REFRIGERATED DISPLAY 60\ 1 747/02173565 PANINI TURBOCHEF OVEN 1 WORK TOP 137.25\  
W/SINK ITEM #2163/02180922 1 WORK TOP 54.5\ W/SINK ITEM #2163/02180922B 1 WORK TOP  
55.5\ ITEM #2163/02180922C 1 CLEAN SIDE DISHTABLE ITEM #2163/02180922D 1 L-SHAPED  
SOILED DISHTABLE ITEM #2163/02180922D 1 WORK TOP 77.5\ ITEM #2163/02180922G &  
DELIVERY, 2 AIRBLADE-LOW VOLT NKL (6) DYSON PART NUMBER 307174-01, KITCHEN  
SMALLWARES AND SHELVES AS PER INVOICE NO. 232615 ,REFRIGERATED COUNTER, 2 DR 2.5\  
CASTORS 1 318/TUC-27F-D-2-HC(2.5) TRUE UNDERCOUNTER DRAWERED FREEZER 2.5\  
CASTORS 1 318/TUC-27-HC(2.5) TRUE U/C COOLER 27\ W/2.5\  
CASTORS 2.5\  
CASTORS 1 318/TUC-27-  
HC(2.5-LH) UNDERCOUNTER COOLER, LH HINGE 2.5\  
CASTORS LEFT HAND HINGE 1 318/TUC-24-  
HC(LH) TRUE UNDERCOUNTER COOLER LEFT HINGE LEFT HAND HINGE 1 642/60.30.343 BASE  
CABINET US III FOR TYPE 62 - MOBILE 1 807/UYF0190A - NEO U/C ICE MACHINE 1 124/02173555  
DH6000VHR VENTLESS HEAT RECOVERY DOOR TYPE DISHWASHER 208V-3PH CORNER  
CONFIGURATION SPLASH SHIELD KIT DRAIN WATER TEPMERING KIT 1 318/TUC-48-HC(2.5) TRUE  
REFRIGERATED COUNTER 48\ 2.5\  
CASTORS 1 085/02173560 KET12T TILTING KETTLE ELECTRIC  
208V-3PH CL12- LIFT OFF COVER DPKT- DOUBLE PANTRY KETTLE ELECTRIC 208V-3PH CL12- LIFT  
OFF COVER DPKT- DOUBLE PANTRY FAUCET ST28 - EQUIPMENT STAND WITH SLIDING DRAIN  
DRAWER& SPLASH SCREEN1 642/60.74.974 ULTRA VENT FOR COMBI DUO 1 153/CL50E  
VEGETABLE PREP,TRUE REFRIGERATION CANADA MODEL NO. TUC-48-HC 1 KETTLE, ELECTRIC,  
COUNTERTOP - GARLAND CANADA MODEL NO. KET12T 1 60.30.343 US III ULTRAVENT 1  
60.74.974 ULTRAVENT RECIRCULATING CONDENSATION HOOD 1 ICE MAKER WITH BIN, CUBE-  
STYLE - MANITOWOC MODEL NO. UYF0190A 1 POP-UP TOASTER - TOASTMASTER MODEL NO.  
TP424 1 COMBI OVEN, ELECTRIC - RATIONAL CANADA MODEL NO. B628106.12 1 DISHWASHER,  
DOOR TYPE, VENTLESS - CHAMPION MOYER DIEBEL CANADA MODEL NO. DH-6000-VHR 1  
REACH-IN UNDERCOUNTER FREEZER - TRUE REFRIGERATION CANADA MODEL NO. TUC-27F-D-2-  
HC 1 MICROWAVE CONVECTION / IMPINGEMENT OVEN - TURBOCHEF MODEL NO. PANINI 2  
318/TWT-48-HC(2.5) TRUE REFRIGERATED COUNTER, 2 DR 2.5\  
CASTORS 1 COOLER DISPLAY -  
SMART COOLING CONCEPTS MODEL NO. 2.5\  
CASTORS 1 COOLER DISPLAY - SMART COOLING  
CONCEPTS MODEL NO. T1-6060RSRD-S 1 REFRIGERATED WORK TOP - TRUE REFRIGERATION  
CANADA MODEL NO. TWT-48-HC 1 VARIOUS FOOD EQUIPMENT 1 318/TWT-48-HC(2.5)  
TRUE,PURSUANT TO LEASE AGREEMENT 50008681, ALL PRESENT AND FUTURE EQUIPMENT  
ENCOMPASSED BY LEASE AGREEMENT 50008681 TOGETHER WITH ALL ATTACHMENTS

ACCESSORIES, ACCESSIONS, REPLACEMENTS, SUBSTITUTIONS, ADDITIONS AND IMPROVEMENTS THERETO AND ALL PROCEEDS OF EVERY TYPE, ITEM OR KIND IN ANY FORM DERIVED DIRECTLY OR INDIRECTLY FROM ANY DEALING WITH COLLATERAL INCLUDING WITHOUT LIMITATION TRADE-INS, EQUIPMENT, INVENTORY, GOODS, NOTES, CHATTEL PAPER, CONTRACT RIGHTS, ACCOUNTS, RENTAL PAYMENTS, SECURITIES, INTANGIBLES, DOCUMENTS OF TITLE AND MONEY AND ALL PROCEEDS OF PROCEEDS AND A RIGHT TO ANY INSURANCE PAYMENT AND ANY OTHER PAYMENT THAT INDEMNIFIES OR COMPENSATES FOR LOSS OR DAMAGE TO THE COLLATERAL OR THE PROCEEDS OF THE COLLATERAL INCLUDING BUT NOT TO THE COLLATERAL OR THE PROCEEDS OF THE COLLATERAL INCLUDING BUT NOT LIMITED TO THE FOLLOWING 1 MODULAR RANGE, 24\ CHAR-BROILER - QUEST METAL PRODUCTS MODEL NO. 105-BROQB24 1 UNDERCOUNTER REFRIGERATOR -

## Registering Party Information

**AVS SYSTEMS INC.**

**Address**

201-1325 POLSON DR.  
VERNON BC  
V1T 8H2 Canada

## AMENDMENT

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<b>Registration Date and Time:</b>	February 14, 2020 at 10:09:44 am Pacific time
<b>Registration Number:</b>	062205M
<b>Description:</b>	AMEND GENERAL COLLATERAL

## General Collateral

February 14, 2020 at 10:09:44 am Pacific time

DELETED

PURSUANT TO LEASE AGREEMENT 50008681, ALL PRESENT AND FUTURE EQUIPMENT

ADDED

PURSUANT TO LEASE AGREEMENT 50008681, ALL PRESENT AND FUTURE EQUIPMENT ENCOMPASSED BY LEASE AGREEMENT 50008681 TOGETHER WITH ALL ATTACHMENTS ACCESSORIES, ACCESSIONS, REPLACEMENTS, SUBSTITUTIONS, ADDITIONS AND IMPROVEMENTS THERETO AND ALL PROCEEDS OF EVERY TYPE, ITEM OR KIND IN ANY FORM DERIVED DIRECTLY OR INDIRECTLY FROM ANY DEALING WITH COLLATERAL INCLUDING WITHOUT LIMITATION TRADE-INS, EQUIPMENT, INVENTORY, GOODS, NOTES, CHATTEL PAPER, CONTRACT RIGHTS, ACCOUNTS, RENTAL PAYMENTS, SECURITIES, INTANGIBLES, DOCUMENTS OF TITLE AND MONEY AND ALL PROCEEDS OF PROCEEDS AND A RIGHT TO ANY INSURANCE PAYMENT AND ANY OTHER PAYMENT THAT INDEMNIFIES OR COMPENSATES FOR LOSS OR DAMAGE TO THE COLLATERAL OR THE PROCEEDS OF THE COLLATERAL INCLUDING BUT NOT TO THE COLLATERAL OR THE PROCEEDS OF THE COLLATERAL INCLUDING BUT NOT LIMITED TO THE FOLLOWING 1 MODULAR RANGE, 24\ CHAR-BROILER - QUEST METAL PRODUCTS MODEL NO. 105-BROQB24 1 UNDERCOUNTER REFRIGERATOR -,REFRIGERATED COUNTER, 2 DR 2.5\ CASTORS 1 318/TUC-27F-D-2-HC(2.5) TRUE UNDERCOUNTER DRAWERED FREEZER 2.5\ CASTORS 1 318/TUC-27-HC(2.5) TRUE U/C COOLER 27\ W/2.5\ CASTORS 2.5\ CASTORS 1 318/TUC-27-HC(2.5-LH) UNDERCOUNTER COOLER, LH HINGE 2.5\ CASTORS LEFT HAND HINGE 1 318/TUC-24-HC(LH) TRUE UNDERCOUNTER COOLER LEFT HINGE LEFT HAND HINGE 1 642/60.30.343 BASE CABINET US III FOR TYPE 62 - MOBILE 1 807/UYP0190A - NEO U/C ICE MACHINE 1 124/02173555 DH6000VHR VENTLESS HEAT RECOVERY DOOR TYPE DISHWASHER 208V-3PH CORNER CONFIGURATION SPLASH SHIELD KIT DRAIN WATER TEPMERING KIT 1 318/TUC-48-HC(2.5) TRUE REFRIGERATED COUNTER 48\ 2.5\ CASTORS 1 085/02173560 KET12T TILTING KETTLE ELECTRIC 208V-3PH CL12- LIFT OFF COVER DPKT- DOUBLE PANTRY KETTLE ELECTRIC 208V-3PH CL12- LIFT OFF COVER DPKT- DOUBLE PANTRY FAUCET ST28 - EQUIPMENT STAND WITH SLIDING DRAIN DRAWER& SPLASH SCREEN1 642/60.74.974 ULTRA VENT FOR COMBI DUO 1 153/CL50E VEGETABLE PREP,220LB/HR 1 642/B628106.12 RATIONAL ELECTRIC COMBI 62E 208V-3PH 1 435/TP424-208/240V TOASTMASTER 4 SLOT TOASTER 208/240V 1 1768/02157397 T1-6060RSRD-S GRAB & GO REFRIGERATED DISPLAY 60\ 1 747/02173565 PANINI TURBOCHEF OVEN 1 WORK TOP 137.25\ W/SINK ITEM #2163/02180922 1 WORK TOP 54.5\ W/SINK ITEM #2163/02180922B 1 WORK TOP 55.5\ ITEM #2163/02180922C 1 CLEAN SIDE DISHTABLE ITEM #2163/02180922D 1 L-SHAPED SOILED DISHTABLE ITEM #2163/02180922D 1 WORK TOP 77.5\ ITEM #2163/02180922G & DELIVERY ,TRUE REFRIGERATION CANADA MODEL NO. TUC-48-HC 1 KETTLE, ELECTRIC, COUNTERTOP - GARLAND CANADA MODEL NO. KET12T 1 60.30.343 US III ULTRAVENT 1 60.74.974 ULTRAVENT RECIRCULATING CONDENSATION HOOD 1 ICE MAKER WITH

BIN, CUBE-STYLE - MANITOWOC MODEL NO. UYF0190A 1 POP-UP TOASTER - TOASTMASTER MODEL NO. TP424 1 COMBI OVEN, ELECTRIC - RATIONAL CANADA MODEL NO. B628106.12 1 DISHWASHER, DOOR TYPE, VENTLESS - CHAMPION MOYER DIEBEL CANADA MODEL NO. DH-6000-VHR 1 REACH-IN UNDERCOUNTER FREEZER - TRUE REFRIGERATION CANADA MODEL NO. TUC-27F-D-2-HC 1 MICROWAVE CONVECTION / IMPINGEMENT OVEN - TURBOCHEF MODEL NO. PANINI 2 318/TWT-48-HC(2.5) TRUE REFRIGERATED COUNTER, 2 DR 2.5\ CASTORS 1 COOLER DISPLAY - SMART COOLING CONCEPTS MODEL NO. 2.5\ CASTORS 1 COOLER DISPLAY - SMART COOLING CONCEPTS MODEL NO. T1-6060RSRD-S 1 REFRIGERATED WORK TOP - TRUE REFRIGERATION CANADA MODEL NO. TWT-48-HC 1 VARIOUS FOOD EQUIPMENT 1 318/TWT-48-HC(2.5) TRUE

## Registering Party Information

**AVS SYSTEMS INC.**

### Address

201-1325 POLSON DR.  
VERNON BC  
V1T 8H2 Canada



**Base Registration Number: 595200P**

<b>Registration Description:</b>	PPSA SECURITY AGREEMENT
<b>Act:</b>	PERSONAL PROPERTY SECURITY ACT
<b>Base Registration Date and Time:</b>	June 12, 2023 at 6:27:03 am Pacific time
<b>Current Expiry Date and Time:</b>	June 12, 2026 at 11:59:59 pm Pacific time Expiry date includes subsequent registered renewal(s)
<b>Trust Indenture:</b>	No

**CURRENT REGISTRATION INFORMATION**

(as of November 21, 2024 at 10:50:07 am Pacific time)

**Secured Party Information**

<b>MERCHANT OPPORTUNITIES FUND LIMITED PARTNERSHIP</b>	<b>Address</b> 200-171 WATER ST. VANCOUVER BC V6B 1A7 Canada
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**Debtor Information**

<b>MICROB RESOURCES INC.</b>	<b>Address</b> 2900-550 BURRARD ST VANCOUVER BC V6C 0A3 Canada
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<b>SALT SPRING COFFEE</b>	<b>Address</b> 2900-550 BURRARD ST VANCOUVER BC V6C 0A8 Canada
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**Vehicle Collateral**

None

## General Collateral

### Base Registration General Collateral:

ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY OF THE DEBTORS, INCLUDING, BUT NOT LIMITED TO, THE FUTURE DEBIT/CREDIT CARD RECEIVABLES OF THE DEBTORS

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## Original Registering Party

**MERCHANT GROWTH LTD.**

**Address**

200 - 171 WATER ST  
VANCOUVER BC  
V6B 1A7 Canada



**Base Registration Number: 628667P**

<b>Registration Description:</b>	PPSA SECURITY AGREEMENT
<b>Act:</b>	PERSONAL PROPERTY SECURITY ACT
<b>Base Registration Date and Time:</b>	June 27, 2023 at 9:05:06 am Pacific time
<b>Current Expiry Date and Time:</b>	June 27, 2028 at 11:59:59 pm Pacific time Expiry date includes subsequent registered renewal(s)
<b>Trust Indenture:</b>	No

**CURRENT REGISTRATION INFORMATION**

(as of November 21, 2024 at 10:50:07 am Pacific time)

**Secured Party Information**

**ROYAL BANK OF CANADA**

**Address**

36 YORK MILLS ROAD, 4TH FLOOR  
TORONTO ON  
M2P 0A4 Canada

**Debtor Information**

**MICROB RESOURCES INC.**

**Address**

3551 VIKING WAY UNIT #105  
RICHMOND BC  
V6V 1W1 Canada

**Vehicle Collateral**

None

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## General Collateral

### Base Registration General Collateral:

ALL OF THE DEBTOR'S PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY WHEREVER SITUATE INCLUDING BUT NOT LIMITED TO GOODS (INCLUDING INVENTORY, EQUIPMENT (EQUIPMENT INCLUDES, WITHOUT LIMITATION, MACHINERY, TOOLS, APPARATUS, PLANTS, FURNITURE, FIXTURES, AIRCRAFT AND VEHICLES OF WHATSOEVER NATURE AND KIND), BUT EXCLUDING CONSUMER GOODS) CHATTEL PAPER, DOCUMENTS OF TITLE, INSTRUMENTS, INTANGIBLES, MONEY, LICENCES, CROPS, SECURITIES AND OTHER INVESTMENT PROPERTY.

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## Original Registering Party

**D + H LIMITED PARTNERSHIP**

**Address**

2 ROBERT SPECK PARKWAY, 15TH FLOOR  
MISSISSAUGA ON  
L4Z 1H8 Canada



## HISTORY

(Showing most recent first)

### AMENDMENT

**Registration Date and Time:** June 28, 2023 at 3:56:32 pm Pacific time  
**Registration Number:** 633212P  
**Description:** address amended as per CAM's request

### Debtor Information

**MICROB RESOURCES INC.**

ADDRESS CHANGED

**Address**

3551 VIKING WAY UNIT #105  
RICHMOND BC  
V6V 1W1 Canada

### Registering Party Information

**D + H LIMITED PARTNERSHIP**

**Address**

2 ROBERT SPECK PARKWAY, 15TH FLOOR  
MISSISSAUGA ON  
L4Z 1H8 Canada

## **Appendix “C”**

Cash flow forecast for the period ended January 4, 2025 to March 29, 2025 and Associated Reports

Salt Spring Coffee (the "Company") - Cash Flow Forecast														
For the period ended January 4 to March 29, 2025														
In \$CAD	Forecast 1 4-Jan	Forecast 2 11-Jan	Forecast 3 18-Jan	Forecast 4 25-Jan	Forecast 5 1-Feb	Forecast 6 8-Feb	Forecast 7 15-Feb	Forecast 8 22-Feb	Forecast 9 1-Mar	Forecast 10 8-Mar	Forecast 11 15-Mar	Forecast 12 22-Mar	Forecast 13 29-Mar	Forecast Total
Notes														
1	221,838	160,465	213,885	208,245	204,239	55,847	229,335	281,401	310,039	25,178	201,128	252,087	214,178	2,577,364
2	22,1838	47,965	59,085	52,389	62,939	55,347	34,750	-	-	-	-	-	-	534,312
3	-	112,500	154,800	141,300	141,300	-	194,585	281,401	288,878	25,178	201,128	224,258	214,178	1,979,503
4	-	-	-	14,557	-	-	-	-	21,161	-	-	27,830	-	63,548
<b>Total Receipts</b>	<b>221,838</b>	<b>160,465</b>	<b>213,885</b>	<b>208,245</b>	<b>204,239</b>	<b>55,847</b>	<b>229,335</b>	<b>281,401</b>	<b>310,039</b>	<b>25,178</b>	<b>201,128</b>	<b>252,087</b>	<b>214,178</b>	<b>2,577,364</b>
5	(131,238)	(159,992)	(290,574)	(62,142)	(136,882)	(172,772)	(176,990)	(59,922)	(159,822)	(159,822)	(165,890)	(83,972)	(156,122)	(1,916,235)
6	(45,949)	(510)	(6,500)	(2,817)	(7,556)	(45,949)	(6,500)	(2,817)	(7,556)	(45,949)	(6,500)	(2,817)	(7,556)	(45,998)
7	(510)	(73,221)	(6,500)	(70,500)	(7,556)	(65,271)	(6,500)	(70,500)	(7,556)	(65,271)	(6,500)	(70,500)	(7,556)	(497,940)
8	-	(5,008)	-	-	(5,008)	-	-	-	(5,008)	-	-	-	(5,008)	(20,032)
9	(10,962)	(9,000)	-	(10,562)	(600)	(9,500)	-	(13,062)	(600)	(12,000)	-	(10,562)	-	(77,446)
10	(1,400)	(7,500)	(157)	-	(6,900)	(157)	-	-	(10,500)	(7,500)	(157)	-	-	(42,971)
11	-	-	(70,000)	-	(2,000)	-	(25,000)	-	(2,000)	-	-	-	(2,000)	(6,000)
12	(11,249)	-	(18,371)	-	(1,346)	-	-	(13,371)	(2,692)	-	-	-	(16,063)	(130,000)
13	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Disbursements</b>	<b>(201,008)</b>	<b>(254,720)</b>	<b>(385,602)</b>	<b>(146,020)</b>	<b>(195,292)</b>	<b>(293,091)</b>	<b>(208,647)</b>	<b>(159,671)</b>	<b>(188,178)</b>	<b>(290,141)</b>	<b>(172,547)</b>	<b>(167,850)</b>	<b>(196,048)</b>	<b>(2,858,814)</b>
<b>Net Cash Flow</b>	<b>20,830</b>	<b>(94,256)</b>	<b>(171,717)</b>	<b>62,225</b>	<b>8,947</b>	<b>(237,744)</b>	<b>20,688</b>	<b>121,731</b>	<b>121,861</b>	<b>(264,964)</b>	<b>28,581</b>	<b>84,237</b>	<b>18,129</b>	<b>(281,450)</b>
<b>Cash Balance</b>														
Opening	163,402	184,232	89,976	168,259	230,484	239,431	1,688	22,376	144,107	265,968	1,004	29,585	113,822	163,402
Additional Capital Required	-	-	250,000	-	-	-	-	-	-	-	-	-	-	250,000
Net Cash Flow	20,830	(94,256)	(171,717)	62,225	8,947	(237,744)	20,688	121,731	121,861	(264,964)	28,581	84,237	18,129	(281,450)
<b>Ending Cash Balance</b>	<b>184,232</b>	<b>89,976</b>	<b>168,259</b>	<b>230,484</b>	<b>239,431</b>	<b>1,688</b>	<b>22,376</b>	<b>144,107</b>	<b>265,968</b>	<b>1,004</b>	<b>29,585</b>	<b>113,822</b>	<b>131,951</b>	<b>131,951</b>

**Notes:**

- This cash flow forecast assumes a NOI filing on January 2, 2025.
- Collections from existing A/R are based on management's evaluation of each customer's account, likelihood of collectability, and historical payment terms.
- Collections from new sales are based on management's assumptions and existing sales.
- The company is forecast to be in a receivable position and does not have any GST owing in arrears.
- Cost of sales include product costs, cooking, shipping and other production costs. Amounts are based on management's forecasts and sales in progress.
- Rent paid to the landlord for the Richmond, BC facility and for equipment.
- Payroll and benefits include both hourly and salaried employees which are based on historical costs and management's expectations.
- Insurance costs relate to general business insurance. Amounts are based on historical costs and payment terms.
- SG&A expenditures include monthly costs for general office, IT expenses / software, broker commissions, and travel costs.
- Utilities are based on average historical costs and adjusted based on management's estimates.
- Repairs and maintenance costs as part of the usual course of businesses based on management's estimates.
- Professional fees relate to amounts anticipated to be paid to KPMG, KPMG's legal counsel, and the Company's legal counsel.
- Debt obligations relate to amounts paid to the existing BDC equipment loan and the DIP Lender.
- Contingency consist of costs for unexpected items.
- Estimated capital injection from DIP Lender to assist the Company with liquidity through the restructuring process.
- The starting cash balance is the Company's bank account balance.

This cash flow statement is prepared pursuant to the requirements of paragraphs 50(6)(b) and 50.4(2)(b) of the *Bankruptcy and Insolvency Act* and solely for that purpose.

Dated at Vancouver, British Columbia, this 3rd day of January, 2025.

Micro Resources Inc.  
 Norman McLeod  
 Name of Signing Officer

This cash flow statement of Micro Resources Inc. is prepared in accordance with paragraph 50.4(2) of the *Bankruptcy and Insolvency Act* and should be read in conjunction with the attached Notes to the Statement of Projected Cash-Flow and the Trustee's Report of the Cash-Flow Statement dated the 3rd day of January, 2025.

KPMG Inc., Trustee  
 Per:   
 Huey Lee, Senior Vice President

District of:  
Division No. -  
Court No.  
Estate No. 11-3170658

-- FORM 29 --  
Trustee's Report on Cash-Flow Statement  
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the Matter of the Proposal of  
Microb Resources Inc.  
of the City of Richmond, in the Province of British Columbia

The attached statement of projected cash flow of Microb Resources Inc., as of the 2nd day of January 2025, consisting of period from January 2, 2025 to March 29, 2025, has been prepared by the management of the insolvent person (or the insolvent debtor) for the purpose described in the notes attached, using the probable and hypothetical assumptions set out in the notes attached.

Our review consisted of inquiries, analytical procedures and discussion related to information supplied to us by:  the management and employees of the insolvent person or  the insolvent person. Since hypothetical assumptions need not be supported, our procedures with respect to them were limited to evaluating whether they were consistent with the purpose of the projection. We have also reviewed the support provided by:  management or  the insolvent person for the probable assumptions and preparation and presentation of the projection.

Based on our review, nothing has come to our attention that causes us to believe that, in all material respects,

- (a) the hypothetical assumptions are not consistent with the purpose of the projection;
- (b) as at the date of this report, the probable assumptions developed are not suitably supported and consistent with the plans of the insolvent person or do not provide a reasonable basis for the projection, given the hypothetical assumptions; or
- (c) the projection does not reflect the probable and hypothetical assumptions.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented even if the hypothetical assumptions occur, and the variations may be material. Accordingly, we express no assurance as to whether the projection will be achieved.

The projection has been prepared solely for the purpose described in the notes attached, and readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Vancouver in the Province of British Columbia, this 2nd day of January 2025.

KPMG Inc. - Licensed Insolvency Trustee

Per:



---

Huey Lee - Licensed Insolvency Trustee

777 Dunsmuir St.

Vancouver BC V7Y 1K3

Phone: (604) 646-6398 Fax: (604) 691-3036

District of:  
Division No. -  
Court No.  
Estate No. 11-3170658

\_FORM 29\_ - Attachment  
Trustee's Report on Cash-flow Statement  
(Paragraphs 50(6)(b) and 50.4(2)(b) of the Act)

In the Matter of the Proposal of  
Microb Resources Inc.  
of the City of Richmond, in the Province of British Columbia

Purpose:

Microb Resources Inc. (the "Company") filed a Notice of Intention to Make a Proposal on January 2, 2025 ("the NOI"). The purpose of this Statement of Projected Cash Flow is to present the estimated cash receipts and disbursements of the Company, for the period from January 2, 2025 to March 29, 2025, relating to the filing of the NOI.

Projection Notes:

The Statement of Projected Cash Flow has been prepared using probable assumptions supported and consistent with the plans of the Company for the period from January 2, 2025 to March 29, 2025, considering the economic conditions that are considered the most probable by management. Please refer to the Company's Statement of Projected Cash Flow for details on the underlying forecast assumptions.

As the cash flow is based upon various assumptions regarding future events and circumstances, variances will exist and said variances may be material. Accordingly, we express no assurance as to whether the projections will be achieved.

Dated at the City of Vancouver in the Province of British Columbia, this 2nd day of January 2025.

KPMG Inc. - Licensed Insolvency Trustee

Per:



---

Huey Lee - Licensed Insolvency Trustee  
777 Dunsmuir St.  
Vancouver BC V7Y 1K3  
Phone: (604) 646-6398 Fax: (604) 691-3036

District of:  
Division No. -  
Court No.  
Estate No. 11-3170658

- FORM 30 -

Report on Cash-Flow Statement by the Person Making the Proposal  
(Paragraphs 50(6)(c) and 50.4(2)(c) of the Act)

In the Matter of the Proposal of  
Microb Resources Inc.  
of the City of Richmond, in the Province of British Columbia

The management of Microb Resources Inc., has/have developed the assumptions and prepared the attached statement of projected cash flow of the insolvent person, as of the 2nd day of January 2025, consisting of period from January 2, 2025 to March 29, 2025.

The hypothetical assumptions are reasonable and consistent with the purpose of the projection described in the notes attached, and the probable assumptions are suitably supported and consistent with the plans of the insolvent person and provide a reasonable basis for the projection. All such assumptions are disclosed in the notes attached.

Since the projection is based on assumptions regarding future events, actual results will vary from the information presented, and the variations may be material.

The projection has been prepared solely for the purpose described in the notes attached, using a set of hypothetical and probable assumptions set out in the notes attached. Consequently, readers are cautioned that it may not be appropriate for other purposes.

Dated at the City of Vancouver in the Province of British Columbia, this 3rd day of January 2025.

Norman McLeod  
Microb Resources Inc.  
Debtor

Norman McLeod CEO  
Name and title of signing officer

\_\_\_\_\_  
Name and title of signing officer

District of:  
Division No. -  
Court No.  
Estate No. 11-3170658

FORM 30 - Attachment  
Report on Cash-Flow Statement by the Person Making the Proposal  
(Paragraphs 50(6)(c) and 50.4(2)(c) of the Act)

In the Matter of the Proposal of  
Microb Resources Inc.  
of the City of Richmond, in the Province of British Columbia

Purpose:

Microb Resources Inc. (the "Company") filed a Notice of Intention to Make a Proposal on January 2, 2025 ("the NOI"). The purpose of this Statement of Projected Cash Flow is to present the estimated cash receipts and disbursements of the Company, for the period from January 2, 2025 to March 29, 2025, relating to the filing of the NOI.

Projection Notes:

The Statement of Projected Cash Flow has been prepared using probable assumptions supported and consistent with the plans of the Company for the period from January 2, 2025 to March 29, 2025, considering the economic conditions that are considered the most probable by management. Please refer to the Company's Statement of Projected Cash Flow for details on the underlying forecast assumptions.

As the cash flow is based upon various assumptions regarding future events and circumstances, variances will exist and said variances may be material. Accordingly, we express no assurance as to whether the projections will be achieved.

Dated at the City of Vancouver in the Province of British Columbia, this 3rd day of January 2025.

*Norman McLeod*

\_\_\_\_\_  
Microb Resources Inc.  
Debtor

## **Appendix “D”**

Maynbridge Capital debtor-in-possession financing term sheet dated January 2, 2025

# MAYNBRIDGE CAPITAL

## SUMMARY OF TERMS FOR A SENIOR SECURED SUPER-PRIORITY DEBTOR-IN-POSSESSION CREDIT FACILITY (the "Term Sheet")

**DATE:** January 2, 2024

**TO:** **Microb Resources Inc.**  
#105 - 3551 Viking Way  
Richmond BC, Canada V6V 1W1

**FROM:** **Maynbridge Capital Inc.**  
1111 West Hastings Street, Suite 388  
Vancouver, BC, V6E 2J3

We are pleased to provide you with this Term Sheet, outlining the terms and conditions under which Maynbridge Capital Inc. would consider making a senior secured super-priority debtor-in-possession credit facility available to Microb Resources Inc., pursuant to its court-approved power to borrow in the Proceeding. Upon the Borrower's acceptance of this Term Sheet, the terms herein shall, subject to Court approval, be binding on the parties hereto.

<b>Borrower:</b>	Microb Resources Inc. (the " <b>Borrower</b> ").
<b>Lender:</b>	Maynbridge Capital Inc. (the " <b>Lender</b> ").
<b>BIA / CCAA Case:</b>	Proceedings (the " <b>Proceeding</b> ") to be commenced in the Supreme Court of British Columbia (the " <b>Court</b> ") pursuant to the Bankruptcy and Insolvency Act (" <b>BIA</b> "). The initial order to be sought in the Proceeding is referred to as the " <b>Initial Order</b> ".
<b>Proposal Trustee:</b>	KPMG Inc. (the " <b>Proposal Trustee</b> ").
<b>Credit Facility:</b>	Subject to Court approval in the Proceeding, a non-revolving credit facility (the " <b>Credit Facility</b> ") up to the Maximum Amount (as defined below) would be made available to the Borrower for interim financing on the terms set out herein (the " <b>DIP Financing</b> ").
<b>Maximum Amount:</b>	The Credit Facility will be made available up to a maximum amount of \$250,000 inclusive of any Commitment Fees (defined below) to be financed, subject to the Conditions Precedent herein (the " <b>Maximum Amount</b> ").
<b>Purpose:</b>	The Credit Facility is to be used to fund professional expenses and costs related to the restructuring of the Borrower and fund green bean purchases for use in the business of the Borrower.
<b>Closing Date:</b>	The date on which the Conditions Precedent shall have been satisfied and the initial advance under the Credit Facility has been made by the Lender (the " <b>Closing Date</b> "). The commitment of the Lender to provide the Credit Facility shall expire and terminate if the Closing Date has not occurred on or before January 17, 2024 or such a later date as the Lender may approve in its sole and absolute discretion.
<b>Maturity Date:</b>	The maturity of the Credit Facility (the " <b>Maturity Date</b> ") shall be the earliest of: a) 6 months from the date of the Initial Order; b) the date the stay of proceedings expires in the Proceeding without extension; and c) 10 days following written notice being provided by the Lender to the Borrower of an Event of Default.
<b>Interest:</b>	14%, calculated daily and payable monthly in arrears on the first business day of each month.
<b>Availability:</b>	On and after the date on which the Conditions Precedent shall have been satisfied, the Borrower may request advances under the Credit Facility by delivering to the Lender not less than three (3) business days prior to the requested advance, a drawdown certificate in form acceptable to the Lender detailing the amount of the requested advance and confirming without limitation the accuracy of all representations and warranties, that no Event of Default has occurred and is continuing, and that the requested advance conforms with the approved cash flow budget.

<p><b>Commitment Fee:</b></p>	<p>The Borrower shall pay a one-time commitment fee in the amount of \$10,000 (the “<b>Commitment Fee</b>”). The Commitment Fee shall be non-refundable, fully earned, and payable no later than the Closing Date.</p> <p>Of the Commitment Fee, \$5,000 is to be paid in advance, upon acceptance of this term sheet (the “<b>Good Faith Deposit</b>”) and will be credited towards the Commitment Fee due and payable on the Closing Date. Of the remaining Commitment Fee, \$5,000 will be payable on the Closing Date from the proceeds of the Credit Facility.</p>
<p><b>Standby Fee:</b></p>	<p>The Borrower shall pay a standby charge of 2.50% per annum multiplied by the difference between the Maximum Amount and the amounts outstanding under the Credit Facility, calculated daily and payable monthly in arrears on the last business day of each month (the “<b>Standby Fee</b>”).</p>
<p><b>Drawdowns:</b></p>	<p>Drawdowns may be requested by the Borrower in minimum increments of \$50,000.</p>
<p><b>Repayment:</b></p>	<p>All amounts outstanding under the Credit Facility including, without limitation, principal, interest and fees, shall be paid to the Lender on the Maturity Date.</p>
<p><b>Prepayment Option:</b></p>	<p>The Credit Facility may be prepaid at any time following 2 months from the date of the Initial Order, subject to a prepayment penalty of:</p> <ul style="list-style-type: none"> <li>a) 3.0% of the Credit Facility amount if repaid after 2 months;</li> <li>b) 2.25% of the Credit Facility amount if repaid after 3 months;</li> <li>c) 1.5% of the Credit Facility amount if repaid after 4 months;</li> <li>d) 0.75% of the Credit Facility amount if repaid after 5 months;</li> <li>e) 0.0% of the Credit Facility amount if repaid at the Maturity Date.</li> </ul>
<p><b>Mandatory Prepayments:</b></p>	<p>All proceeds arising from (i) any disposition or other transaction involving the collateral subject to the Security including, without limitation, any refinancing thereof; and (ii) any insurance proceeds in respect of any of the collateral subject to the Security, shall be applied to the repayment of all amounts outstanding under the Credit Facility including, without limitation, principal, interest and fees within five business days of the receipt of such proceedings. Any such repayment shall permanently reduce the Maximum Amount available under the Credit Facility.</p> <p>For certainty, any mandatory prepayments made pursuant to this section shall not be subject to the prepayment penalties outlined above.</p>
<p><b>Security</b></p>	<p>Security for repayment of the Credit Facility shall be by way of contractual security and a fully perfected court-ordered super-priority charge against all of the assets, properties and undertakings of the Borrower in the Maximum Amount, plus all accrued and unpaid interest and unpaid fees, costs and expenses, subject only to a court-ordered Administration Charge of not more than \$130,000 (the “<b>Security</b>”).</p>
<p><b>Conditions Precedent:</b></p>	<p>The Lender’s obligation to advance the Credit Facility to the Borrower hereunder is subject to the following conditions precedent:</p> <ul style="list-style-type: none"> <li>a) Issuance of the Initial Order (and any other required order in the Proceeding), satisfactory in form and substance to the Lender, approving and authorizing the DIP Financing and granting the Security with the priority contemplated herein, authorizing the establishment of the Credit Facility by the Lender, and such orders being in full force and effect, un-amended and not stayed;</li> <li>b) There will be no appeals, injunctions or other legal impediments relating to the completion of the DIP Financing or pending litigation seeking to restrain or prohibit the completion of the DIP Financing; and</li> <li>c) The Borrower shall have paid all fees then owing to the Lender including, without limitation, the Commitment Fee and the Good Faith Deposit (collectively, the “<b>Conditions Precedent</b>”).</li> </ul>
<p><b>Governing Law:</b></p>	<p>This Term Sheet is governed by and interpreted in accordance with the laws of the Province of British Columbia and the Borrower hereby irrevocably attorns to the jurisdiction of the courts of British Columbia.</p>
<p><b>Confidentiality:</b></p>	<p>This Term Sheet is being provided to you on the further condition that its existence and contents will be kept confidential and will not be disclosed without the Lender’s prior written consent, except to (i) those of its officers, directors, employees and financial and legal advisors (“<b>Representatives</b>”) who have a need to know for the purpose of assessing, negotiating, documenting and carrying out the terms thereof; provided all such Representatives are informed of the confidentiality requirements of this Term Sheet; and (ii) in the necessary Court pleadings to obtain the Initial Order and other related Orders in the Proceedings.</p>
<p><b>Events of Default:</b></p>	<p>The following constitute an “<b>Event of Default</b>” pursuant to this Term Sheet:</p> <ul style="list-style-type: none"> <li>a) Change of Proposal Trustee. There is a change in the party appointed as the Proposal Trustee of the Borrower in the Proceeding without the prior written consent of the Lender;</li> <li>b) The issuance of a Court Order terminating the Proceeding, lifting the stay of proceedings, appointing</li> </ul>

	a receiver, or granting any charge or encumbrance equal or superior in priority to the Security (other than the Administration Charge, as aforesaid); and c) Subject to a permitted variance in an amount acceptable to the Lender, any payment is made by the Borrower that is not contemplated by or within the approved cash flow budget without the Lender's prior written consent.
<b>Legal and Other Costs:</b>	From the date of acceptance of this Term Sheet, the Borrower agrees to be responsible for and to pay all reasonable third party expenses incurred by the Lender in connection with the Credit Facility, including, but not limited to, legal fees and disbursements, due diligence, and the enforcement and preservation of the Lender's rights and remedies; provided however, that if the Closing Date does not occur the Lender agrees to first use the Good Faith Deposit to cover any incurred third party expenses before seeking additional monetary compensation from the Borrower.
<b>Assignability:</b>	The Borrower may not assign any of its rights or obligations. The Lender may assign or transfer, in whole or in part, its rights or pledge its rights under the Term Sheet and the Credit Facility Agreement without the Borrower's consent.
<b>Currency:</b>	All sums of money referred to this Term Sheet are expressed in lawful money of Canada, unless otherwise specified.
<b>Counterpart Execution:</b>	This Term Sheet and all other documents related thereto or arising therefrom may be executed and delivered in any number of counterparts (including by facsimile transmission or other electronic means) and by different parties in separate counterparts, each of which when so executed and delivered will be deemed to be an original and all of which taken together will constitute one and the same instrument.

This Term Sheet is open for acceptance until 5:00 p.m. PST on January 2, 2024, after which time the summary of terms contained herein shall be automatically withdrawn and no longer available for acceptance.

**MAYNBRIDGE CAPITAL INC.**



\_\_\_\_\_  
Dean Shillington, President

ACCEPTED this \_\_\_\_ day of \_\_\_\_\_, 2024.

**MICROB RESOURCES INC.**

By: \_\_\_\_\_  
Name:  
Title:  
*I have authority to bind the Borrower*

## **Appendix “E”**

Caffe & Roaster Holdings Inc. asset purchase agreement to purchase the assets of Microb Resources Inc.

**MICROB RESOURCES INC.**

**(the “Vendor”)**

**- and -**

**CAFFE & ROASTER HOLDINGS INC., or its assignee**

**(the “Purchaser”)**

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**ASSET PURCHASE AGREEMENT**

**January 2, 2025**

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**ASSET PURCHASE AGREEMENT dated January 2, 2025**

**BETWEEN:**

**MICROB RESOURCES INC.**

**- and -**

**CAFFE & ROASTER HOLDINGS INC., or its assignee**

**RECITALS:**

- A. The Vendor carries on business as a coffee bean roaster, packager and supplier in British Columbia.
- B. The Vendor has agreed to sell to the Purchaser, and the Purchaser has agreed to purchase from the Vendor, the Purchased Assets and to assume the Assumed Liabilities, all in consideration for the Purchase Price and on the terms and conditions set out in this Agreement (the “**Transaction**”).
- C. The Vendor intends on filing a notice of intention to make a proposal (“**NOI**”) under s. 50.4 of the *Bankruptcy and Insolvency Act*, R.S.C. 1985 c. B-3 (the “**BIA**”) with the Office of Superintendent of Bankruptcy and appoint KPMG Inc. as “**Proposal Trustee**”.
- C. Accordingly, the Parties wish to enter into this Agreement so as to conclude the Transaction, the consummation of which shall be subject to approval by the Court by way of an Order approving the Transaction and vesting the Purchased Assets in the Purchaser (the “**Approval and Vesting Order**”).

**THE PARTIES AGREE AS FOLLOWS:**

**ARTICLE 1  
INTERPRETATION**

**1.1 Definitions.** In this Agreement, including the Recitals to this Agreement, unless the context otherwise requires:

- (1) “**Accounts Receivable**” means all accounts receivable, trade accounts receivable, notes receivable, book debts and other debts due or accruing due to the Vendor, and the full benefit of any related security.
- (2) “**Administrative Wind-down Amount**” means cash in the amount of \$50,000 to be used to satisfy the costs incurred by the Proposal Trustee and its professional advisors to administer and to wind-down and/or dissolve and/or bankrupt the Vendor following the Closing of the Transaction.
- (3) “**Affiliate**” means, with respect to any Person, any other Person who directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. The term “control” means the possession, directly or indirectly, of the power to direct or

cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise, and the terms “controlled” and “controlling” have meanings correlative thereto.

- (4) “**Agreement**” means this asset purchase agreement, including all Schedules, Appendices and Exhibits to this asset purchase agreement, as amended, supplemented, restated and replaced from time to time in accordance with its provisions.
- (5) “**Applicable Law**” means all laws, statutes, codes, ordinances (including zoning), decrees, rules, regulations, by-laws, statutory rules, published policies and guidelines, notices, judicial, arbitral, administrative, ministerial, departmental or regulatory judgments, injunctions, orders, decisions, settlements, writs, assessments, arbitration awards, rulings, determinations or awards, decrees or other requirements of any Governmental Authority having the force of law and any legal requirements arising under the common law or principles of law or equity, in each case, as are applicable at the relevant time or times to such Person or its business, undertaking, property or securities and emanate from a Governmental Authority having jurisdiction over such Person or its business, undertaking, property or securities.
- (6) “**Approvals**” means franchises, licences, qualifications, authorizations, consents, certificates, registrations, exemptions, waivers, filings, grants, notifications, privileges, rights, orders, judgments, rulings, directives, Permits, and other permits and approvals.
- (7) “**Assumed Debt**” means the liabilities and obligations of the Vendor under the loan agreements listed in Schedule 2.3(1)(a).
- (8) “**Assumed Liabilities**” has the meaning attributed to that term in Section 2.3(1).
- (9) “**Books and Records**” means all books, records, files and papers of the Vendor relating to the Business, including title documentation, software documentation (including operator and user manuals, training materials, guides, listings, specifications and any revisions or additions to such documents), electronic data, financial and Tax working papers, financial and Tax books and records, business reports, business plans and projections, sales and advertising materials, sales and purchases records and correspondence, trade association files, research and development records, lists of present and former customers and suppliers, personnel and employment records of the Hired Employees, minute and share certificate books, all other documents and data (technical or otherwise) relating to the Business, the Purchased Assets or the Assumed Liabilities, and all copies and recordings of the foregoing.
- (10) “**Business**” means the business carried on currently and prior to the date of this Agreement by the Vendor consisting of supplying, roasting, and packaging coffee beans.
- (11) “**Business Day**” means any day, except Saturdays and Sundays, on which banks are generally open for non-automated business:
  - (a) for purposes of Section 6.10, in the place specified in that Section; and
  - (b) for all other purposes in this Agreement, in Vancouver, British Columbia.
- (12) “**BIA**” means the *Bankruptcy and Insolvency Act*, R.S.C. 1985 c. B-3
- (13) “**Cash Payment**” has the meaning attributed to that term in Section 2.5(1)(a).

- (14) “**CASL**” means *An Act to promote the efficiency and adaptability of the Canadian economy by regulating certain activities that discourage reliance on electronic means of carrying out commercial activities, and to amend the Canadian Radio-television and Telecommunications Commission Act, the Competition Act, the Personal Information Protection and Electronic Documents Act and the Telecommunications Act (Canada)* and the regulations made thereunder.
- (15) “**Closing**” means the completion of the Transaction on the CP Satisfaction Date, to be effective as of the Effective Date in accordance with this Agreement.
- (16) “**CP Satisfaction Date**” means the date on which all conditions set out in Article 4 (other than those conditions that cannot, by their nature, be satisfied until the Closing, but subject to the satisfaction or waiver of those conditions at the Closing) are satisfied or waived, or such other date as agreed to by the Parties in writing.
- (17) “**Contract**” means any agreement, contract, purchase order, indenture, lease, occupancy agreement, deed of trust, licence, option, undertaking, promise or any other commitment or obligation, whether oral or written, express or implied, other than a Permit.
- (18) “**Court**” means the Supreme Court of British Columbia.
- (19) “**CRA**” means the Canada Revenue Agency or any successor agency.
- (20) “**Effective Date**” means January 24, 2025, or such other date as agreed to by the Parties in writing, provided that the CP Satisfaction Date occurs prior to the Outside Date.
- (21) “**Effective Time**” 12:01 a.m. on the Effective Date.
- (22) “**ETA**” means the *Excise Tax Act* (Canada) and the regulations made thereunder.
- (23) “**Employees**” means all individuals who are currently, or were as of December 9, 2024 employed by the Vendor in the Business.
- (24) “**Encumbrance**” means any encumbrance, lien, charge, hypothec, pledge, mortgage, title retention agreement, security interest of any nature, prior claim, adverse claim, exception, reservation, restrictive covenant, agreement, easement (whether or not registered against title), lease, licence, right of occupation, option, right of use, right of first refusal, right of pre-emption, privilege or any matter capable of registration against title or any Contract to create any of the foregoing.
- (25) “**Excluded Assets**” has the meaning attributed to that term in Section 2.2.
- (26) “**Excluded Liabilities**” has the meaning attributed to that term in Section 2.3(2).
- (27) “**GST/HST**” means all Taxes payable under Part IX of the ETA (including where applicable both the federal and provincial portion of those Taxes) or under any provincial legislation imposing a similar value added or multi-staged tax.
- (28) “**Governmental Authority**” means any domestic or foreign government, whether federal, provincial, state, territorial, local, regional, municipal, or other political jurisdiction, and any agency, authority, instrumentality, court, tribunal, board, commission, bureau, arbitrator, arbitration tribunal or other tribunal, or any quasi-governmental or other entity, body, organization

or agency, insofar as it exercises a legislative, judicial, regulatory, administrative, expropriation or taxing power or function of or pertaining to government.

- (29) **“Hired Employees”** means those Employees who accept the Purchaser’s offer of employment provided for in Section 5.6(1) and continue their employment with the Purchaser after Closing.
- (30) **“Intellectual Property”** means, individually and collectively, howsoever created and wherever located: (a) all domestic and foreign patents and applications thereof and all reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof; (b) all inventions (whether patentable or not), invention disclosures, improvements, trade secrets, proprietary information, know-how, technology, technical data, schematics and customer lists, and all documentation relating to any of the foregoing; (c) all copyrights in all works (including software) and database right, copyright registrations and applications thereof, and all works of authorship and moral rights, and all other rights corresponding thereto throughout the world; (d) all trade names, domain names, corporate names, trade dress, distinguishing guises, logos, slogans, brand names, trademarks (whether registered or common law and whether used with wares or services and including the goodwill attaching to such trademarks) and registrations and applications for registration thereof; (e) all software (in source code and object code form) and databases, and any proprietary rights in such software and databases; (f) all integrated circuit design, mask work, or topography registrations or applications thereof; (g) all industrial designs and applications for and registration of industrial designs, design patents and industrial design registrations; (h) other intellectual or industrial property whatsoever; (i) all income, royalties, damages and payments now and hereafter due and/or payable with respect to any of the foregoing, including damages and payments for past or future infringements thereof; and (j) all rights to sue for past, present and future infringements of any of the foregoing.
- (31) **“Inventories”** means inventories, including all finished goods, works-in-progress, raw materials, spare parts, replacement parts, and all other materials and supplies to be used or consumed by the Vendor in the provision of services.
- (32) **“IP Assets”** means all Intellectual Property that is owned by the Vendor or in which the Vendor has rights.
- (33) **“Landlord”** means 3011 Viking Way Richmond Holdings Inc.
- (34) **“Lease”** means the lease between the Vendor and the Landlord in respect of the Premises, as extended or modified from time to time.
- (35) **“Maynbridge”** means Maynbridge Capital Inc.
- (36) **“Other Agreements”** has the meaning attributed to that term in Section 6.4.
- (37) **“Outside Date”** means January 31, 2025, or such later date as the Parties may agree to in writing.
- (38) **“NOI”** has the meaning attributed to that term in the Recitals.
- (39) **“NOI Charges”** means the charges granted by the Court in the NOI Proceedings.
- (40) **“NOI Charge Amounts”** means cash in an amount sufficient to satisfy the amounts owing in respect of the obligation secured by the NOI Charges.

- (41) “**NOI Proceedings**” means the Court proceedings commenced by the Vendor in connection with the NOI filing.
- (42) “**Parties**” means collectively, the Purchaser and the Vendor, and “**Party**” means any of them.
- (43) “**Permits**” means franchises, licences, qualifications, approvals, authorizations, consents, certificates, certificates of authorization, decrees, orders-in-council, registrations, exemptions, consents, variances, waivers, filings, grants, notifications, privileges, rights, orders, judgments, rulings, directives, permits and other approvals, obtained from, issued by or required by a Governmental Authority.
- (44) “**Permitted Encumbrances**” means the Encumbrances listed in Schedule 1.1(44).
- (45) “**Person**” is to be broadly interpreted and includes an individual, a corporation, a partnership, a joint venture, a trust, an association, a syndicate, an unincorporated organization, a Governmental Authority, an executor or administrator or other legal or personal representative, or any other juridical entity.
- (46) “**Personal Information**” means information about an identifiable natural person, but does not include the name, title, business address or telephone number of an employee of the Vendor, that is to be disclosed to the Purchaser at Closing or that was disclosed to the Purchaser to permit the Purchaser to carry out its due diligence in connection with the Transaction.
- (47) “**Personal Property**” means all machinery, equipment, furniture and other personal property owned by the Vendor (including those in possession of third parties).
- (48) “**Premises**” means #105 - 3551 Viking Way, Richmond, BC V6V 1W1.
- (49) “**Proceeding**” means any suit, action, dispute, investigation, claim, arbitration, order, summons, citation, directive, charge, demand or prosecution, whether legal or administrative, any other proceeding, or any appeal or application for review, in each case, at law or in equity or before or by any Governmental Authority.
- (50) “**Proposal Trustee**” has the meaning attributed to that term in the Recitals.
- (51) “**Purchase Price**” has the meaning attributed to that term in Section 2.4.
- (52) “**Purchased Assets**” has the meaning attributed to that term in Section 2.1.
- (53) “**Purchased Contracts**” has the meaning attributed to that term in Section 2.1(e);
- (54) “**Purchaser**” means Caffe & Roaster Holdings Inc., a company incorporated under the laws of British Columbia, or its assignee.
- (55) “**Priority Payments**” means those payments prescribed under subsections 14.06(7), 81.3, 81.4, 81.5, and 81.6 of the BIA.
- (56) “**RBC**” means the Royal Bank of Canada.
- (57) “**Representatives**” means, with respect to any Party, its Affiliates and, if applicable, its and their respective directors, officers, employees, agents and other representatives and advisors.

- (58) “**Tax Act**” or any reference to a specific provision thereof means the *Income Tax Act* (Canada) and legislation of any legislature of any province or territory of Canada (including the *Taxation Act* (Québec)) and any regulations made thereunder in force of like or similar effect.
- (59) “**Taxes**” means taxes, duties, fees, premiums, assessments, imposts, levies and other charges of any kind whatsoever imposed by any Governmental Authority, including all interest, penalties, fines, additions to tax or other additional amounts imposed in respect thereof (including those levied on, or measured by, or referred to as, income, gross receipts, profits, capital, transfer, land transfer, gains, capital stock, production, gift, wealth, environment, net worth, utility, sales, goods and services, harmonized sales, use, consumption, valued-added, excise, stamp, withholding, premium, business, franchising, property, employer health, payroll, employment, health, social services, education and social security taxes, surtaxes, customs duties and import and export taxes, development, occupancy, social services, licence, franchise and registration fees and employment insurance, health insurance and Canada, Québec and other government pension plan premiums or contributions), and “**Tax**” has a corresponding meaning.
- (60) “**Transmission**” has the meaning attributed to that term in Section 6.10(1).
- (61) “**Vendor**” means Microb Resources Inc., doing business as Salt Spring Coffee.

**1.2 Construction.** This Agreement has been negotiated by each Party with the benefit of legal representation, and any rule of construction to the effect that any ambiguities are to be resolved against the drafting party does not apply to the construction or interpretation of this Agreement.

**1.3 Certain Rules of Interpretation.** In this Agreement:

- (a) the division into Articles and Sections and the insertion of headings and the Table of Contents are for convenience of reference only and do not affect the construction or interpretation of this Agreement;
- (b) the expressions “hereof”, “herein”, “hereto”, “hereunder”, “hereby” and similar expressions refer to this Agreement and not to any particular portion of this Agreement; and
- (c) unless specified otherwise or the context otherwise requires:
- (i) references to any Article, Section or Schedule are references to the Article or Section of, or Schedule to, this Agreement;
  - (ii) “including” or “includes” means “including (or includes) but is not limited to” and is not to be construed to limit any general statement preceding it to the specific or similar items or matters immediately following it;
  - (iii) references to Contracts are deemed to include all present amendments, supplements, restatements and replacements to those Contracts;
  - (iv) references to any legislation, statutory instrument or regulation or a section thereof are references to the legislation, statutory instrument, regulation or section as amended, re-enacted, consolidated or replaced from time to time; and

- (v) words in the singular include the plural and vice-versa and words in one gender include all genders.

**1.4 Computation of Time.** In this Agreement, unless specified otherwise or the context otherwise requires:

- (a) a reference to a period of days is deemed to begin on the first day after the event that started the period and to end at 5:00 p.m. on the last day of the period, but if the last day of the period does not fall on a Business Day, the period ends at 5:00 p.m. on the next succeeding Business Day;
- (b) all references to specific dates mean 11:59 p.m. on the dates;
- (c) all references to specific times are references to Pacific Standard time; and
- (d) with respect to the calculation of any period of time, references to “from” mean “from and excluding” and references to “to” or “until” mean “to and including”.

**1.5 Performance on Business Days.** If any action is required to be taken pursuant to this Agreement on or by a specified date that is not a Business Day, the action is valid if taken on or by the next succeeding Business Day.

**1.6 Currency and Payment.** In this Agreement, unless specified otherwise:

- (a) references to dollar amounts or “\$” are to Canadian dollars; and
- (b) any payment is to be made by an official bank draft drawn on a Canadian chartered bank, wire transfer or any other method (other than cash payment) that provides immediately available funds.

**1.7 Effective Date.** For greater certainty, the Parties agree that the transactions set out herein shall be effective as at the Effective Time, notwithstanding that the CP Satisfaction Date may occur at a time after the Effective Date.

**1.8 Schedules.** The following Schedules are attached to and form part of this Agreement:

Schedule 1.1(44)	Permitted Encumbrances
Schedule 2.1(e)	Purchased Contracts
Schedule 2.3(1)(a)	Assumed Debt

## **ARTICLE 2 PURCHASE AND SALE**

**2.1 Agreement to Purchase and Sell.** Subject to the terms and conditions of this Agreement, as of the Effective Time, the Vendor shall sell, transfer, convey and assign to the Purchaser and the Purchaser shall purchase and acquire from the Vendor, free and clear of all Encumbrances, except for the Permitted Encumbrances, substantially all of the Vendor’s right, title and interest in and to all of the Vendor’s property and assets (other than the Excluded Assets), whether real or personal, tangible or intangible, of every kind and description and wheresoever situate (collectively, the “**Purchased Assets**”), including the following:

- (a) the Personal Property;

- (b) the Inventories;
- (c) the Accounts Receivable;
- (d) the IP Assets;
- (e) all Contracts set out in Schedule 2.1(e) (the “**Purchased Contracts**”);
- (f) all Permits and all pending applications for, and renewals of, Permits, in each case to the extent transferable to the Purchaser;
- (g) all Books and Records (except, in the case of those required by Applicable Law to be retained by the Vendor, copies thereof);
- (h) all goodwill, together with the exclusive right of the Purchaser to represent itself as carrying on the Business;
- (i) all cash on hand or in banks or other depositories, term or time deposits and similar cash items including all accrued interest thereon and any capital gains relating thereto;
- (j) all Tax instalments paid by the Vendor and all rights to receive any refund of, and/or credit in respect of, Taxes paid by the Vendor;
- (k) all rights to deposits and prepaid expenses;
- (l) subject to Section 5.5, all insurance benefits, including rights and proceeds, arising from or relating to the insurance policies maintained by the Vendor prior to the Effective Date, unless expended in accordance with this Agreement; and
- (m) the list of email addresses for which the Vendor has obtained the express written consent to the receipt of “commercial electronic messages” (as defined in CASL).

**2.2 Excluded Assets.** The following assets (collectively, the “**Excluded Assets**”) are not part of the Transaction, are excluded from Purchased Assets and remain the property of the Vendor:

- (a) all personnel and employment records that the Vendor is required by Applicable Law to retain;
- (b) all constating documents, minute books, shareholder records and corporate seals of the Vendor; and
- (c) any Purchased Asset which, by its terms or under Applicable Law, is not capable of being sold, transferred, conveyed or assigned by operation of the Approval and Vesting Order.

**2.3 Liabilities.**

- (1) Subject to the terms and conditions of this Agreement, the Purchaser shall assume, pay, satisfy, discharge, perform and fulfil, from and after the Effective Time, only the following obligations and liabilities of the Vendor:
  - (a) all liabilities and obligations of the Vendor under the Purchased Contracts, including the Assumed Debt; and

(b) all liabilities and obligations that are assumed under Section 5.6(2)

(collectively, the “**Assumed Liabilities**”).

(2) Other than the Assumed Liabilities, the Purchaser shall not assume or have any obligation to discharge, perform or fulfill any obligation or liability of the Vendor of any kind whatsoever (collectively, the “**Excluded Liabilities**”) and all Excluded Liabilities remain the obligation and responsibility of the Vendor, including the obligations and liabilities of the Vendor:

(a) for Taxes payable or remittable by the Vendor;

(b) owing to a lender or creditor of the Vendor, including any bank overdrafts or bank indebtedness and any indebtedness or liabilities other than the Assumed Liabilities owing under any promissory note, or Contract for the borrowing of money;

(c) arising out of or relating to products or services of the Vendor to the extent manufactured, sold, shipped or rendered prior to the Effective Time;

(d) arising out of any Proceeding against the Vendor in the conduct of the Business or otherwise no matter when arising by reason of any facts or circumstances that occurred or existed prior to the Effective Time, in each case whether or not an action or any other proceeding is commenced prior to the Effective Time;

(e) for refunds arising under any services performed by the Vendor in respect of which the Purchaser has assumed performance obligations pursuant to Section 2.3(1)(a); and

(f) relating to an Excluded Asset.

#### **2.4 Purchase Price and Purchase Price Allocation.**

(1) Subject to the terms and conditions of this Agreement, the aggregate purchase price (the “**Purchase Price**”) to be paid by the Purchaser to the Vendor for the Purchased Assets is \$3,900,000.00, plus the Cash Payment.

(2) If any Purchased Asset is not capable of being sold, transferred, conveyed or assigned to the Purchaser on the Effective Date, then such Purchased Asset shall be retained by the Vendor and shall be deemed to be an Excluded Asset.

(3) The Purchaser and the Vendor shall cooperate after Closing to allocate the Purchase Price and shall report the purchase and sale of the Purchased Assets for all Tax purposes in a manner consistent with that allocation. If any Governmental Authority does not agree with that allocation, the Purchaser and the Vendor shall use their best efforts (which is not to be construed as requiring the Purchaser or the Vendor to commence or participate in any litigation or administrative process challenging the determination of any Governmental Authority) to agree on a different allocation acceptable to that Governmental Authority, and the Purchaser and the Vendor shall amend the original allocation and the relevant tax returns accordingly.

**2.5 Payment of Purchase Price.** At the Closing, the Purchaser shall pay and satisfy the Purchase Price as follows:

- (1) by payment to or to the order of the Proposal Trustee, an amount equal to the sum of: (i) the Priority Payments; (ii) the NOI Charge Amount; and (iii) the Administrative Wind-down Amount (collectively, the “**Cash Payment**”), provided, the Proposal Trustee shall hold the Cash Payment in trust for the benefit of Persons entitled to be paid from the Cash Payment; and
- (2) by payment to or to the order of the Vendor:
  - (a) as to \$2,545,000.00, being the aggregate principal amount of secured debt owing to Maynbridge, by paying such amount to Maynbridge on behalf the Vendor; and
  - (b) as to \$1,355,000.00, by assuming and performing the Assumed Liabilities, including the Assumed Debt.

**2.6 GST/HST Election.** The Purchaser and the Vendor shall jointly elect under subsection 167(1) of the ETA and under any similar provision of any applicable provincial legislation imposing a similar value added or multi-staged tax, that no tax be payable with respect to the purchase and sale of the Purchased Assets pursuant to this Agreement. The Purchaser and the Vendor shall make those elections in prescribed form containing prescribed information and shall file those elections in compliance with the requirements of applicable legislation.

**2.7 Accounts Receivable Election.** If requested by the Purchaser, the Purchaser and the Vendor shall elect jointly in the prescribed form under Section 22 of the Tax Act and under any similar provision of any other applicable provincial legislation as to the sale of the Accounts Receivable forming part of the Purchased Assets and described in Section 22 of the Tax Act and shall in that election allocate an amount equal to the portion of the Purchase Price allocated to those assets pursuant to Section 2.4(3) as the consideration paid by the Purchaser for those assets. The Parties shall file such election forms, along with any documentation necessary or desirable to give effect to such election, with CRA and any other appropriate taxation authority within the prescribed time limits.

**2.8 Payment of Taxes.** The Vendor shall pay and remit all Taxes relating to the Business which arise, or are related to a period of time, prior to the Effective Time.

**2.9 As is, Where is.** The Purchaser acknowledges that the Vendor is selling the Purchased Assets on an “as is, where is” basis as they shall exist as at the Effective Date. The Purchaser further acknowledges that it has entered into this Agreement on the basis that the Vendor does not guarantee title to the Purchased Assets. No representation, warranty or condition is expressed or can be implied as to title, Encumbrances, description, fitness for purpose, merchantability, transferability, assignability, condition, quantity or quality or in respect of any other matter or thing whatsoever concerning the Purchased Assets or the right of the Vendor to sell, transfer, assign or convey same save and except as expressly represented or warranted herein. Without limiting the generality of the foregoing, any and all conditions, warranties or representations expressed or implied pursuant to the *Sale of Goods Act* (British Columbia) or similar legislation do not apply hereto and have been waived by the Purchaser.

### **ARTICLE 3 CLOSING ARRANGEMENTS**

**3.1 Closing.** Subject to the satisfaction or waiver by the applicable Party of the conditions set out in Article 4, the Parties shall hold the Closing at the Effective Time.

**3.2 Vendor's Closing Deliveries.** At Closing, the Vendor shall deliver or cause to be delivered to the Purchaser all certificates, agreements, documents and instruments as required under Section 4.1(1)(e).

**3.3 Purchaser's Closing Deliveries.** At Closing the Purchaser shall deliver or cause to be delivered to the Vendor all payments, certificates, agreements, documents and instruments as required under Section 4.2(1)(c).

#### **ARTICLE 4 CONDITIONS OF CLOSING**

##### **4.1 Conditions for the Benefit of the Purchaser.**

- (1) The Purchaser shall be obliged to complete the Transaction only if each of the following conditions precedent has been satisfied in full at or before the time of Closing on the CP Satisfaction Date:
  - (a) the Vendor has complied with or performed all of the obligations, covenants and agreements under this Agreement to be complied with or performed by the Vendor on or before the CP Satisfaction Date, to the satisfaction of the Purchaser, acting reasonably;
  - (b) all Permits and Approvals have been obtained, in each case in form and substance satisfactory to the Purchaser, acting reasonably, and are in full force and effect, including, for clarity, the consent of the secured lenders in respect of the assignment and assumption of the Assumed Debt, and any consent of the Landlord required for the assignment of the Lease;
  - (c) there is no injunction or restraining order issued preventing, and no pending or threatened Proceeding, against any Party, for the purpose of enjoining or preventing, the completion of the Transaction or otherwise claiming that this Agreement or the completion of the Transaction is improper or would give rise to a Proceeding, under any Applicable Law;
  - (d) the Court shall have granted the Approval and Vesting Order providing for:
    - (i) approval of this Agreement and the performance of the same by the Vendor;
    - (ii) the vesting of the Purchased Assets in the Purchaser, free and clear of any Encumbrances except for the Permitted Encumbrances; and
    - (iii) such other provisions as reasonably requested by the Purchaser or that would customarily be contained in an approval and vesting order granted by the Court;
  - (e) the Vendor has caused to be delivered to the Purchaser the following:
    - (i) all deeds, conveyances, bills of sale, assurances, transfers, assignments and any other documentation or action which in the opinion of the Purchaser are necessary or reasonably required to transfer the Purchased Assets to the Purchaser with good and marketable title, free and clear of all Encumbrances except for the Permitted Encumbrances, in each case duly executed by the Vendor, and in form and substance satisfactory to the Purchaser, acting reasonably, and which, for clarity shall include an assignment of the Lease duly executed by the Vendor and Landlord; and

- (ii) the tax elections in Section 2.6 and Section 2.7, duly executed by the Vendor.
- (f) Each of the Employees to which the Purchaser has made an offer of employment pursuant to Section 5.6(1) shall have accepted such offer of employment.
- (2) Each of the conditions set out in Section 4.1(1) is for the exclusive benefit of the Purchaser and the Purchaser may waive compliance with any such condition in whole or in part by notice in writing to the Vendor, except that no such waiver operates as a waiver of any other condition.

#### **4.2 Conditions for the Benefit of the Vendor.**

- (1) The Vendor shall be obliged to complete the Transaction only if each of the following conditions precedent has been satisfied in full at or before the time of Closing on the CP Satisfaction Date:
  - (a) the Court shall have granted the Approval and Vesting Order, which shall not have been stayed, there shall be no outstanding appeal therefrom, and all applicable appeal periods shall have passed;
  - (b) there is no injunction or restraining order issued preventing, and no pending or threatened Proceeding, against any Party, for the purpose of enjoining or preventing, the completion of the Transaction or otherwise claiming that this Agreement or the completion of the Transaction is improper or would give rise to a Proceeding, under any Applicable; and
  - (c) the Purchaser has caused to be delivered to the Vendor the following:
    - (i) payment of the amounts required to be paid to the Vendor pursuant to Section 2.5;
    - (ii) the tax elections in Section 2.6 and Section 2.7, duly executed by the Purchaser.
- (2) Each of the conditions set out in Section 4.2(1) is for the exclusive benefit of the Vendor and the Vendor may waive compliance with any such condition in whole or in part by notice in writing to the Purchaser, except that no such waiver operates as a waiver of any other condition.

#### **4.3 Termination Events.** By notice given prior to or at Closing, subject to Section 4.4, this Agreement may be terminated as follows:

- (a) by the Purchaser pursuant to Section 5.5(1)(a);
- (b) by mutual consent of the Purchaser and the Vendor;
- (c) by the Purchaser or the Vendor and, upon dismissal of the motion for the Approval and Vesting Order (or if any such order is stayed, vacated or varied without the consent of the Purchaser or the Vendor);
- (d) by the Purchaser or the Vendor, if a court of competent jurisdiction, including the Court or other Governmental Authority has issued an order or taken any other action to restrain, enjoin or otherwise prohibit the consummation of Closing and such order or action has become a final order; and
- (e) by the Purchaser unless it is in material breach of this Agreement or by the Vendor unless the Vendor is in material breach of this Agreement, if the Closing has not occurred on or before the Outside Date.

**4.4 Effect of Termination.** Each Party's right of termination under Section 4.3 is in addition to any other rights it may have under this Agreement or otherwise, whether at law, in equity or otherwise, and the exercise of that right of termination is not an election of remedies. If this Agreement is terminated pursuant to Section 4.3, all obligations of the Parties under this Agreement will terminate except that the obligations contained in this Section 4.3 and in 4.4 (except for Section 6.2) will survive.

**4.5 Waiver of Conditions of Closing.** If any of the conditions set forth in Section 4.1 has not been satisfied, the Purchaser may elect in writing to waive the condition and proceed with the completion of the Transaction and, if any of the conditions in Section 4.2 has not been satisfied, the Vendor may elect in writing to waive the condition and proceed with the completion of the Transaction. Any such waiver and election by the Purchaser or the Vendor, as the case may be, will only serve as a waiver of the specific closing condition and the other Party will have no liability with respect to the specific waived condition, provided that neither Party may waive the requirement for the Court to have granted the Approval and Vesting Order.

## **ARTICLE 5 COVENANTS**

**5.1 Exclusive Dealings.** The Vendor shall not take any action, at any time, directly or indirectly, to encourage, initiate or engage in discussions or negotiations with, or provide any information to, or enter into any agreement or arrangement or understanding with, any Person, other than the Purchaser and its designated and authorized Representatives, concerning any sale, transfer or assignment of any portion of the Business or the Purchased Assets. The Vendor shall notify the Purchaser promptly if any such discussions or negotiations are sought or if any proposal for a sale, transfer or assignment of any portion of the Business or the Purchased Assets is received. The Vendor shall use its best efforts to provide the Court with all necessary documents, forms, consents and other information as the Court may require in order to obtain the Approval and Vesting Order as expeditiously as possible. The Purchaser shall cooperate with the Vendor in its efforts to obtain the Approval and Vesting Order and shall make commercially reasonable efforts to provide or cause to be provided to the Vendor at the Vendor's request and cost all certificates, affidavits or other documents and instruments reasonably required by the Vendor to obtain the Approval and Vesting Order. The Vendor shall use commercially reasonable efforts to obtain the Approval and Vesting Order.

**5.2 Access.** Upon request by the Purchaser, the Vendor shall promptly make available to the Purchaser and its Representatives copies of all documents and information concerning the Purchased Assets, Assumed Liabilities and Business as the Purchaser may reasonably request and which are in the Vendor's possession or control.

**5.3 Transfer of Documentation.** On the Effective Date, the Vendor shall deliver, and shall cause to be delivered, to the Purchaser the Books and Records and all documents (except, in the case of those required by Applicable Law to be retained by the Vendor, copies thereof) and other data, technical or otherwise, which are owned by the Vendor and in the possession or control of the Vendor at the Effective Date, relating to the Business or the Purchased Assets. The Purchaser shall preserve all those documents delivered to it in accordance as is required by Applicable Law. The Purchaser shall permit the Vendor and its authorized Representatives reasonable access to those documents while they are in the Purchaser's possession or control solely to the extent that access is required by the Vendor to perform its obligations under this Agreement or under Applicable Law, but the Purchaser shall not be responsible or liable to the Vendor for, or as a result of, any loss or destruction of or damage to any such documents and other data. The Vendor shall be responsible for all reasonable out-of-pocket costs and expenses incurred, directly or indirectly, by the Purchaser in connection with any access contemplated by this Section 5.3.

**5.4 Personal Information.**

- (1) The Vendor and the Purchaser shall:
  - (a) at all times, use and disclose the Personal Information under its control solely for the purposes for which the Personal Information was collected or permitted to be used or disclosed, unless to the extent required by Applicable Law, the Vendor or the Purchaser, as the case may be, has obtained the consent of or has given notice to the individual to whom the Personal Information relates of the additional purposes for which the Personal Information is to be used or disclosed, or such additional purposes are permitted or authorized by Applicable Law;
  - (b) protect the Personal Information using security safeguards that meet or exceed industry standards, taking into account the sensitivity of the Personal Information; and
  - (c) give effect to any withdrawal of consent by the individual to whom the Personal Information relates where the Personal Information was collected with consent.
- (2) The Purchaser shall, to the extent required by Applicable Law, notify the individuals to whom the Personal Information relates that the Transaction has been completed and of the disclosure of their Personal Information to the Purchaser.
- (3) In the event that the Transaction is not completed, the Purchaser shall, within a reasonable period of time, return the Personal Information to the Vendor or, in its discretion, destroy it and provide a certificate of a senior officer of the Purchaser to that effect to the Vendor.

**5.5 Risk of Loss.**

- (1) If, before the Closing, any material portion of the Purchased Assets or material portion of the Business is lost, damaged or destroyed or is appropriated, expropriated or seized by any Governmental Authority, and the loss, damage, destruction, appropriation, expropriation or seizure cannot, in the reasonable opinion of the Purchaser, be restored within 60 days from the date of loss, damage, destruction, appropriation, expropriation or seizure, then the Purchaser may either:
  - (a) terminate this Agreement; or
  - (b) elect to complete the Transaction, in which case any insurance proceeds or other compensation paid or payable with respect to such loss, damage, destruction, appropriation,

expropriation or seizure of Purchased Assets will be assigned or paid by the Vendor to the Purchaser.

- (2) If, before the Closing, any of the Purchased Assets or part of the Business is lost, damaged or destroyed or is appropriated, expropriated or seized by any Governmental Authority, and the loss, damage, destruction, appropriation, expropriation or seizure can, in the reasonable opinion of the Purchaser, be restored within 60 days from the date of loss, damage, destruction, appropriation, expropriation or seizure, then upon satisfaction or waiver of the conditions set out in Article 4, the Parties will complete the Transaction; provided that any proceeds of insurance payable as a result of the occurrence are to be directed by the Vendor to be paid to the Purchaser.

## **5.6 Employees.**

- (1) Prior to the CP Satisfaction Date, but conditional on the completion of the Closing, the Purchaser shall use commercially reasonable efforts to offer employment to all of the Employees effective as at the Effective Time, on terms and conditions which are substantially comparable to those on which such Employees were employed by the Vendor immediately prior to the Effective Date. For greater certainty, unless the Purchaser elects to make an offer of employment to any Employee that is on temporary layoff, leave of absence, disability or other non-active status and that offer of employment is accepted by that Employee, the Vendor shall remain responsible for and the Purchaser is not assuming any liability or obligation with respect to that Employee.
- (2) The Purchaser shall assume and be responsible for all liabilities and obligations with respect to the Hired Employees.

## **ARTICLE 6 GENERAL**

**6.1 Expenses.** Each Party shall pay all expenses (including Taxes imposed on those expenses) it incurs in connection with the authorization, negotiation, preparation, execution and performance of this Agreement and Transactions, including all fees and expenses of legal counsel, bankers, investment bankers, brokers, accountants or other representatives or consultants.

**6.2 Best Efforts.** In this Agreement, unless specified otherwise, an obligation of any Party to use its best efforts to obtain any Approval does not require the Party to make any payment to any Person for the purpose of procuring the Approval, except for payments for amounts due and payable to that Person, payments for incidental expenses incurred by that Person and payments required by any Applicable Law.

**6.3 No Third Party Beneficiary.** This Agreement is solely for the benefit of the Parties and no third party accrues any benefit, claim or right of any kind pursuant to, under, by or through this Agreement.

**6.4 Entire Agreement.** This Agreement together with the other agreements to be entered into as contemplated by this Agreement (the “**Other Agreements**”) constitute the entire agreement between the Parties pertaining to the subject matter of this Agreement and the Other Agreements and supersede all prior correspondence, agreements, negotiations, discussions and understandings, written or oral. Except as specifically set out in this Agreement or the Other Agreements, there are no representations, warranties, conditions or other agreements or acknowledgements, whether direct or collateral, express or implied, written or oral, statutory or otherwise, that form part of or affect this Agreement or the Other Agreements or which induced any Party to enter into this Agreement or the Other Agreements. No reliance is placed on any representation, warranty, opinion, advice or assertion of fact made either prior to, concurrently with, or after entering into, this Agreement or any Other Agreement, or any amendment or supplement hereto or

thereto, by any Party to this Agreement or any Other Agreement or its Representatives, to any other Party or its Representatives, except to the extent the representation, warranty, opinion, advice or assertion of fact has been reduced to writing and included as a term in this Agreement or that Other Agreement, and none of the parties to this Agreement or any Other Agreement has been induced to enter into this Agreement or any Other Agreement or any amendment or supplement by reason of any such representation, warranty, opinion, advice or assertion of fact. There is no liability, either in tort or in contract, assessed in relation to the representation, warranty, opinion, advice or assertion of fact, except as contemplated in this Section.

**6.5 Time of Essence.** Time is of the essence of this Agreement.

**6.6 Amendment.** This Agreement may be supplemented, amended, restated or replaced only by written agreement signed by each Party.

**6.7 Waiver of Rights.** Any waiver of, or consent to depart from, the requirements of any provision of this Agreement is effective only if it is in writing and signed by the Party giving it, and only in the specific instance and for the specific purpose for which it has been given. No failure on the part of any Party to exercise, and no delay in exercising, any right under this Agreement operates as a waiver of that right. No single or partial exercise of any such right precludes any other or further exercise of that right or the exercise of any other right.

**6.8 Jurisdiction.** The Parties irrevocably and unconditionally attorn to the exclusive jurisdiction of the Courts in respect of all disputes arising out of, or in connection with, this Agreement, or in respect of any legal relationship associated with it or derived from it.

**6.9 Governing Law.** This agreement is governed by, and interpreted and enforced in accordance with, the laws of the Province of British Columbia and the laws of Canada applicable in British Columbia, excluding the choice of law rules of that province.

**6.10 Notices.**

(1) Any notice, demand or other communication (in this Section 6.10, a “**notice**”) required or permitted to be given or made under this Agreement must be in writing and is sufficiently given or made if:

- (a) delivered in person and left with a receptionist or other responsible employee of the relevant Party at the applicable address set forth below;
- (b) sent by prepaid courier service or (except in the case of actual or apprehended disruption of postal service) mail; or
- (c) sent by email, or by facsimile transmission, with confirmation of transmission by the transmitting equipment (each, a “**Transmission**”);

in the case of a notice to the Vendor, addressed to it at:

211 Horel Rd  
Salt Spring Island, BC  
V8K 2A4

Attention: Norman (Mickey) McLeod  
Email: [mickey@saltspringcoffee.com](mailto:mickey@saltspringcoffee.com)

with a copy (not constituting notice) to:

Osler, Hoskin & Harcourt LLP  
3000 - 1055 Dunsmuir St.  
Vancouver, BC V7X 1K8

Attention: Mary Buttery, KC  
Email: mbuttery@osler.com

and in the case of a notice to the Purchaser, addressed to it at:

388 – 1111 West Hastings St.  
Vancouver, BC V6E 2J3

Attention: Dean Shillington  
Email: dean@kbcapital.ca

- (2) Any notice sent in accordance with this Section 6.10 is deemed to have been received:
- (a) if delivered prior to or during normal business hours on a Business Day in the place where the notice is received, on the date of delivery;
  - (b) if sent by mail, on the fifth Business Day after mailing in the place where the notice is received, or, in the case of disruption of postal service, on the fifth Business Day after cessation of that disruption;
  - (c) if sent by email during normal business hours on a Business Day in the place where the Transmission is received, on the same day that it was received by Transmission; or
  - (d) if sent in any other manner, on the date of actual receipt;

except that any notice delivered in person or sent by Transmission not on a Business Day or after normal business hours on a Business Day, in each case in the place where the notice is received, is deemed to have been received on the next succeeding Business Day in the place where the notice is received.

- (3) Any Party may change its address for notice by giving notice to the other Parties.

**6.11 Assignment.** No Party may assign or transfer, whether absolutely, by way of security or otherwise, all or any part of its rights or obligations under this Agreement to any Person. Notwithstanding the foregoing, Caffe & Roaster Holdings Inc. may, prior to Closing, assign this Agreement in its discretion and without consent to a subsidiary incorporated for the purpose of completing the Transaction.

**6.12 Further Assurances.** Each Party shall promptly do, execute, deliver or cause to be done, executed or delivered all further acts, documents and matters in connection with this Agreement that any other Party may reasonably require, for the purposes of giving effect to this Agreement.

**6.13 Severability.** If, in any jurisdiction, any provision of this Agreement or its application to any Party or circumstance is restricted, prohibited or unenforceable, that provision will, as to that jurisdiction, be ineffective only to the extent of that restriction, prohibition or unenforceability without invalidating the remaining provisions of this Agreement, without affecting the validity or enforceability of that provision in

any other jurisdiction and, if applicable, without affecting its application to the other Parties or circumstances. The Parties shall engage in good faith negotiations to replace any provision which is so restricted, prohibited or unenforceable with an unrestricted and enforceable provision, the economic effect of which comes as close as possible to that of the restricted, prohibited or unenforceable provision which it replaces.

**6.14 Successors.** This Agreement is binding on, and enures to the benefit of, the Parties and their respective successors and assigns.

**6.15 Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together constitute one agreement. Delivery of an executed counterpart of this Agreement by facsimile or transmitted electronically in legible form, including in a tagged image format file (TIFF) or portable document format (PDF), shall be equally effective as delivery of a manually executed counterpart of this Agreement.

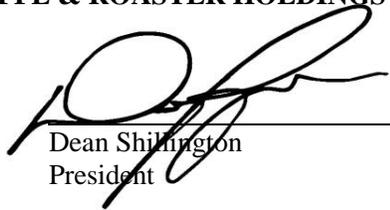
[Signature page follows]

**IN WITNESS WHEREOF**, the Parties have duly executed this Agreement on the date first above written.

**MICROB RESOURCES INC.**

By: \_\_\_\_\_  
Norman (Mickey) McLeod  
President

**CAFFE & ROASTER HOLDINGS INC.**

By:  \_\_\_\_\_  
Dean Shilington  
President

*Signature page to Asset Purchase Agreement – Microb Resources Inc.*

**Schedule 1.1(44)**

**Permitted Encumbrances**

<b>Base Registration</b>	<b>Registration Date</b>	<b>Debtor Name</b>	<b>Secured Party</b>
143401E	January 18, 2008	Microb Resources Inc.	Business Development Bank of Canada
020610M	January 23, 2020	Microb Resources Inc.	Bodkin, A Division of Bennington Financial Corp.

## **Schedule 2.1(e)**

### **Purchased Contracts**

1. The Lease.
2. Offer to Sublease dated April 9, 2024, between the Vendor and Awin Enterprise Inc.
3. Contracts in respect of the Assumed Debt.
4. Contracts with the customers listed in the Key Customers list attached to this Schedule as Attachment 1.
5. Contracts with the following suppliers and service providers:
  - a. TricorBraun Flex;
  - b. Atlas Coffee Importers, Inc.;
  - c. InterAmerican Coffee Inc.;
  - d. Intercontinental Coffee Trading;
  - e. Sucafina NA Inc.;
  - f. New Age Marketing and Brand Management Inc.; and
  - g. Oracle.
6. Sovereign General Insurance Company Policy Nos. S4002005876 & SOV79632272.
7. To the extent not listed above, all Contracts pertaining to the list of Accounts Receivable attached as Attachment 2 to this Schedule.

**Attachment 1**

**Key Customers**

See attached.

Key Customers	CATEGORY	FY2020	FY2021	FY2022	FY2023	FY2024	Customer Since
		Net Sales \$	Net Sales \$	Net Sales \$	Net Sales \$	Net Sales \$	
Costco Canada	Grocery	4,450,976	4,899,265	6,319,595	6,882,674	5,714,143	2008
Pattison Food Group (Save-On)	Grocery	815,404	683,696	485,293	483,370	400,212	2014
Loblaws	Grocery	602,484	691,787	754,312	811,552	808,609	2010
London Drugs	Grocery	438,120	524,066	596,110	713,056	715,837	2014
PSC Natural Foods	Grocery	547,492	511,389	557,908	672,574	805,516	2016
Curve Distribution (was Elite)	Grocery	522,616	386,420	133,567	214,406	45,747	2016
Metro Richelieu	Grocery		109,296	282,429	469,403	311,718	2021
Dovre Import & Export	Grocery	401,747	428,159	211,451	244,979	228,500	2016
Horizon Distributors	Grocery	360,308	345,794	351,550	270,715	228,424	2005
Thirst First Coffee & Vending	Food Service	210,272	123,246	197,801	296,704	351,533	2009
Quality Foods	Grocery	168,568	253,080	261,584	266,446	19,096	2014
Amazon.ca	Retail	52,518	54,433	67,981	155,661	259,766	2016
Shopify Orders	Retail	122,407	233,682	222,940	189,087	189,553	2019
UNFI	Grocery	68,319	127,130	180,728	204,373	221,034	2018
John Norget & Co	Grocery	157,139	177,416	51,641	61,222	62,338	2016
Gordon Food Service	Food Service		27,845	109,608	160,455	222,845	2015
Canteen of Canada	Food Service			7,173	142,672	223,964	2022
	<b>Subtotal</b>	<b>8,918,370</b>	<b>9,576,704</b>	<b>10,791,671</b>	<b>12,239,349</b>	<b>10,808,835</b>	
	<b>Remainder</b>	<b>1,073,329</b>	<b>679,757</b>	<b>855,590</b>	<b>1,225,160</b>	<b>1,404,485</b>	
	<b>TOTAL OF ALL CUSTOMERS</b>	<b>9,991,699</b>	<b>10,256,461</b>	<b>11,647,261</b>	<b>13,464,509</b>	<b>12,213,320</b>	

from Sales by Customer SSC Gross Sort Dollars

**Attachment 2**

**Accounts Receivable**

See attached.

Salt Spring Coffee  
**A/R Aging Summary**  
**As of December 17, 2024**

Customer	Current	11/17/2024 - 12/16/2024 (30)	10/18/2024 - 11/16/2024 (60)	9/18/2024 - 10/17/2024 (90)	Before 9/18/2024 (>90)	Total
	Open Balance	Open Balance	Open Balance	Open Balance	Open Balance	Open Balance
- No Customer/Job -	\$11,627.76	\$0.00	-\$7,001.32	-\$6,395.65	\$13,396.97	\$11,627.76
Amazon.ca	\$195.13	\$0.00	\$0.00	\$0.00	\$0.00	\$195.13
Aramark Refreshment Services	\$3,026.74	\$1,256.97	\$0.00	\$0.00	\$0.00	\$4,283.71
BC Pavilion Corporation	\$366.83	\$0.00	\$0.00	\$0.00	\$0.00	\$366.83
BC Place	\$630.21	\$0.00	\$0.00	\$0.00	\$0.00	\$630.21
Best Western Plus Chemainus	\$1,261.97	\$558.10	\$0.00	\$0.00	\$0.00	\$1,820.07
Canteen of Canada	\$22,796.40	\$18,018.30	\$24,803.70	\$0.00	\$0.00	\$65,618.40
Chan Nowosad Boates Accounting	\$0.00	\$455.10	\$0.00	\$0.00	\$0.00	\$455.10
Cinematheque	\$0.00	\$454.65	\$0.00	\$0.00	\$0.00	\$454.65
Costco.ca	\$3,823.57	\$0.00	\$0.00	\$0.00	\$0.00	\$3,823.57
Curve Distribution (was Elite)	\$0.00	\$0.00	\$0.00	\$0.00	\$8,613.27	\$8,613.27
Days Inn On the Harbour	\$666.90	\$0.00	\$0.00	\$0.00	\$0.00	\$666.90
Days Inn Victoria Uptown	\$349.20	\$0.00	\$0.00	\$0.00	\$0.00	\$349.20
Discovery Organics	\$315.86	\$0.00	\$0.00	\$0.00	\$0.00	\$315.86
Dovre Import & Export	\$15,546.40	\$0.00	\$0.00	\$0.00	\$0.00	\$15,546.40
<b>Embarc Resorts</b>						
Embarc Ucluelet	\$658.65	\$0.00	\$0.00	\$0.00	\$0.00	\$658.65
<b>Total - Embarc Resorts</b>	<b>\$658.65</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$658.65</b>
Gordon Food Service	\$11,334.52	\$7,487.32	\$0.00	\$0.00	\$0.00	\$18,821.84
Highwayman Pub Abbotsford	\$375.81	\$255.79	\$0.00	\$0.00	\$0.00	\$631.60
Highwayman Pub Surrey	\$375.81	\$0.00	\$0.00	\$0.00	\$0.00	\$375.81
Horizon Distributors	\$12,465.60	\$0.00	\$0.00	\$0.00	\$0.00	\$12,465.60
IGA Coquitlam Deli	\$0.00	\$368.75	\$0.00	\$0.00	\$0.00	\$368.75
<b>KeHE</b>						
KeHE - DC 14 Phoenix	\$1,285.62	\$763.69	\$0.00	\$0.00	\$0.00	\$2,049.31
KeHE - DC 27 North East	\$0.00	\$2,237.75	\$0.00	\$0.00	\$0.00	\$2,237.75
KeHE - DC 31 Miami	\$1,114.53	\$3,814.80	\$0.00	\$0.00	\$0.00	\$4,929.33
KeHE - DC 33 Stockton	\$1,291.27	\$382.26	\$0.00	\$0.00	\$0.00	\$1,673.53
KeHE - DC 41 Chino	\$0.00	\$4,086.40	\$866.74	\$0.00	\$0.00	\$4,953.14
KeHE - DC 55 Douglasville	\$449.96	\$0.00	\$0.00	\$0.00	\$0.00	\$449.96
<b>Total - KeHE</b>	<b>\$4,141.38</b>	<b>\$11,284.90</b>	<b>\$866.74</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$16,293.02</b>
Leduc Safeway 8857	\$0.00	\$0.00	-\$5.00	\$0.00	\$0.00	-\$5.00
Loblaws	\$34,427.20	\$0.00	\$0.00	\$0.00	\$0.00	\$34,427.20
London Drugs	\$28,229.75	\$0.00	\$0.00	\$0.00	\$0.00	\$28,229.75
Meadowbrook	\$977.82	\$0.00	\$0.00	\$0.00	\$0.00	\$977.82
Metro Richelieu	\$18,778.83	\$19,556.52	-\$350.00	\$0.00	\$0.00	\$37,985.35
Mill Creek Coffee	\$6,969.14	\$2,136.17	\$0.00	\$0.00	\$0.00	\$9,105.31
Mill Creek Coffee - Nanaimo	\$244.68	\$4,710.84	\$0.00	\$0.00	\$0.00	\$4,955.52
Northwestern Systems Corp.	\$1,639.55	\$0.00	\$0.00	\$0.00	\$0.00	\$1,639.55
Pattison Food Group (Save-On)	\$18,848.02	\$1,562.82	\$0.00	\$0.00	\$0.00	\$50,410.84
Potluck Catering	\$156.18	\$0.00	\$0.00	\$0.00	\$0.00	\$156.18
PSC Natural Foods	\$10,661.60	\$0.00	\$0.00	\$0.00	\$0.00	\$10,661.60
Salt Spring Coffee - Ganges	-\$6,768.31	\$0.00	\$0.00	\$0.00	\$0.00	-\$6,768.31
Satau	\$0.00	\$0.00	-\$1,280.25	-\$1,563.98	\$0.00	-\$2,844.23
Shopify Orders	\$0.00	-\$501.78	\$0.00	\$0.00	\$0.00	-\$501.78
Slope Side Supply	\$2,472.70	\$0.00	\$0.00	\$0.00	\$0.00	\$2,472.70
Snow Cap	\$3,054.08	\$1,183.14	\$0.00	\$0.00	\$0.00	\$4,237.22
Super Valu Gibsons	\$0.00	\$0.00	\$0.00	\$0.00	-\$30.05	-\$30.05
Thirst First Coffee & Vending	\$42,426.62	\$12,326.52	\$0.00	\$0.00	\$0.00	\$54,753.14
<b>True Key</b>						
Bighorn Meadows Resort	\$1,463.91	\$0.00	\$0.00	\$0.00	\$0.00	\$1,463.91
<b>Total - True Key</b>	<b>\$1,463.91</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$1,463.91</b>
UNFI East	\$3,049.28	\$0.00	\$0.00	\$0.00	\$0.00	\$3,049.28

		12/16/2024 (30)	11/16/2024 (60)	10/17/2024 (90)	(>90)	
	Open Balance	Open Balance	Open Balance	Open Balance	Open Balance	Open Balance
UNFI West	\$10,429.42	\$0.00	\$0.00	\$0.00	\$0.00	\$10,429.42
Uprising Breads Bakery	\$3,778.05	\$782.31	\$0.00	\$0.00	\$0.00	\$4,560.36
UVic - Degrees Catering	\$646.38	\$0.00	\$0.00	\$0.00	\$0.00	\$646.38
Vancouver Aquarium (FS)	\$2,546.53	\$0.00	\$0.00	\$0.00	\$0.00	\$2,546.53
<b>VIU</b>						
VIU Nanaimo	\$3,198.21	-\$24.97	\$0.00	\$0.00	\$0.00	\$3,173.24
<b>Total - VIU</b>	<b>\$3,198.21</b>	<b>-\$24.97</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$3,173.24</b>
Walmart.ca	\$135.78	\$0.00	\$0.00	\$0.00	\$0.00	\$135.78
<b>Wentworth</b>						
Homer Street Cafe & Bar	\$345.75	\$0.00	\$0.00	\$0.00	\$0.00	\$345.75
Maxine's Cafe & Bar	\$345.75	\$510.75	\$0.00	\$0.00	\$0.00	\$856.50
Tableau Bar Bistro	\$345.75	\$0.00	\$0.00	\$0.00	\$0.00	\$345.75
<b>Total - Wentworth</b>	<b>\$1,037.25</b>	<b>\$510.75</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$1,548.00</b>
<b>Western Forest</b>						
Western Forest - Nanaimo Adm	\$181.40	\$0.00	\$0.00	\$0.00	\$0.00	\$181.40
<b>Total - Western Forest</b>	<b>\$181.40</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$181.40</b>
Whisha Pacific Northwest	\$460.55	-\$583.71	-\$621.68	\$0.00	\$0.00	-\$744.84
Windsor Plywood	\$0.00	\$666.90	\$0.00	\$0.00	\$0.00	\$666.90
<b>Total</b>	<b>\$309,003.36</b>	<b>\$82,465.39</b>	<b>\$16,412.19</b>	<b>-\$7,959.63</b>	<b>\$21,980.19</b>	<b>\$421,901.50</b>

## **Schedule 2.3(1)(a)**

### **Assumed Debt**

1. Business Development Bank of Canada. Loan Agreement between the Vendor and BDC, dated January 21, 2030.
2. The Econolease Financial Services Inc. Lease Agreement between the Vendor and Bodkin, a division of Bennington Financial Corp., dated January 10, 2020.
3. Loan from Norman (Mickey) McLeod dated, January 2, 2025, in an amount not to exceed \$125,000.

## **Appendix “F”**

Microb Resources Inc. Liquidation Analysis

In the Matter of the Notice of Intention to Make a Proposal of MICROB RESOURCES INC.

Liquidation Analysis in Bankruptcy

	Notes	Estimated Realization (\$)	
		Book Value (January 2, 2025)	Bankruptcy
<b>Estimated Receipts</b>		\$ -	
Cash	1	194,224	50% \$ 97,112
Accounts receivable	2	403,838	40% 161,535
Inventory	3	515,126	40% 206,050
Plant and equipment, net	4	2,392,128	338,063
<b>Total Estimated Receipts</b>		<b>\$ 3,505,316</b>	<b>\$ 802,760</b>
<b>Priority Creditors</b>			
CRA - Source deductions	5	-	-
CRA - GST	6	-	-
<b>Secured Creditors</b>			
Maynbridge	7	2,242,000	2,242,000
BDC	8	1,196,228	1,196,228
Bodkin	9	29,241	29,241
<b>Total Debt Obligations</b>		<b>\$ 3,467,469</b>	<b>\$ 3,467,469</b>
<b>Surplus / (Deficit) before operating costs and professional fees</b>		<b>\$ 37,847</b>	<b>\$ (2,664,709)</b>

**Notes**

- 1) Cash balance represents a the net cash available in the Company's bank accounts as of January 2, 2025.
- 2) Estimated realization of receivables is based on management's expectations in a bankruptcy scenario, where collectability will be difficult.
- 3) The Company's inventory consist of raw coffee beans, roasted coffee, packaging / shipping and general inventory items. No recent appraisal has been conducted. Estimated realization is based on management's expectations.
- 4) Plant and equipment includes production equipment, office equipment, vehicles leasehold improvements, and furniture and fixtures. Realization percentages have been determined based on management's expectations and the Proposal Trustee's experience in similar situations.
- 5) The Company has advised there are no outstanding source deductions.
- 6) The Company has advised there are no sales taxes owing. Historically, the Company has been in a GST receivable position.
- 7) Maynbridge term loan balance outstanding. Maynbridge has a charge on inventory, accounts receivable and a general security agreement over assets. Under the Transaction it is proposed Maynbridge will be paid in full.
- 8) BDC equipment loan pledged against coffee roasting machines. Under the Transaction the BDC Indebtedness is intended to be acquired by the Purchaser and continued to be serviced.
- 9) Bodkin equipment loan pledged against various pieces of equipment. Under the Transaction the Bodkin Indebtedness is intended to be acquired by the Purchaser and continued to be serviced.