

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

SALUS CAPITAL PARTNERS, LLC

Applicant

and

**J.S.N. JEWELLERY INC., J.S.N. JEWELLERY UK LIMITED, GMJ
CORP., 2373138 ONTARIO INC., ALWAYS & FOREVER FAMILY
COLLECTION INCORPORATED AND P.M.R. INC.**

Respondents

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

**APPLICATION RECORD
(VOLUME 1 OF II)**

AIRD & BERLIS LLP
Barristers and Solicitors
181 Bay Street, Suite 1800
Toronto, Ontario
M5J 2T9

Sam Babe (LSUC #49498B)
Tel: 416.865.7718
Fax: 416.863.1515
Email: sbabe@airdberlis.com

Miranda Spence (LSUC #60621M)
Tel: 416.865.3414
Fax: 416.863.1515
Email: mspence@airdberlis.com

*Lawyers for the Applicant, Salus Capital
Partners, LLC*

TO: ATTACHED SERVICE LIST

INDEX

TABLE OF CONTENTS

TAB		PAGES
<i>VOLUME I</i>		
1.	Notice of Application issued August 3, 2016	1-20
2.	Draft Receivership Order	21-36
3.	Blackline to Model Receivership Order	37-53
4.	Draft Approval and Vesting Order	54-61
5.	Blackline to Model Approval and Vesting Order	62-74
6.	Affidavit of Kyle Shonak sworn August 3, 2016	75-95
A.	Corporation Profile Report for J.S.N. Jewellery Inc.	96-102
B.	United Kingdom Companies House Records of J.S.N. Jewellery U.K. Limited	103-131
C.	Delaware Information Page for GMJ Corporation	132-133
D.	Corporation Profile Report for 2373138 Ontario Inc.	134-139
E.	Corporation Profile Report for Always & Forever Family Collection Incorporated	140-145
F.	Corporation Profile Report for P.M.R. Inc.	146-151
G.	Organization Chart for the Obligors (other than FJI)	152-153
H.	Credit Agreement dated July 18, 2013	154-274
I.	First Amending Agreement dated September 25, 2014	275-288
J.	Guarantee Agreement dated July 18, 2013 granted by 2373 and 6721	289-301
K.	Canadian General Security Agreement dated July 18, 2013 granted by JSN, 2373, FJI and 6721	302-355
L.	U.S. Security Agreement dated July 18, 2013 granted by GMJ and JSN	356-397
M.	Guarantee and Indemnity dated July 18, 2013 granted by JSN UK	398-413

N.	Debenture dated July 18, 2013 granted by JSN UK	414-458
<i>VOLUME II</i>		
O.	U.K. DIP Debenture granted by JSN UK	459-504
P.	Guarantee dated May 16, 2016 granted by AFFC	505-519
Q.	Joinder to Canadian General Security Agreement dated May 16, 2016 granted by AFFC	520-526
R.	Guarantee Agreement dated May 16, 2016 granted by PMR	527-540
S.	Joinder to Canadian General Security Agreement dated May 16, 2016 granted by PMR	541-547
T.	Super Priority DIP Credit Agreement dated May 16, 2016	548-688
U.	PPSA search summary for J.S.N. Jewellery Inc.	689-693
V.	Subordination Agreement dated October 8, 2015 between Argen and Salus	694-697
W.	PPSA search for P.M.R. Inc.	698-702
X.	Guarantee and Postponement of Claim granted by G.A.J.S. to PACE	703-713
Y.	Corporation Profile Report for G.A.J.S. Holdings Inc.	714-719
Z.	Demand Letters dated May 16, 2016, with enclosed Notices of Intention to Enforce Security addressed to JSN, JSN UK, GMJ, Ben Moss, and 2373	720-741
AA.	Amended and Restated Initial Order of the Honourable Justice Newbould dated May 18, 2016	742-785
BB.	Offer to Purchase dated August 1, 2016 (redacted)	786-883
CC.	Letter from Aird & Berlis LLP to Torkin Manes LLP dated June 10, 2016 (redacted)	884-885
DD.	Letter from Aird & Berlis LLP to Torkin Manes LLP dated June 29, 2016 (redacted)	886-887
7.	Affidavit of Michael A. O'Hara sworn August 2, 2016 (redacted and without confidential exhibits)	888-899
8.	Consent of Richter Advisory Group Inc.	900-901

9.

Service List

902-905

TAB 1

Court File No. CV-16-011478 -00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

SALUS CAPITAL PARTNERS, LLC

Applicant

and



**J.S.N. JEWELLERY INC., J.S.N. JEWELLERY UK LIMITED, GMJ
CORP., 2373138 ONTARIO INC., ALWAYS & FOREVER FAMILY
COLLECTION INCORPORATED AND P.M.R. INC.**

Respondent

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

NOTICE OF APPLICATION

TO THE RESPONDENT

A LEGAL PROCEEDING HAS BEEN COMMENCED by the applicant. The claim made by the applicant appears on the following page.

THIS APPLICATION will come on for a hearing before a judge presiding over the Commercial List at 330 University Avenue, Toronto, Ontario, on Thursday, August 11, 2016, at 10:00 a.m. or as soon after that time as the matter may be heard.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the Rules of Civil Procedure, serve it on the applicant's lawyer or, where the applicant does not have a lawyer, serve it on the applicant, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the applicant's lawyer or, whether the applicant does

not have a lawyer, serve it on the applicant, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but at least two days before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date: August 3, 2016

Issued by: _____

Ray Adellbriem
Local Registrar

Address of court office: 330 University Avenue
7th Floor
Toronto, ON M5G 1R7

TO: ALL THE PARTIES ON THE ATTACHED SERVICE LIST

APPLICATION

1. **THE APPLICANT, SALUS CAPITAL PARTNERS, LLC ("SALUS"), MAKES APPLICATION FOR:**
 - (a) if necessary, an order abridging the time for service and filing of this notice of application and the application record or, in the alternative, dispensing with and/or validating service of same;
 - (b) an order
 - (i) appointing Richter Advisory Group Inc. ("**Richter**") as receiver (in such capacity, the "**Receiver**"), without security, of all the assets, undertakings and properties of J.S.N. Jewellery Inc. (the "**JSN**"), J.S.N. Jewellery UK Limited ("**JSN UK**"), GMJ Corp. ("**GMJ**"), 2373138 Ontario Inc. ("**2373**"), Always & Forever Family Collection Incorporated ("**AFFC**") and P.M.R. Inc. ("**PMR**" and, collectively with JSN, JSN UK, GMJ, 2372, and AFFC, the "**Debtor**" or the "**Respondents**"); and
 - (ii) approving a sale process for the marketing and sale of the assets of the Respondents other than the Purchased Assets (defined below);
 - (c) an order
 - (i) approving the sale transaction contemplated by an offer to purchase by Unique Designs, Inc. (the "**Purchaser**") dated August 1, 2016 (the "**Purchase Agreement**"), for the purchase of certain assets belonging to the Respondents (the "**Transaction**");
 - (ii) authorizing and directing the Receiver to execute the Purchase Agreement;
 - (iii) vesting in the Purchaser all of JSN's right, title and interest in and to the assets described in the Purchase Agreement (the "**Purchased Assets**"); and

- (iv) sealing the unredacted version of the Affidavit of Michael O'Hara, sworn August 2, 2016 (the "O'Hara Affidavit") and the confidential appendices to Richter's pre-filing report to the Court (the "Report");
- (d) its costs of this application; and
- (e) such further and other relief as is just.

2. THE GROUNDS FOR THE APPLICATION ARE:

THE PARTIES

- (a) JSN is a privately-owned Ontario corporation that operates a jewellery wholesale business, which is 100% owned by Joseph Shilon. JSN's product is largely manufactured in Thailand by JSN's affiliate, Utopia Jewellery Co., a Thai corporation. JSN also has a manufacturing facility in Toronto, Ontario, which allows it to perform high margin, in-house repair and special orders;
- (b) JSN's product is sold to retailers in the United Kingdom by JSN U.K., and to retailers in the United States by GMJ;
- (c) GMJ's sales operations in the United States are run by an independent contractor with its own premises;
- (d) other than samples in the possession of the contractor or its sales representatives and inventory on consignment with US customers, all of GMJ's tangible assets and books and records are located in Ontario;
- (e) JSN UK has a small sales office in London, leased by JSN, and eight employees;
- (f) JSN UK's electronic books and records are located in Ontario, with some physical books and record located in London;
- (g) JSN UK's finished goods inventory is located at JSN's Ontario premises, and its consignment inventory is in the possession of its customers in the United Kingdom;

- (h) the main purchaser of JSN's product in Canada is JSN's indirect subsidiary, Ben Moss Jewellers Western Canada Ltd. ("Ben Moss"), a jewellery retail business currently under protection of the *Companies' Creditors Arrangement Act* (the "CCAA");
- (i) the sales process approved in Ben Moss' CCAA proceedings resulted in a liquidation agency agreement that received the Court's approval on July 29, 2016;
- (j) JSN also sells its products to Forever Jewellery Inc. ("FJI"), a company owned by Joseph Shilon's daughter, that operates its own wholesale jewellery business;
- (k) on the application of Salus, Richter was Court-appointed on an ex-parte basis on June 27, 2016 as interim receiver of FJI, and then as full receiver of FJI on June 30, 2016.;
- (l) AFFC is an Ontario corporation, owned by Joseph Shilon, that operates a wholesale and internet retail business focused on jewellery for family gift-giving;
- (m) PMR is an Ontario corporation, indirectly owned by Joseph Shilon, that operates a precious metal, jewellery and gemstone recovery business through Ben Moss stores, purchasing and recycling or refurbishing old jewellery from Ben Moss customers;
- (n) Salus is the senior secured creditor of JSN, JSN UK, GMJ, 2373 and AFFC, as well as Ben Moss and FJI, a secured creditor of PMR, and a creditor of Joseph Shilon;
- (o) a search of registrations against the Respondents made pursuant to the *Personal Property Security Act* (Ontario) (the "PPSA"), revealed the following registrations, other than the registration in favour of Salus:
 - (i) with respect to JSN,
 - (1) six registrations in favour of National Leasing Group Inc.;

- (2) one registration in favour of Halton Autolease Inc.; and
- (3) one registration in favour of The Argen Corporation;
- (ii) with respect to PMR, one registration in favour of Pace Savings & Credit Union Limited; and
- (iii) no other registrations in respect of any of the other Respondents;

SALUS' LOAN AND SECURITY

- (p) Salus, as agent and lender, and JSN, JSN UK, GMJ, and Ben Moss, as borrowers, and 2373, FJI, and Joseph Shilon, as guarantors, are parties to a credit agreement dated July 18, 2013 (as amended, replaced, restated, or supplemented from time to time, the "**Credit Agreement**");
- (q) pursuant to the Credit Agreement, Salus has supplied the Borrowers with:
 - (i) a revolving operating facility in the maximum amount of CDN\$50,000,000 or its US\$ equivalent, subject to sufficient collateral borrowing base (the "**Revolving Credit Facility**");
 - (ii) a CDN\$7,000,000 term loan facility (the "**Term A Facility**");
 - (iii) a CDN\$13,000,000 term loan facility (the "**Term B Facility**"); and
 - (iv) a US\$3,500,000 term loan facility provided for in the First Amendment (the "**Term C Facility**"),(collectively, the "**Credit Facilities**");
- (r) as security for their obligations to Salus, JSN, 2373, FJI and Ben Moss provided, among other things, a Canadian General Security Agreement dated July 18, 2013 (the "**GSA**");

- (s) by a New York law governed security agreement dated as of July 18, 2013, GMJ and JSN granted Salus security over all their assets located in the United States (the **"US Security Agreement"**);
- (t) by a Guarantee and Indemnity dated July 18, 2013, JSN U.K. guaranteed all present and future obligations under the Credit Agreement, secured by a Debenture dated July 18, 2013 (the **"Original UK Debenture"**);
- (u) JSN UK is also a guarantor under the Super Priority DIP Credit Agreement approved in Ben Moss' CCAA proceedings (the **"DIP Credit Agreement"**), and it executed a second Debenture to secure that guarantee (the **"UK DIP Debenture"**) and, together with the Original UK Debenture, the **"JSN UK Debentures"**);
- (v) by a guarantee agreement dated May 16, 2016, made in connection with the Accommodation Agreement (defined below) (the **"AFFC Guarantee"**), AFFC guaranteed all obligations under the Credit Agreement and the DIP Credit Agreement, which AFFC Guarantee is secured by a joinder to the GSA dated the same date;
- (w) by a guarantee agreement dated May 16, 2016, made in connection with the Accommodation Agreement (the **"PMR Guarantee"**), PMR guaranteed all obligations under the Credit Agreement and the DIP Credit Agreement, which PMR Guarantee is secured by a joinder to the GSA dated the same date;
- (x) at section 10.22 of the DIP Credit Agreement each of the Respondents confirmed that their respective guarantees guaranteed the obligations of Ben Moss under the DIP Credit Agreement in addition to continuing guarantee the obligations of the Borrowers under the Credit Agreement;
- (y) as at August 3, 2016, the Obligors were indebted to Salus for the following amounts pursuant to the JSN Group Credit Facilities, the DIP Credit Facilities and/or their guarantees, plus interest, legal and bank fees and costs:

CDN Revolving Loan

Principal CAD \$21,363,029.72

Interest CAD \$16,380.97

the Default Rate of interest under the Credit Agreement at the Canadian Prime Rate + 6.50% per annum.

USD Revolving Loan

Principal US \$21,432,353.43

Interest US \$18,753.31

the Default Rate of interest under the Credit Agreement at the U.S. Base Rate + 6.50% per annum.

Term Loan A

Principal CAD \$4,750,000.00

Interest CAD \$5,323.96

Interest accrues at the Default Rate of interest under the Credit Agreement at the Canadian Prime Rate + 10.75% per annum.

Term Loan B

Principal CAD \$4,871,987.17

Interest CAD \$6,272.68

Interest accrues at the Default Rate of interest under the Credit Agreement at the Canadian Prime Rate + 12.75% per annum.

Term Loan C

Principal US \$3,500,000.00

Interest US \$4,885.42

Interest accrues at the Default Rate of interest under the Credit Agreement at the U.S. Base Rate + 12.75% per annum.

DIP USD Revolving Loan

Principal **US \$4,850,945.70**

Interest **US \$8,055.18**

Interest accrues at the rate of 20.00% per annum.

FINANCIAL DIFFICULTIES AND DEFAULTS

- (z) JSN acquired Ben Moss to provide its wholesale business with an additional sales outlet as a way to maximize the wholesale business's growth potential;
- (aa) since the acquisition, however, there was a significant decrease in Ben Moss's net sales and profitability, largely as a result of softness in western Canada due to declining energy prices and the appreciation of the U.S. dollar relative to the Canadian dollar, which caused difficulties with inventory levels, merchandising and product mix at the Ben Moss stores;
- (bb) furthermore, certain poorly performing stores, the expense of certain economically unviable leases, and the costly operation of a head office in Winnipeg consumed much needed capital;
- (cc) as a result of the foregoing, Ben Moss had impaired cash flow and experienced a severe liquidity crisis;
- (dd) as a result of Ben Moss' financial troubles, JSN (as lead Borrower under the Credit Agreement) began, at the end of March, 2016, to request, and Salus provided, a series of overadvances under the Revolving Credit Facility of the Credit Agreement (collectively, the "**Permitted Overadvances**"), with each Permitted Overadvance constituting an Event of Default under the Credit Agreement;
- (ee) in late April, 2016, Ben Moss advised Salus of its intention to seek protection pursuant to the CCAA, and seeking the appointment of Alvarez & Marsal Canada Inc. ("**A&M**") as monitor;

- (ff) in addition to Ben Moss' continuing troubles, JSN itself started to see a slump in receipts;
- (gg) one major issue that came into focus during this period was JSN's funding of its Thai affiliates, Utopia Jewellery Co. and Utopia Diamond Inc. (collectively, "Utopia"), and its Israeli affiliate, Global Diamonds (G.D.) Ltd. ("Global Diamonds"), none of which are within Salus' collateral fence;
- (hh) JSN funded approximately US\$600,000 per week to Utopia and Global Diamonds for the purchase of raw materials and to fund operations of the Utopia manufacturing facility, and also provided Utopia some precious metals directly;
- (ii) although Mr. Shilon originally made representations to Salus that he was the 100% indirect owner of Utopia and that Utopia had approximately \$5.6 million of surplus inventory gem stones that would be transferred from Utopia to JSN, an on-site visit at Utopia's facilities in Thailand by representatives of A&M, Salus and Gordon Brothers revealed that there was no surplus gemstone inventory of any such value and that Mr. Shilon did not appear to be in control of the Utopia assets and operations;
- (jj) on May 12, 2016, JSN, Ben Moss and certain other Obligors, including PMR, appointed FAAN Advisors Group Inc. to serve as their chief restructuring officer (the "CRO"), and delegated the authority to direct their operations and management, stripping the same powers away from Joseph Shilon;
- (kk) in light of the following defaults:
 - (i) the Borrowers' inability to repay the Permitted Overadvances;
 - (ii) breach of the Borrowers' collateral coverage ratio covenant under the Credit Agreement, and
 - (iii) Ben Moss' expressed intention to commence the CCAA Proceedings;

Salus, by its counsel on May 16, 2016, sent the Respondents (other than AFFC and PMR) demands for repayment of the Borrowers' obligations under the Credit Agreement, were accompanied by notices of intention to enforce security under Section 244 of the BIA;

- (ll) also on May 16, 2016, but subsequent to the issuance of the Demands and BIA Notices, the Obligors, Salus, as administrative and collateral agent and lender, and Salus CLO 2012-1, Ltd. ("**Salus CLO**"), as lender, executed an Accommodation Agreement (the "**Accommodation Agreement**") pursuant to which Salus agreed to forbear from enforcing its security and to continue to fund the Borrowers other than Ben Moss under the Credit Agreement, in accordance with the borrowing base, and to provide overadvance funding to Ben Moss pursuant to the DIP Credit Agreement made the same day between the same parties (though with only Ben Moss as borrower);
- (mm) on May 18, 2016 (the "**Filing Date**"), Ben Moss was granted protection under the CCAA pursuant to an initial order of this Court that, among other things:
 - (i) granted a stay of proceedings in favour of Ben Moss;
 - (ii) authorized Ben Moss to obtain and borrow up to CAD\$8 million under the DIP Credit Agreement from Salus CLO, subject to the condition that borrowing could not exceed \$3.5 million before the comeback hearing; and
 - (iii) appointed A&M as the monitor in respect of Ben Moss (in such capacity, the "**Monitor**");
- (nn) Ben Moss obtained an amended and restated Initial Order (the "**Initial CCAA Order**") at the comeback hearing held on May 26, 2016, which, among other things, authorized Ben Moss to borrow up to the full CAD\$8 million under the DIP Credit Agreement;

- (oo) Originally the waterfall of how proceeds were to be applied under the DIP Credit Agreement and the Accommodation Agreement required the Permitted Overadvance under the Credit Agreement to be paid down first, but, because of unexpectedly weak collections, the Permitted Overadvance was not paid down on the timeline contemplated by the Cash Flows, and became larger than the remaining availability under the DIP Credit Agreement leaving Ben Moss with the prospect of no credit;
- (pp) Salus agreed to amend the waterfall of proceeds in an Amendment to Accommodation Agreement and an Amendment to Superpriority DIP Credit Agreement, both dated June 14, 2016, such that proceeds would be applied first to reduce the DIP facility;
- (qq) FJI and Joseph Shilon both refused to sign these amendments, which refusals constitute breaches of the Accommodation Agreement and DIP Credit Agreement;
- (rr) the consolidated Ben Moss/JSN borrowing base report dated July 7, 2016 revealed that the combined over-advance position under the JSN Group Credit Facilities and the DIP Credit Facility as at July 2, 2016 had risen sharply by approximately \$3.5 million in one week, resulting in an total over-advance of approximately \$9 million in excess of what was projected in the approved budget;
- (ss) the overadvance currently sits at approximately \$10 million in excess of budget;
- (tt) the collateral deterioration is expected to worsen as JSN is no longer able to fulfill Ben Moss orders because its relationships with Utopia and Global Diamonds have collapsed;
- (uu) Utopia has shipped little inventory despite receiving large amounts of funding from Salus, and has made significant overstatements of the value of the inventory that was shipped;

- (vv) Salus' commitments under the Accommodation Agreement are conditional on, among other things, the Borrowers complying with and generally operating their businesses in a manner consistent with the Cash Flows (as defined in the Accommodation Agreement), subject to variance limits;
- (ww) Ben Moss and JSN have consistently been off-side the variance limits on a number of Cash Flows line items;

APPOINTMENT OF THE RECEIVER

- (xx) Salus believes that there is an urgent need to preserve and protect the value of the assets of the Respondents by the appointment of a receiver;
- (yy) pursuant to the GSA, Salus has the right, upon an event of default, to seek the court-appointment of a receiver over any or all of the Respondents party thereto;
- (zz) the right to appoint a receiver upon default is also contained in the JSN UK Debentures;
- (aaa) the US Security Agreement gives Salus the right to take possession of GMJ's property upon default, to use an agent to do so, and to dispose of such property in realization of Salus' security;
- (bbb) pursuant to the Canadian guarantees and the JSN UK Guarantee, the liabilities of guarantors thereunder are not diminished by any extension or increase to the borrowers' obligations under the Credit Agreement or the DIP Credit Agreement, nor by any failure by Salus to pursue remedies against other borrowers or guarantors;
- (ccc) in the Accommodation Agreement, the Respondents agreed not to oppose the court-appointment of a receiver upon the occurrence of a forbearance termination event;
- (ddd) the CRO supports the appointment of the Receiver;

- (eee) Salus has, at all times, acted in good faith and with considerable patience towards the Obligors, including by continuing to provide overadvances in the face of mounting events of default;
- (fff) at this time, however, Salus considers it just and equitable that a receiver be appointed over the Respondents;
- (ggg) Richter is a licensed trustee familiar with the affairs of the Respondents and has consented to act as Receiver should the Court so appoint it;
- (hhh) the Respondents have failed to honour their obligations to Salus pursuant to the Credit Agreement, DIP Credit Agreement and the Accommodation Agreement;
- (iii) the Respondents are insolvent and have failed to fulfill all their obligations to Salus and other stakeholders;
- (jjj) in the circumstances, it is just and equitable that a receiver be appointed;

APPROVAL OF THE TRANSACTION

- (kkk) over the past six months, the business and assets of the Respondents have received sustained exposure to the market under a series of professionally-run refinancing and/or sale processes;
- (lll) in August 2015, engaged A&M Canada Securities ULC (“**A&M Corporate Finance**”) to initiate a process to effectuate a refinancing of the Credit Facilities. After extensive canvassing of the market, A&M Corporate Finance determined that it would not be possible to close a refinancing deal shifted its focus to a restructuring process, which ultimately led to the initiation of Ben Moss’ CCA proceedings;
- (mmm) the RISP (defined below) that was approved as part of Ben Moss’ CCAA proceeding originally solicited, among other things, a refinancing of all or part the Respondents’ and Ben Moss’ Salus credit facilities (a “**JSN Group Refinancing**”

Proposal) or an equity investment in Ben Moss and/or JSN (a **“Reinvestment Proposal”**);

- (nnn) when the RISP generated no qualified letter of intent with respect to a JSN Group Refinancing Proposal or a Reinvestment Proposal within the 30-day Phase I of the RISP, Salus terminated the RISP vis-à-vis JSN and the other Respondents, leaving the RISP in place only to seek a sale of all or a portion of the business and property of Ben Moss;
- (ooo) Salus then engaged Consensus Advisors (**“Consensus”**) to market the assets of JSN for a sale transaction outside of the scope of the Ben Moss RISP;
- (ppp) Consensus is a boutique investment banking and financial advisory firm focused exclusively on the retail and consumer product markets with extensive transactional and advisory experience in the global diamond and jewelry sector, which had been engaged by Salus in 2013 to perform a field audit on JSN and Ben Moss in advance of Salus’ entry into the Credit Agreement;
- (qqq) Consensus’ set out to find a buyer who could continue to supply JSN’s main customers with jewellery under the product programs JSN had developed with those customers, where, because of the breakdown in JSN’s relationship with its Utopia, JSN could not continue to supply under these customer programs itself;
- (rrr) There was real risk that the customers would return the large amounts of JSN inventory they held on consignment or “memo” and that they would claim aggressive charge-backs on the accounts they owed to JSN for already sold consignment product;
- (sss) JSN has approximately CAN\$7.2 million of goods at cost out on memo with its customers and has approximately CAN\$9 million of outstanding accounts receivable from such customers;
- (ttt) time was of the essence in finding a buyer to preserve these customer relationships and preserve the value of JSN’s consignment inventory and accounts

receivable because customers were not expected to wait much longer before hedging their own risks by finding new suppliers to replace their JSN programs;

- (uuu) Consensus chose not to spend time or effort seeking investment or refinancing proposals for JSN because: (a) such proposals had already been sought without success in the RISP and the earlier A&M Corporate Finance process; and (b) JSN's owner, Joseph Shilon, was already actively involved in an attempt to buy Salus' debt and security at a deep discount and thus would have been in , and likely uncooperative, with any such efforts;
- (vvv) Consensus approached seven of the world's largest diamond and jewellery companies to gauge their interest and ability in continuing JSN's customer programs on an expedited basis;
- (www) A&M also reached out to additional parties whom had previously contacted about such a strategy in the context of the RISP;
- (xxx) four parties signed confidentiality agreements and began extensive due diligence;
- (yyy) in mid-June, JSN signed a letter of intent with a party who had been conducting due diligence since March, 2016 and had then been involved in the RISP (the "Initial Bidder"), which letter of intent gave the Initial Bidder two weeks to finalize its due diligence and to negotiate and finalize a definitive purchase agreement, all with exclusivity;
- (zzz) when the Initial Bidder did not make any significant efforts to advance its bid during its two-week exclusivity period, Consensus re-started discussions with the other interested parties and set June 15, 2016 as the new deadline for submission of binding, unconditional bids;
- (aaaa) Consensus received four bids by the deadline, including the Initial Bidder's still open original bid;
- (bbbb) the Purchaser's bid was chosen from those four because its economics were superior to those in the Initial Bidder's offer and because the Purchaser

represented that it was already the largest vendor to JSN's largest customer, Fred Meyer Jewelers ("Fred Meyer");

- (cccc) Consensus and Salus attributed significant value to the Purchaser's ability to preserve the JSN programs with Fred Meyers and thereby prevent large returns of consignment inventory and aggressive charge backs on accounts receivable;
- (dddd) JSN and Salus signed back an LOI from the Purchaser on July 16, 2016 and, after approximately two more weeks of negotiation and due diligence, the Purchase Agreement was settled and signed by the Purchaser as a binding offer pending execution by the Receiver upon its appointment;
- (eeee) pursuant to the Transaction, the Purchaser will acquire all of JSN's consignment inventory and all finished goods earmarked for open customer orders, as well as certain other finished goods at the Purchaser's option;
- (ffff) the Purchaser will also acquire JSN intellectual property, including the trademarks used in the customer programs;
- (gggg) Salus supports both the sale process conducted by Consensus and the Transaction. Salus faces a significant shortfall on its loans to the Borrowers under any combination or permutation of foreseeable outcomes of: (a) the Transaction; (b) the Sale Process; (c) the Refinancing and/or Investment Solicitation Process (the "RISP") that is reaching a conclusion in Ben Moss' CCAA proceedings; or (d) the sale of assets by Richter in its separate capacity as Court-appointed receiver of FJI. Since Salus therefore bears the largest risk, its support for the Transaction should be given significant weight;
- (hhhh) a sealing order is required because the Confidential Appendices to the Report and the unredacted O'Hara Affidavit contain certain commercially sensitive information, the release of which could prejudice the Debtors' stakeholders, particularly if the Transaction were not to close;

APPROVAL OF SUNDRY ASSET REALIZATION PROCESS

- (iii) because the Transaction will only involve the sale of consignment inventory and finished goods relating to open customer orders, there will remain a range of other assets for the Receiver to market and sell including loose diamonds, other finished goods, certain specialized equipment, non-specialized equipment such as office furniture and, potentially, accounts receivable (collectively, the “**Sundry Assets**”);
- (jjj) included in the Sundry Assets are all the assets of PMR, which assets are not subject to the Transaction;
- (kkkk) Richter has developed a proposed sale process for the Sundry Assets (the “**Realization Process**”), which is detailed in its Report;
- (lll) Richter considers the Realization Process to be fair and reasonable;
- (mmmm) the other grounds set out in the affidavit of Kyle Shonak, sworn August 3, 2016 (the “**Shonak Affidavit**”), and in the O’Hara Affidavit;
- (nnnn) subsection 243(1) of the BIA;
- (oooo) section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended;
- (pppp) rules 1.04, 2.03, 3.02 and 38 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended; and
- (qqqq) such further grounds as are required and this Court may permit.

3. THE FOLLOWING DOCUMENTARY EVIDENCE WILL BE USED AT THE HEARING OF THE APPLICATION:

- (a) the Shonak Affidavit and all the exhibits attached thereto;
- (b) the O’Hara Affidavit and all the exhibits attached thereto;
- (c) the Report and all the appendices attached thereto;

- (d) the consent of Richter to act as the Receiver; and
- (e) such other material as is required and this Court may permit.

Date of Issue: August 3rd, 2016

AIRD & BERLIS LLP
Barristers and Solicitors
Brookfield Place
Suite 1800, Box 754
181 Bay Street
Toronto, Ontario
M5J 2T9

Sam Babe (LSUC #49498B)
Tel: 416-865-7718
Fax: 416-863-1515
Email: sbabe@airdberlis.com

Miranda Spence (LSUC #60621M)
Tel: 416-865-3414
Fax: 416-863-1515
Email: mspence@airdberlis.com

Lawyers for Salus Capital Partners, LLC

SALUS CAPITAL PARTNERS, LLC

and

J.S.N. JEWELLERY INC., et al.

(Short title of proceeding)

Court File No. CV-16-011478 -00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

PROCEEDINGS COMMENCED AT TORONTO

NOTICE OF APPLICATION

AIRD & BERLIS LLP
Brookfield Place
181 Bay Street, Suite 1800
Toronto, Ontario
M5J 2T9

Sam Babe (LSUC #49498B)

Tel: 416-865-7718

Fax: 416-863-1515

Email: sbabe@airdberlis.com

Miranda Spence (LSUC #60621M)

Tel: 416-865-3414

Fax: 416-863-1515

Email: mpace@airdberlis.com

Lawyers for Salus Capital Partners, LLC

TAB 2

Court File No. CV-16-011478-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE

)

THURSDAY, THE 11TH

JUSTICE

)

DAY OF AUGUST, 2016

)

SALUS CAPITAL PARTNERS, LLC

Applicant

and

**J.S.N. JEWELLERY INC., J.S.N. JEWELLERY UK LIMITED, GMJ
CORP., 2373138 ONTARIO INC., ALWAYS & FOREVER FAMILY
COLLECTION INCORPORATED AND P.M.R. INC.**

Respondents

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

**ORDER
(appointing Receiver)**

THIS APPLICATION made by Salus Capital Partners, LLC ("**Salus**") for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "**CJA**") appointing Richter Advisory Group Inc. ("**Richter**") as receiver (in such capacity, the "**Receiver**") without security, of all of the assets, undertakings and properties of J.S.N. Jewellery Inc., J.S.N. Jewellery UK Limited, GMJ Corp., 2373138 Ontario Inc., Always & Forever Family Collection Incorporated and P.M.R. Inc. (collectively, the "**Debtor**") acquired for, or used in relation to a business carried on by the Debtor, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Michael A. O'Hara sworn August 2, 2016, and the Exhibits thereto, the affidavit of Kyle Shonak sworn August 3, 2016, and the Exhibits thereto, and the report of the proposed Receiver dated August ~~2~~, 2015 (the "**Report**"), and the Appendices thereto, and on hearing the submissions of counsel for Salus, the Debtor, and the proposed Receiver, no one appearing for any other party although duly served as appears from the affidavit of service of ~~the~~ sworn August 3, 2016, filed, and on reading the consent of Richter to act as the Receiver,

SERVICE

1. **THIS COURT ORDERS** that the time for service and filing of the notice of application and the application record is hereby abridged and validated so that this application is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

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

RECEIVER'S POWERS

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

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security

personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;

- (c) to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;

- (j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (i) without the approval of this Court in respect of any transactions, provided that the aggregate consideration for all such transactions does not exceed \$1,000,000; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply.

- (l) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (m) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable and including, without limitation, the Court-appointed Monitor in the *Companies' Creditors Arrangement Act* proceedings of Ben Moss Jewellers Western Canada Ltd.;
- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;

- (o) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;
- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (q) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- (r) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations,

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person. For certainty, the Receiver shall not, as a result of its appointment or the powers conferred upon the Receiver pursuant to this Order, be or be deemed to be in possession or control of any Property or any part of the business of the Debtor unless the Receiver has in fact taken possession or exercised control over such Property or business.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. **THIS COURT ORDERS** that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

5. **THIS COURT ORDERS** that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

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

7. **THIS COURT ORDERS** that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of

the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days' notice to such landlord and any such secured creditors.

NO PROCEEDINGS AGAINST THE RECEIVER

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

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

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

NO EXERCISE OF RIGHTS OR REMEDIES

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

NO INTERFERENCE WITH THE RECEIVER

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

CONTINUATION OF SERVICES

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

RECEIVER TO HOLD FUNDS

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

EMPLOYEES

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

respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. For certainty, and without limitation, nothing in this Order shall require the Receiver to take any action in respect of any employees of the Debtor located outside of Canada or whose employment is or may otherwise be governed by the laws of a jurisdiction outside of Canada.

PIPEDA

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

LIMITATION ON ENVIRONMENTAL LIABILITIES

16. **THIS COURT ORDERS** that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations

thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

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

RECEIVER'S ACCOUNTS

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

19. **THIS COURT ORDERS** that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

20. **THIS COURT ORDERS** that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against

its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

21. **THIS COURT ORDERS** that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$100,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

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

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

24. **THIS COURT ORDERS** that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

SALE PROCESS

25. **THIS COURT ORDERS** that the Realization Process, as defined and described in the Report, is hereby approved, and the Receiver is hereby authorized and directed to take such steps as it deems necessary or advisable to carry out the Realization process substantially in accordance with the description thereof in the Report. The Receiver shall not be or be deemed to be in possession or control of any Property or any part of the business of the Debtor solely as a result of its marketing of any such Property or business pursuant to this paragraph 25.

SERVICE AND NOTICE

26. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "Protocol") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/eservice-commercial/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL 'www.richter.ca/en/folder/insolvency-cases/j/jsn-jewellery-inc'.

27. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Debtor's creditors or other interested parties at their respective addresses as last shown on the records of the Debtor and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

28. **THIS COURT ORDERS** that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

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

30. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States or the United Kingdom to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

31. **THIS COURT ORDERS** that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

32. **THIS COURT ORDERS** that Salus shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of Salus' security or, if not so provided by Salus' security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

33. **THIS COURT ORDERS** that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that Richter Advisory Group Inc., solely in its capacity as the receiver (the "**Receiver**") of the assets, undertakings and properties of J.S.N. Jewellery Inc., J.S.N. Jewellery UK Limited, GMJ Corp., 2373138 Ontario Inc., Always & Forever Family Collection Incorporated and P.M.R. Inc. (collectively, the "**Debtor**") acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "**Property**") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated the 11th day of August, 2016 (the "**Order**") made in an action having Court file number CV-16-011478-00CL, has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Receiver is authorized to borrow under and pursuant to the Order.

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

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

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

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver

to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

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

DATED the ____ day of _____, 2016.

RICHTER ADVISORY GROUP INC., solely
in its capacity as Receiver of the Property, and
not in its personal capacity

Per: _____

Name:

Title:

SALUS CAPITAL PARTNERS, LLC

and

J.S.N. JEWELLERY INC., et al.

Court File No. CV-16-011478-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
Proceedings commenced at TORONTO

RECEIVERSHIP ORDER

AIRD & BERLIS LLP
Barristers and Solicitors
Brookfield Place
Suite 1800, Box 754
181 Bay Street
Toronto, ON M5J 2T9

Sam Babe (LSUC # 49498B)
Tel: 416.865.7718
Fax: 416.863.1515
Email: sbabe@airdberlis.com

Miranda Spence (LSUC #60621M)
Tel: 416-865-3414
Fax: 416.863.1515
Email: mspence@airdberlis.com

Lawyers for Salus Capital Partners, LLC

TAB 3

Revised: January 21, 2014
s.243(1) BIA (National Receiver) and s. 101 CJA (Ontario) Receiver

Court File No. CV-16-011478-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE _____) WEEKDAY THURSDAY, THE # 11TH
JUSTICE _____) DAY OF MONTH AUGUST, 20^{YR} 2016

PLAINTIFF[†]

Plaintiff

--and--

DEFENDANT

Defendant

SALUS CAPITAL PARTNERS, LLC

Applicant

and

**J.S.N. JEWELLERY INC., J.S.N. JEWELLERY UK LIMITED, GMJ
CORP., 2373138 ONTARIO INC., ALWAYS & FOREVER FAMILY
COLLECTION INCORPORATED AND P.M.R. INC.**

Respondents

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

**ORDER
(appointing Receiver)**

[†] The Model Order Subcommittee notes that a receivership proceeding may be commenced by action or by application. This model order is drafted on the basis that the receivership proceeding is commenced by way of an action.

THIS MOTION APPLICATION made by the Plaintiff Salus Capital Partners, LLC ("**Salus**") for an Order pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**") and section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended (the "**CJA**") appointing [RECEIVER'S NAME] Richter Advisory Group Inc. ("**Richter**") as receiver ~~[and manager]~~ (in such capacities capacity, the "**Receiver**") without security, of all of the assets, undertakings and properties of [DEBTOR'S NAME] (J.S.N. Jewellery Inc., J.S.N. Jewellery UK Limited, GMJ Corp., 2373138 Ontario Inc., Always & Forever Family Collection Incorporated and P.M.R. Inc. (collectively, the "Debtor") acquired for, or used in relation to a business carried on by the Debtor, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of [NAME] Michael A. O'Hara sworn [DATE] August 2, 2016, and the Exhibits thereto, the affidavit of Kyle Shonak sworn August 3, 2016, and the Exhibits thereto, and the report of the proposed Receiver dated August <*>, 2015 (the "Report"), and the Appendices thereto, and on hearing the submissions of counsel for [NAMES] Salus, the Debtor, and the proposed Receiver, no one appearing for [NAME] any other party although duly served as appears from the affidavit of service of [NAME] <*> sworn [DATE] August 3, 2016, filed, and on reading the consent of [RECEIVER'S NAME] Richter to act as the Receiver,

SERVICE

1. **THIS COURT ORDERS** that the time for service ~~of the Notice of Motion and the Motion~~ and filing of the notice of application and the application record is hereby abridged and validated³ so that this ~~motion~~ application is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

² Section 243(1) of the BIA provides that the Court may appoint a receiver "on application by a secured creditor".

³ If service is effected in a manner other than as authorized by the Ontario Rules of Civil Procedure, an order validating irregular service is required pursuant to Rule 16.08 of the Rules of Civil Procedure and may be granted in appropriate circumstances.

2. **THIS COURT ORDERS** that, pursuant to section 243(1) of the BIA and section 101 of the CJA, ~~[RECEIVER'S NAME]~~ Richter is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtor acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (the "**Property**").

RECEIVER'S POWERS

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

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate, and carry on the business of the Debtor, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtor;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtor or any part or parts thereof;

- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtor and to exercise all remedies of the Debtor in collecting such monies, including, without limitation, to enforce any security held by the Debtor;
- (g) to settle, extend or compromise any indebtedness owing to the Debtor;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtor, for any purpose pursuant to this Order;
- (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtor, the Property or the Receiver, and to settle or compromise any such proceedings.⁴ The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (i) without the approval of this Court in respect of any ~~transaction not exceeding \$_____ transactions,~~ provided that the aggregate consideration for all such transactions does not exceed \$_____1,000,000; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

⁴ ~~This model order does not include specific authority permitting the Receiver to either file an assignment in bankruptcy on behalf of the Debtor, or to consent to the making of a bankruptcy order against the Debtor. A bankruptcy may have the effect of altering the priorities among creditors, and therefore the specific authority of the Court should be sought if the Receiver wishes to take one of these steps.~~

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, [~~or section 31 of the Ontario *Mortgages Act*, as the case may be,~~]⁵ shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply.

- (l) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (m) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable and including, without limitation, the Court-appointed Monitor in the *Companies' Creditors Arrangement Act* proceedings of Ben Moss Jewellers Western Canada Ltd.;
- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (o) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtor;
- (p) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtor, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtor;
- (q) to exercise any shareholder, partnership, joint venture or other rights which the Debtor may have; and
- (r) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

⁵ If the Receiver will be dealing with assets in other provinces, consider adding references to applicable statutes in other provinces. If this is done, those statutes must be reviewed to ensure that the Receiver is exempt from or can be exempted from such notice periods, and further that the Ontario Court has the jurisdiction to grant such an exemption.

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtor, and without interference from any other Person. For certainty, the Receiver shall not, as a result of its appointment or the powers conferred upon the Receiver pursuant to this Order, be or be deemed to be in possession or control of any Property or any part of the business of the Debtor unless the Receiver has in fact taken possession or exercised control over such Property or business.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. **THIS COURT ORDERS** that (i) the Debtor, (ii) all of its current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "**Persons**" and each being a "**Person**") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

5. **THIS COURT ORDERS** that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtor, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "**Records**") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

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

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

NO PROCEEDINGS AGAINST THE RECEIVER

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

NO PROCEEDINGS AGAINST THE DEBTOR OR THE PROPERTY

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

NO EXERCISE OF RIGHTS OR REMEDIES

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

NO INTERFERENCE WITH THE RECEIVER

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

CONTINUATION OF SERVICES

12. **THIS COURT ORDERS** that all Persons having oral or written agreements with the Debtor or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Debtor are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtor's current

telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtor or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

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

EMPLOYEES

14. **THIS COURT ORDERS** that all employees of the Debtor shall remain the employees of the Debtor until such time as the Receiver, on the Debtor's behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. For certainty, and without limitation, nothing in this Order shall require the Receiver to take any action in respect of any employees of the Debtor located outside of Canada or whose employment is or may otherwise be governed by the laws of a jurisdiction outside of Canada.

PIPEDA

15. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal

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

LIMITATION ON ENVIRONMENTAL LIABILITIES

16. **THIS COURT ORDERS** that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

17. **THIS COURT ORDERS** that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any

gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

18. **THIS COURT ORDERS** that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "**Receiver's Charge**") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.⁶

19. **THIS COURT ORDERS** that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

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

FUNDING OF THE RECEIVERSHIP

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

⁶ Note that subsection 243(6) of the BIA provides that the Court may not make such an order "unless it is satisfied that the secured creditors who would be materially affected by the order were given reasonable notice and an opportunity to make representations".

\$ 100,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the "**Receiver's Borrowings Charge**") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

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

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

24. **THIS COURT ORDERS** that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

SALE PROCESS

25. **THIS COURT ORDERS** that the Realization Process, as defined and described in the Report, is hereby approved, and the Receiver is hereby authorized and directed to take such steps as it deems necessary or advisable to carry out the Realization process substantially in accordance with the description thereof in the Report. The Receiver shall not be or be deemed to be in possession or control of any Property or any part of the business of the Debtor solely as a result of its marketing of any such Property or business pursuant to this paragraph 25.

SERVICE AND NOTICE

26. ~~25.~~ **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the “**Protocol**”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/eservice-commercial/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL ‘~~@~~ www.richter.ca/en/folder/insolvency-cases/j/jsn-jewellery-inc’.

27. ~~26.~~ **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Debtor's creditors or other interested parties at their respective addresses as last shown on the records of the Debtor and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

28. ~~27.~~ **THIS COURT ORDERS** that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

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

30. ~~29.~~ **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada ~~or in~~ the United States or the United Kingdom to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

31. ~~30.~~ **THIS COURT ORDERS** that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

32. ~~31.~~ **THIS COURT ORDERS** that the ~~Plaintiff~~ Salus shall have its costs of this motion, up to and including entry and service of this Order, provided for by the terms of the ~~Plaintiff's~~ Salus' security or, if not so provided by the ~~Plaintiff's~~ Salus' security, then on a substantial indemnity basis to be paid by the Receiver from the Debtor's estate with such priority and at such time as this Court may determine.

33. ~~32.~~ **THIS COURT ORDERS** that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that ~~[RECEIVER'S NAME]~~ Richter Advisory Group Inc., solely in its capacity as the receiver (the "Receiver") of the assets, undertakings and properties ~~[DEBTOR'S NAME]~~ of J.S.N. Jewellery Inc., J.S.N. Jewellery UK Limited, GMI Corp., 2373138 Ontario Inc., Always & Forever Family Collection Incorporated and P.M.R. Inc. (collectively, the "Debtor") acquired for, or used in relation to a business carried on by the Debtor, including all proceeds thereof (collectively, the "Property") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") dated the 11th day of August, 2016 (the "Order") made in an action having Court file number CL CV-16-011478-00CL, has received as such Receiver from the holder of this certificate (the "Lender") the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Receiver is authorized to borrow under and pursuant to the Order.

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

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

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

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

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

DATED the ____ day of _____, 2016.

[RECEIVER'S NAME] RICHTER ADVISORY
GROUP INC., solely in its capacity as Receiver
of the Property, and not in its personal capacity

Per: _____

Name:

Title:

26842108.1

SALUS CAPITAL PARTNERS, LLC

and

J.S.N. JEWELLERY INC., et al.

Court File No. CV-16-011478-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
Proceedings commenced at TORONTO

RECEIVERSHIP ORDER

AIRD & BERLIS LLP
Barristers and Solicitors
Brookfield Place
Suite 1800, Box 754
181 Bay Street
Toronto, ON M5J 2T9

Sam Babe (LSUC # 49498B)
Tel: 416.865.7718
Fax: 416.863.1515
Email: sbabe@airdberlis.com

Miranda Spence (LSUC #60621M)
Tel: 416-865-3414
Fax: 416.863.1515
Email: mspence@airdberlis.com

Attorneys for Salus Capital Partners, LLC

TAB 4

Court File No. CV-16-011478-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE)	THURSDAY, THE 11 th DAY
)	
JUSTICE)	OF AUGUST, 2016

SALUS CAPITAL PARTNERS, LLC

Applicant

and

**J.S.N. JEWELLERY INC., J.S.N. JEWELLERY UK LIMITED, GMJ
CORP., 2373138 ONTARIO INC., ALWAYS & FOREVER FAMILY
COLLECTION INCORPORATED AND P.M.R. INC.**

Respondents

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

**APPROVAL AND VESTING ORDER
(Unique Designs, Inc. Transaction)**

THIS APPLICATION, made by Salus Capital Partners, LLC for an order approving the sale transaction (the "**Transaction**") contemplated by an offer to purchase (the "**Sale Agreement**") by Unique Designs, Inc. (the "**Purchaser**") dated August 1, 2016 for the purchase of certain assets of J.S.N. Jewellery Inc., J.S.N. Jewellery UK Limited, GMJ Corp. and Always & Forever Family Collection Incorporated (collectively, the "**Debtor**") and appended as a confidential appendix to the Report of Richter Advisory Group Inc. in its capacity as the proposed Court-appointed receiver (in such capacity, the "**Receiver**") of all the undertaking,

property and assets of, among others, the Debtor, dated August ~~2~~, 2016 (the "**Report**"), and vesting in the Purchaser the Debtor's right, title and interest in and to the assets described in the Sale Agreement (the "**Purchased Assets**"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Report and the appendices thereto, the Affidavit of Michael O'Hara sworn August 2, 2016 (the "**O'Hara Affidavit**") and the Affidavit of Kyle Shonak sworn August 3, 2016, and on hearing the submissions of counsel for the Receiver, ~~the Debtor~~, the Applicant, Salus Capital Partners LLP ("**Salus**"), and the Purchaser, no one appearing for any other person on the service list, although properly served as appears from the affidavit of ~~the Debtor~~ sworn August 4, 2016, filed:

1. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved and the Receiver is hereby authorized and directed to execute the Sale Agreement, with such minor amendments as the Receiver may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction including, without limitation, the Sale Agreement, and for the conveyance of the Purchased Assets to the Purchaser.

2. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Receiver's certificate to the Purchaser substantially in the form attached as **Schedule A** hereto (the "**Receiver's Certificate**"), all of the Debtor's right, title and interest in and to the Purchased Assets described in the Sale Agreement, including without limitation, all of the rights and obligations of the Debtor under the Assigned Contracts/Memos (as defined in the Sale Agreement), excluding any Consent Required Contract (as defined in the Sale Agreement) that the counterparty has not consented to the assignment of by the time of this order, shall vest absolutely in, and, as applicable, be assigned to, the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**") including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice _____ dated

August 10, 2016; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; and (iii) all charges, security interests or claims evidenced by registrations against title records of any intellectual property right registered at any intellectual property office in any jurisdiction of the world, including, without limitation, the Canadian Intellectual Property Office; the United States Patent and Trademark Office; and the United Kingdom Intellectual Property Office (all of which are collectively referred to as the "**Encumbrances**") and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

3. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets in accordance with the allocation of the Purchase Price (as defined in the Sale Agreement) set out in section 4.4 of the Sale Agreement (the "**Proceeds**"), and that from and after the delivery of the Receiver's Certificate all Claims and Encumbrances shall attach to the applicable Proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

4. **THIS COURT ORDERS AND DIRECTS** the Receiver to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof.

5. **THIS COURT ORDERS** that in executing the Sale Agreement and completing the Transaction and otherwise carrying out the terms of this Order the Receiver shall be acting for and on behalf of the Debtor and shall not, solely as a result of the foregoing, be or be deemed to be in possession or control of any Property (as defined in the Order (Appointing Receiver) of this Court issued August 11, 2016) or any part of the business of the Debtor.

6. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver is authorized and permitted to disclose and transfer to the Purchaser such human resources and payroll information in the Debtor's records pertaining to the Debtor's past and current employees as may be necessary or advisable in connection with the Transaction. The Purchaser shall maintain and protect the

privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Debtor.

7. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Debtor and any bankruptcy order issued pursuant to any such applications or any analogous proceedings in the United Kingdom or the United States; and
- (c) any assignment in bankruptcy made in respect of the Debtor in Canada, the United Kingdom or the United States;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy or administrator that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

8. **THIS COURT ORDERS AND DECLARES** that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario).

9. **THIS COURT ORDERS** that, until such time as the transaction contemplated in the Sale Agreement is completed, the Confidential Appendices to the Report, the unredacted O'Hara Affidavit, including the Confidential Exhibits thereto, shall all be sealed, kept confidential and not form part of the public record, but rather shall be placed, separate and apart from all other contents of the Court file, in a sealed envelope attached to a notice that sets out the title of these

proceedings and a statement that the contents are subject to a sealing order and shall only be opened upon filing of the Receiver's Certificate.

10. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United States or the United Kingdom to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

Schedule A – Form of Receiver’s Certificate

Court File No. CV-16-011478-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

SALUS CAPITAL PARTNERS, LLC

Applicant

and

**J.S.N. JEWELLERY INC., J.S.N. JEWELLERY UK LIMITED, GMJ
CORP., 2373138 ONTARIO INC., ALWAYS & FOREVER FAMILY
COLLECTION INCORPORATED AND P.M.R. INC.**


Respondents

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

RECITALS


A. Pursuant to an Order of the Honourable Justice _____ of the Ontario Superior Court of Justice – Commercial List (the "**Court**") dated August 11, 2016, Richter Advisory Group Inc. was appointed as the receiver (in such capacity, the "**Receiver**") of all the undertaking, property and assets of J.S.N. Jewellery Inc., J.S.N. Jewellery UK Limited, GMJ Corp., 2373138 Ontario Inc., Always & Forever Family Collection Incorporated and P.M.R. Inc. (collectively, the "**Debtor**").

B. Pursuant to an Order of the Court dated August 11, 2016, the Court approved the agreement of purchase and sale made as of August 1, 2016 (the "**Sale Agreement**") between the Debtor and Unique Designs, Inc. (the "**Purchaser**") and provided for the vesting in the Purchaser of the Debtor’s right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser

of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in section  of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in section  of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver at _____ [TIME] on _____ [DATE].

RICHTER ADVISORY GROUP INC. in its capacity as Receiver of the undertaking, property and assets of J.S.N. JEWELLERY INC., J.S.N. JEWELLERY UK LIMITED, GMJ CORP., 2373138 ONTARIO INC., ALWAYS & FOREVER FAMILY COLLECTION INCORPORATED AND P.M.R. INC., and not in its personal capacity

Per: _____

Name:

Title:

SALUS CAPITAL PARTNERS, LLC

and

J.S.N. JEWELLERY INC., et al.

Court File No. CV-16-011478-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
Proceedings commenced at TORONTO

APPROVAL AND VESTING ORDER

AIRD & BERLIS LLP
Barristers and Solicitors
Brookfield Place
Suite 1800, Box 754
181 Bay Street
Toronto, ON M5J 2T9

Sam Babe (LSUC # 49498B)
Tel: 416.865.7718
Fax: 416.863.1515
Email: sbabe@airdberlis.com

Miranda Spence (LSUC #60621M)
Tel: 416-865-3414
Fax: 416.863.1515
Email: mspence@airdberlis.com

Lawyers for Salus Capital Partners, LLC

TAB 5

Court File No. CV-16-011478-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE _____)
JUSTICE _____)
_____ DAY THURSDAY, THE _____
11th DAY
OF _____, 2016 AUGUST,
2016

~~BETWEEN:~~

~~PLAINTIFF~~

Plaintiff

~~-and-~~

~~DEFENDANT~~

Defendant

SALUS CAPITAL PARTNERS, LLC

Applicant

and

J.S.N. JEWELLERY INC., J.S.N. JEWELLERY UK LIMITED, GMJ
CORP., 2373138 ONTARIO INC., ALWAYS & FOREVER FAMILY
COLLECTION INCORPORATED AND P.M.R. INC.

Respondents

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

**APPROVAL AND VESTING ORDER
(Unique Designs, Inc. Transaction)**

~~THIS MOTION, made by [RECEIVER'S NAME] in its capacity as the Court-appointed receiver (the "Receiver") of the undertaking, property and assets of [DEBTOR] (the "Debtor")~~APPLICATION, made by Salus Capital Partners, LLC for an order approving the sale transaction (the "Transaction") contemplated by an agreement of offer to purchase and sale (the "Sale Agreement") between the Receiver and [NAME OF PURCHASER] by Unique Designs, Inc. (the "Purchaser") dated [DATE] and appended to the Report of the Receiver dated [DATE] August 1, 2016 for the purchase of certain assets of J.S.N. Jewellery Inc., J.S.N. Jewellery UK Limited, GMJ Corp. and Always & Forever Family Collection Incorporated (collectively, the "Debtor") and appended as a confidential appendix to the Report of Richter Advisory Group Inc. in its capacity as the proposed Court-appointed receiver (in such capacity, the "Receiver") of all the undertaking, property and assets of, among others, the Debtor, dated August <*>, 2016 (the "Report"), and vesting in the Purchaser the Debtor's right, title and interest in and to the assets described in the Sale Agreement (the "Purchased Assets"), was heard this day at 330 University Avenue, Toronto, Ontario.

~~ON READING the Report and the appendices thereto, the Affidavit of Michael O'Hara sworn August 2, 2016 (the "O'Hara Affidavit") and the Affidavit of Kyle Shonak sworn August 3, 2016, and on hearing the submissions of counsel for the Receiver, [NAMES OF OTHER PARTIES APPEARING] the Debtor, the Applicant, Salus Capital Partners LLP ("Salus"), and the Purchaser, no one appearing for any other person on the service list, although properly served as appears from the affidavit of [NAME] <*> sworn [DATE] August 4, 2016, filed¹:~~

1. ~~THIS COURT ORDERS AND DECLARES that the Transaction is hereby approved,² and the execution of the Sale Agreement by and the Receiver³ is hereby authorized and approved~~directed to execute the Sale Agreement, with such minor amendments as the Receiver

¹~~This model order assumes that the time for service does not need to be abridged. The motion seeking a vesting order should be served on all persons having an economic interest in the Purchased Assets, unless circumstances warrant a different approach. Counsel should consider attaching the affidavit of service to this Order.~~

²~~In some cases, notably where this Order may be relied upon for proceedings in the United States, a finding that the Transaction is commercially reasonable and in the best interests of the Debtor and its stakeholders may be necessary. Evidence should be filed to support such a finding, which finding may then be included in the Court's endorsement.~~

³~~In some cases, the Debtor will be the vendor under the Sale Agreement, or otherwise actively involved in the Transaction. In those cases, care should be taken to ensure that this Order authorizes either or both of the Debtor and the Receiver to execute and deliver documents, and take other steps.~~

may deem necessary. The Receiver is hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction including, without limitation, the Sale Agreement, and for the conveyance of the Purchased Assets to the Purchaser.

2. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Receiver's certificate to the Purchaser substantially in the form attached as **Schedule A** hereto (the "**Receiver's Certificate**"), all of the Debtor's right, title and interest in and to the Purchased Assets described in the Sale Agreement ~~[and listed on Schedule B hereto]~~⁴, including without limitation, all of the rights and obligations of the Debtor under the Assigned Contracts/Memos (as defined in the Sale Agreement), excluding any Consent Required Contract (as defined in the Sale Agreement) that the counterparty has not consented to the assignment of by the time of this order, shall vest absolutely in, and, as applicable, be assigned to, the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the "**Claims**"⁵) including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Justice {NAME} _____ dated {DATE} August 10, 2016; (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system; and (iii) ~~these Claims listed on Schedule C hereto~~ all charges, security interests or claims evidenced by registrations against title records of any intellectual property right registered at any intellectual property office in any jurisdiction of the world, including, without limitation, the Canadian Intellectual Property Office; the United States Patent and Trademark Office; and the United Kingdom Intellectual Property Office (all of which are collectively referred to as the "**Encumbrances**", ~~which term shall not include the permitted encumbrances, easements and restrictive covenants listed on Schedule D~~) and, for

⁴ ~~To allow this Order to be free-standing (and not require reference to the Court record and/or the Sale Agreement), it may be preferable that the Purchased Assets be specifically described in a Schedule.~~

⁵ ~~The "Claims" being vested out may, in some cases, include ownership claims, where ownership is disputed and the dispute is brought to the attention of the Court. Such ownership claims would, in that case, still continue as against the net proceeds from the sale of the claimed asset. Similarly, other rights, titles or interests could also be vested out, if the Court is advised what rights are being affected, and the appropriate persons are served. It is the Subcommittee's view that a non-specific vesting out of "rights, titles and interests" is vague and therefore undesirable.~~

greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

~~3. THIS COURT ORDERS that upon the registration in the Land Registry Office for the [Registry Division of {LOCATION}] of a Transfer/Deed of Land in the form prescribed by the Land Registration Reform Act duly executed by the Receiver][Land Titles Division of {LOCATION} of an Application for Vesting Order in the form prescribed by the Land Titles Act and/or the Land Registration Reform Act]⁶, the Land Registrar is hereby directed to enter the Purchaser as the owner of the subject real property identified in Schedule B hereto (the "Real Property") in fee simple, and is hereby directed to delete and expunge from title to the Real Property all of the Claims listed in Schedule C hereto.~~

3. ~~4.~~ **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds⁷ from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets in accordance with the allocation of the Purchase Price (as defined in the Sale Agreement) set out in section 4.4 of the Sale Agreement (the "Proceeds"), and that from and after the delivery of the Receiver's Certificate all Claims and Encumbrances shall attach to the ~~net proceeds~~applicable Proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale⁸, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

4. ~~5.~~ **THIS COURT ORDERS AND DIRECTS** the Receiver to file with the Court a copy of the Receiver's Certificate, forthwith after delivery thereof.

5. ~~6.~~ **THIS COURT ORDERS** that in executing the Sale Agreement and completing the Transaction and otherwise carrying out the terms of this Order the Receiver shall be acting for and on behalf of the Debtor and shall not, solely as a result of the foregoing, be or be deemed to

⁶ Elect the language appropriate to the land registry system (Registry vs. Land Titles).

⁷ The Report should identify the disposition costs and any other costs which should be paid from the gross sale proceeds, to arrive at "net proceeds".

⁸ This provision crystallizes the date as of which the Claims will be determined. If a sale occurs early in the insolvency process, or potentially secured claimants may not have had the time or the ability to register or perfect proper claims prior to the sale, this provision may not be appropriate, and should be amended to remove this crystallization concept.

be in possession or control of any Property (as defined in the Order (Appointing Receiver) of this Court issued August 11, 2016) or any part of the business of the Debtor.

6. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver is authorized and permitted to disclose and transfer to the Purchaser all such human resources and payroll information in the ~~Company~~ Debtor's records pertaining to the Debtor's past and current employees, ~~including personal information of those employees listed on Schedule "●" to the Sale Agreement as may be necessary or advisable in connection with the Transaction.~~ The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Debtor.

7. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Debtor and any bankruptcy order issued pursuant to any such applications or any analogous proceedings in the United Kingdom or the United States; and
- (c) any assignment in bankruptcy made in respect of the Debtor in Canada, the United Kingdom or the United States;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy or administrator that may be appointed in respect of the Debtor and shall not be void or voidable by creditors of the Debtor, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

8. **THIS COURT ORDERS AND DECLARES** that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario).

9. **THIS COURT ORDERS** that, until such time as the transaction contemplated in the Sale Agreement is completed, the Confidential Appendices to the Report, the unredacted O'Hara Affidavit, including the Confidential Exhibits thereto, shall all be sealed, kept confidential and not form part of the public record, but rather shall be placed, separate and apart from all other contents of the Court file, in a sealed envelope attached to a notice that sets out the title of these proceedings and a statement that the contents are subject to a sealing order and shall only be opened upon filing of the Receiver's Certificate.

10. ~~9.~~ **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada ~~or in~~, the United States or the United Kingdom to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

Revised: January 21, 2014

Schedule A – Form of Receiver's Certificate

Court File No. _____ CV-16-011478-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

~~PLAINTIFF~~

Plaintiff

-and-

~~DEFENDANT~~

Defendant

SALUS CAPITAL PARTNERS, LLC

Applicant

and

J.S.N. JEWELLERY INC., J.S.N. JEWELLERY UK LIMITED, GMJ
CORP., 2373138 ONTARIO INC., ALWAYS & FOREVER FAMILY
COLLECTION INCORPORATED AND P.M.R. INC.


Respondents

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

RECITALS


A. Pursuant to an Order of the Honourable ~~[NAME OF JUDGE]~~ Justice _____ of the Ontario Superior Court of Justice – Commercial List (the "Court") dated ~~[DATE OF ORDER]~~, ~~[NAME OF RECEIVER]~~ August 11, 2016, Richter Advisory Group Inc. was

appointed as the receiver (in such capacity, the "Receiver") of all the undertaking, property and assets of ~~{DEBTOR}~~ (the "J.S.N. Jewellery Inc., J.S.N. Jewellery UK Limited, GMJ Corp., 2373138 Ontario Inc., Always & Forever Family Collection Incorporated and P.M.R. Inc. (collectively, the "Debtor")).

B. Pursuant to an Order of the Court dated ~~{DATE}~~, August 11, 2016, the Court approved the agreement of purchase and sale made as of ~~{DATE OF AGREEMENT}~~ August 1, 2016 (the "Sale Agreement") between the Receiver ~~{Debtor}~~ and ~~{NAME OF PURCHASER}~~ Unique Designs, Inc. (the "Purchaser") and provided for the vesting in the Purchaser of the Debtor's right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in section ~~•~~  of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and (iii) the Transaction has been completed to the satisfaction of the Receiver.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE RECEIVER CERTIFIES the following:

1. The Purchaser has paid and the Receiver has received the Purchase Price for the Purchased Assets payable on the Closing Date pursuant to the Sale Agreement;
2. The conditions to Closing as set out in section ~~•~~  of the Sale Agreement have been satisfied or waived by the Receiver and the Purchaser; and
3. The Transaction has been completed to the satisfaction of the Receiver.
4. This Certificate was delivered by the Receiver at _____ [TIME] on _____ [DATE].

~~NAME OF RECEIVER~~, **RICHTER
ADVISORY GROUP INC.** in its capacity as
Receiver of the undertaking, property and
assets of ~~DEBTOR~~, **J.S.N. JEWELLERY
INC., J.S.N. JEWELLERY UK LIMITED,
GMJ CORP., 2373138 ONTARIO INC.,
ALWAYS & FOREVER FAMILY
COLLECTION INCORPORATED AND
P.M.R. INC.,** and not in its personal capacity

Per: _____

Name:

Title:

SALUS CAPITAL PARTNERS, LLC

and

J.S.N. JEWELLERY INC., et al.

Court File No. CV-16-011478-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
Proceedings commenced at TORONTO

APPROVAL AND VESTING ORDER

AIRD & BERLIS LLP
Barristers and Solicitors
Brookfield Place
Suite 1800, Box 754
181 Bay Street
Toronto, ON M5J 2T9

Sam Babe (LSUC # 49498B)

Tel: 416.865.7718

Fax: 416.865.1515

Email: sbabe@airdberlis.com

Miranda Spence (LSUC #60621M)

Tel: 416.865.3414

Fax: 416.865.1515

Email: mspence@airdberlis.com

Lawyers for Salus Capital Partners, LLC

~~Schedule C~~ Claims to be deleted and expunged from title to Real Property

**Schedule D—Permitted Encumbrances, Easements and Restrictive Covenants
related to the Real Property**

(unaffected by the Vesting Order)

26842106-1
26842114-4

Document comparison by Workshare Compare on August-04-16 1:39:59 PM

Input:	
Document 1 ID	interwovenSite://AB-WS1/CM/26842106/1
Description	#26842106v1<CM> - Model Approval and Vesting Order (amended January 21/14)
Document 2 ID	interwovenSite://AB-WS1/CM/26842114/4
Description	#26842114v4<CM> - AVO - JSN Jewellery et al
Rendering set	standard

Legend:	
Insertion	
Deletion	
Moved from	
Moved to	
Style change	
Format change	
Moved deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	85
Deletions	89
Moved from	2
Moved to	2

TAB 6

Court File No. CV-16-011478-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

SALUS CAPITAL PARTNERS, LLC

Applicant

and

**J.S.N. JEWELLERY INC., J.S.N. JEWELLERY UK LIMITED, GMJ
CORP., 2373138 ONTARIO INC., ALWAYS & FOREVER FAMILY
COLLECTION INCORPORATED AND P.M.R. INC.**

Respondents

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

AFFIDAVIT OF KYLE SHONAK
(sworn August 3, 2016)

I, **KYLE SHONAK**, of the Town of Somers, in the County of Tolland, State of Connecticut, **MAKE OATH AND SAY AS FOLLOWS:**

1. I am President of Salus Capital Partners, LLC ("**Salus**"), the senior secured creditor of J.S.N. Jewellery Inc. (the "**JSN**"), J.S.N. Jewellery UK Limited ("**JSN UK**"), GMJ Corp. ("**GMJ**"), Ben Moss Jewellers Western Canada Ltd. ("**Ben Moss**" and, together with JSN, JSN UK, and GMJ, the "**Borrowers**"), 2373138 Ontario Inc. ("**2373**"), Forever Jewellery Inc. ("**FJI**"), and Always & Forever Family Collection Incorporated ("**AFFC**"), a secured creditor of P.M.R. Inc. ("**PMR**") and a creditor of Joseph Shilon (together with 2373, FJI, and AFFC, the "**Guarantors**" and, the Guarantors together with the Borrowers, the "**Obligors**"). As such, I have knowledge of the matters to which I hereinafter depose, except where the information set

out below is based upon the information I have received from others, in which case I have stated the source of that information and, in all such cases, believe it to be true.

NATURE OF APPLICATION AND RELIEF SOUGHT

2. This Affidavit is sworn in support of and application by Salus for:

- (a) an Order (the “**Receivership Order**”) pursuant to subsection 243(1) of the *Bankruptcy and Insolvency Act* (the “**BIA**”) and section 101 of the *Courts of Justice Act* (the “**CJA**”) appointing Richter Advisory Group Inc. (“**Richter**”) as receiver, without security, over all of the assets, undertakings and properties of JSN, JSN UK, GMJ, 2373, AFFC and PMR (in such capacity, the “**Receiver**”) and approving a sale process (the “**Sale Process**”) for the marketing and sale of the assets of the Respondents other than the Purchased Assets (as defined below); and
- (b) an Order (the “**Approval and Vesting Order**”), among other things, (i) approving the sale transaction (the “**Transaction**”) contemplated by an Offer to Purchase (the “**Purchase Agreement**”) made by Unique Designs, Inc. (the “**Purchaser**”) on August 1, 2016 for the sale and purchase of certain of the assets of JSN, JSN UK, GMJ and AFFC, (ii) authorizing and directing the Receiver to executed the Purchase Agreement, and (iii) vesting in the Purchaser all of JSN’s right, title and interest in and to the assets described in the Purchase Agreement (the “**Purchased Assets**”).

3. Salus has served demands (the “**Demands**”) and notices of intention to enforce security under Section 244 of the BIA (the “**BIA Notices**”) on all the Respondents, and the notice period set out in the BIA Notices has both been waived by the Respondents and, subsequently, expired. The Respondents have also been given the requisite notice under the Accommodation Agreement (as defined below).

4. All the Respondents consent to this Application. In addition, all the Respondents consented to the court-appointment of a receiver upon the occurrence of an event of default under the Accommodation Agreement, and numerous such events of default presently exist.

5. Various efforts to refinance or re-capitalize JSN and its affiliates, or to market and sell the assets thereof, have been ongoing for almost a year, all led by arm's length specialists. The final process that led up to the selection of the Purchaser's bid was conducted by an investment bank with retail jewellery industry expertise, and produced four competitive bids for the assets of JSN. Richter, as intended Receiver, has produced a report to the Court that favourably evaluates the quality of that process.

6. It is urgent that the Transaction close immediately to ensure continued supply to JSN's customers and thereby preserve the value of the Purchased Assets and other assets of the estates.

7. Salus faces a significant shortfall on its loans to the Borrowers under any combination or permutation of foreseeable outcomes of: (a) the Transaction; (b) the Sale Process; (c) the Refinancing and/or Investment Solicitation Process (the "RISP") that is reaching a conclusion in Ben Moss' *Companies' Creditors Arrangement Act* (the "CCAA") proceedings; or (d) the sale of assets by Richter in its separate capacity as Court-appointed receiver of FJI. Since Salus therefore bears the largest risk, its support for the Transaction should be given significant weight.

BACKGROUND TO THE RESPONDENTS

8. JSN is an Ontario corporation that operates a jewellery wholesale business. JSN is 100% owned by Joseph Shilon. A copy of the Corporation Profile Report for JSN obtained from the Ontario Ministry of Government Services (the "Ministry") is attached as **Exhibit "A"** to this Affidavit.

9. JSN's product is largely manufactured in Thailand by JSN's affiliate, Utopia Jewellery Co., a Thai corporation. JSN also has a manufacturing facility in Toronto, Ontario, which allows it to perform high margin, in-house repair and special orders.

10. JSN's product is sold to retailers in the United Kingdom by JSN U.K., and to retailers in the United States by GMJ. A copy of the results of a search of the United Kingdom Companies House records for JSN U.K. is attached as **Exhibit "B"** to this Affidavit. A copy of the corporate information page for GMJ obtained from the Delaware Secretary of State, Division of Corporations is attached as **Exhibit "C"** to this Affidavit.

11. GMJ's sales operations in the United States are run by an independent contractor with its own premises. Other than samples in the possession of the contractor or its sales representatives and inventory on consignment with US customers, all of GMJ's tangible assets and books and records are located in Ontario. GMJ has accounts payable of approximately US\$11,947 with no significant individual accounts.

12. JSN UK has a small sales office in London, leased by JSN. It presently has eight employees in the United Kingdom (collectively, the "**JSN UK Employees**"). Its electronic books and records are located in Ontario, with some physical books and records located in London. JSN UK's finished goods inventory, worth approximately £312,788 is located at JSN's premises in Ontario, with its finished goods and loose diamonds consignment inventory, worth approximately £479,269, in the possession of its customers in the United Kingdom. JSN UK has accounts payable of approximately £133,725 with no significant individual accounts.

13. The main purchaser of JSN's product in Canada is JSN's indirect subsidiary, Ben Moss. Ben Moss is a Manitoba corporation owned by the non-operating holding company (and Guarantor), 2373. A copy of the Corporation Profile Report for 2373 obtained from the Ontario Ministry of Government Services is attached as **Exhibit "D"** to this Affidavit.

14. Ben Moss is a jewellery retail business, headquartered in Winnipeg and presently operating 63 stores across Canada. Ben Moss obtained protection under the CCAA by Order of the Court made May 18, 2016. The RISP approved in those proceedings resulted in a liquidation agency agreement that received the Court's approval on July 29, 2016.

15. JSN also sells its products to FJI, a company owned by Joseph Shilon's daughter, that operates its own wholesale jewellery business. Although FJI is not an affiliate of JSN, the two do cooperate for advertising and sales purposes. On the application of Salus, Richter was Court-appointed on an *ex-parte* basis on June 27, 2016 as interim receiver of FJI and then as full receiver of FJI on June 30, 2016.

16. AFFC is an Ontario corporation, owned by Joseph Shilon, that operates a wholesale and internet retail business focused on jewellery for family gift-giving. A copy of the Corporation Profile Report for AFFC obtained from the Ministry is attached as **Exhibit "E"** to this Affidavit.

17. PMR is an Ontario corporation, indirectly owned by Joseph Shilon, that operates a precious metal, jewellery and gemstone recovery business through Ben Moss stores, purchasing and recycling or refurbishing old jewellery from Ben Moss customers. A copy of the Corporation Profile Report for PMR obtained from the Ministry is attached as **Exhibit "F"** to this Affidavit.

18. A copy of the corporate chart for the Obligors (other than FJI) and certain of their other affiliates is attached as **Exhibit "G"** to this Affidavit.

19. JSN acquired Ben Moss in 2013 to provide the wholesale business with an additional sales outlet as a way to maximize the wholesale business's growth potential. At the time of the acquisition, JSN's management saw potential to achieve performance enhancements by increased sales of JSN's product lines. In order to finance the acquisition, JSN utilized equity from Joseph Shilon and debt financing provided by Salus.

SALUS' LOANS AND SECURITY

Credit Agreement and Security

20. Salus and the Obligors are parties to a credit agreement dated July 18, 2013 (the "**Original Credit Agreement**"), a copy of which, without its exhibits, is attached as **Exhibit "H"** to this Affidavit. The Original Credit Agreement was amended by a First Amending Agreement made as of September 25, 2014 (the "**First Amendment**" and, together with the Original Credit Agreement, the "**Credit Agreement**"), a copy of which is attached as **Exhibit "I"** to this Affidavit.

21. Pursuant to the Credit Agreement, Salus has supplied the Borrower with:

- (a) a revolving operating facility in the maximum amount of CDN\$50,000,000 or its US\$ equivalent, subject to sufficient collateral borrowing base (the "**Revolving Credit Facility**");
- (b) a CDN\$7,000,000 term loan facility (the "**Term A Facility**");
- (c) a CDN\$13,000,000 term loan facility (the "**Term B Facility**"); and

- (d) a US\$3,500,000 term loan facility provided for in the First Amendment (the “**Term C Facility**”),

(collectively, the “**Credit Facilities**”) which Credit Facilities were to be used: (a) to finance the acquisition of Ben Moss and to fund certain expenses incurred in connection with such acquisition; (b) to refinance the Borrowers’ former credit and/or leasing facilities; (c) to purchase working capital assets in the ordinary course, including inventory and equipment; (d) for capital expenditures; (e) for general corporate purposes of the Borrowers; and (f), in the case of the Term C Facility, to pay down the Revolving Credit Facility.

22. By a Guarantee Agreement dated as of July 18, 2013, 2373 and one of Ben Moss’s predecessors by amalgamation, 6721657 Manitoba Ltd. (“**6721**”), guaranteed all present and future obligations under the Credit Agreement, a copy of which Guarantee Agreement is attached as **Exhibit “J”** to this Affidavit.

23. As security for their obligations to Salus, JSN, 2373, FJI and 6721 provided, among other things, a Canadian General Security Agreement dated July 18, 2013 (the “**GSA**”), registration in respect of which was made pursuant to the *Personal Property Security Act* (Ontario) (the “**PPSA**”) on July 3, 2013 by financing statement no.: 20130703 1021 1862 8971, and pursuant to applicable personal property security legislation in British Columbia, Alberta, Saskatchewan, Manitoba, New Brunswick and Nova Scotia on that same date, a copy of which GSA is attached as **Exhibit “K”** to this Affidavit.

24. By a New York law-governed security agreement dated as of July 18, 2013, GMJ and JSN granted Salus security over all their assets located in the United States (the “**US Security Agreement**”), a copy of which US Security agreement is attached as **Exhibit “L”** to this Affidavit.

25. By a Guarantee and Indemnity dated July 18, 2013, JSN U.K. guaranteed all present and future obligations under the Credit Agreement, a copy of which Guarantee and Indemnity is attached as **Exhibit “M”** to this Affidavit. By a Debenture dated July 18, 2013 (the “**Original UK Debenture**”), JSN U.K. granted Salus security for its obligations under its guarantee, a copy of which Original UK Debenture is attached as **Exhibit “N”** to this Affidavit. JSN UK is also a

guarantor under the Super Priority DIP Credit Agreement approved in Ben Moss' CCAA proceedings (the "**DIP Credit Agreement**"), and it executed a second Debenture to secure that guarantee (the "**UK DIP Debenture**" and, together with the Original UK Debenture, the "**JSN UK Debentures**"), a copy of which UK DIP Debenture is attached as **Exhibit "O"** to this Affidavit.

26. By a guarantee agreement dated May 16, 2016, made in connection with the Accommodation Agreement (the "**AFFC Guarantee**"), AFFC guaranteed all the all present and future obligations under the Credit Agreement as well as all obligations under the Super Priority DIP Credit Agreement approved in Ben Moss' CCAA proceedings (the "**DIP Credit Agreement**"). A copy of the AFFC Guarantee is attached as **Exhibit "P"** to this Affidavit.

27. In order to secure its obligations under the AFFC Guarantee, AFFC executed a joinder to the GSA on May 16, 2016, a copy of which joinder is attached as **Exhibit "Q"** to this Affidavit.

28. By a guarantee agreement dated May 16, 2016, made in connection with the Accommodation Agreement (the "**PMR Guarantee**"), PMR guaranteed all present and future obligations under the Credit Agreement as well as all obligations under the DIP Credit Agreement. A copy of the PMR Guarantee is attached as **Exhibit "R"** to this Affidavit.

29. In order to secure its obligations under the PMR Guarantee, PMR executed a joinder to the GSA on May 16, 2016, a copy of which joinder is attached as **Exhibit "S"** to this Affidavit.

30. At section 10.22 of the DIP Credit Agreement each of the Respondents confirmed that their respective guarantees guaranteed the obligations of Ben Moss under the DIP Credit Agreement in addition to continuing to guarantee the obligations of the Borrowers under the Credit Agreement. A copy of the DIP Credit Agreement, without its schedules and exhibits, is attached as **Exhibit "T"** to this Affidavit.

31. As at August 3, 2016, the Obligors were indebted to Salus for the following amounts pursuant to the JSN Group Credit Facilities, the DIP Credit Facilities and/or their guarantees, plus interest, legal and bank fees and costs:

CDN Revolving Loan

Principal **CAD \$21,363,029.72**

Interest **CAD \$16,380.97**

the Default Rate of interest under the Credit Agreement at the Canadian Prime Rate + 6.50% per annum.

USD Revolving Loan

Principal **US \$21,432,353.43**

Interest **US \$18,753.31**

the Default Rate of interest under the Credit Agreement at the U.S. Base Rate + 6.50% per annum.

Term Loan A

Principal **CAD \$4,750,000.00**

Interest **CAD \$5,323.96**

Interest accrues at the Default Rate of interest under the Credit Agreement at the Canadian Prime Rate + 10.75% per annum.

Term Loan B

Principal **CAD \$4,871,987.17**

Interest **CAD \$6,272.68**

Interest accrues at the Default Rate of interest under the Credit Agreement at the Canadian Prime Rate + 12.75% per annum.

Term Loan C

Principal **US \$3,500,000.00**

Interest **US \$4,885.42**

Interest accrues at the Default Rate of interest under the Credit Agreement at the U.S. Base Rate + 12.75% per annum.

DIP USD Revolving Loan

Principal **US \$4,850,945.70**

Interest **US \$8,055.18**

Interest accrues at the rate of 20.00% per annum.

OTHER STAKEHOLDERS

JSN PPSA Registrants

32. A summary of the results of a PPSA search conducted on JSN is attached as **Exhibit "U"** to this Affidavit.

33. National Leasing Group Inc. has a total of six PPSA registrations against JSN, with Joseph Shilon's management company, Whitpay Inc., listed as co-debtor. All six registrations appear to be in respect of specific equipment. All six registrations were made prior to the registration made by Salus in respect of the GSA.

34. Halton Autolease Group Inc. has one PPSA registration against JSN in respect of a motor vehicle. This registration was made prior to the registration made by Salus in respect of the GSA.

35. The Argen Corporation ("**Argen**") has one registration, which appears to be in respect of a general security interest. This registration was made subsequent to the registration made by Salus in respect of the GSA. In addition, Argen and Salus are parties to a subordination agreement (the "**Argen Subordination**") pursuant to which, among other things, Argen agreed to the subordination of its security interest to that of Salus. A copy of the Argen Subordination is attached as **Exhibit "V"** to this Affidavit.

PMR PPSA Registrants

36. The results of a PPSA search conducted on PMR showed a registration by Pace Savings & Credit Union Limited ("**PACE**") in respect of general security for a guarantee given by PMR to PACE of the obligations of G.A.J.S. Holdings Inc. ("**GAJS**"), a company owned by Joseph Shilon's daughter, Gila Altshuler. This registration was made prior to the registration made by Salus in respect of the GSA. A copy of the PPSA search results against PMR is attached as **Exhibit "W"** to this Affidavit. A Copy of the GAJS guarantee and security in favour of PACE is attached as **Exhibit "X"** to this Affidavit. A copy of the Corporation Profile Report for GAJS, obtained from the Ministry, is attached as **Exhibit "Y"** to this Affidavit.

AFFC PPSA Registrants

37. The results of a PPSA search conducted on AFFC showed no registrations other than that of Salus, made in respect of the GSA.

23273 PPSA Registrants

38. The results of a PPSA search conducted on 2373 showed no registrations other than that of Salus, made in respect of the GSA.

GMJ PPSA and UCC Registrants

39. The results of a PPSA search conducted on GMJ showed no registrations other than that of Salus, made in respect of the GSA. A search of *Uniform Commercial Code* liens conducted through the Delaware Secretary of State, yielded the same results.

JSN UK PPSA Registrants

40. The results of a PPSA search conducted on JSN UK showed no registrations other than that of Salus, made in respect of the GSA.

FINANCIAL DIFFICULTIES AND DEFAULTS

41. As previously discussed, JSN acquired Ben Moss to provide its wholesale business with an additional sales outlet as a way to maximize the wholesale business's growth potential. Since the acquisition, however, there was a significant decrease in Ben Moss's net sales and profitability, largely as a result of softness in western Canada due to declining energy prices and the appreciation of the U.S. dollar relative to the Canadian dollar, which caused difficulties with inventory levels, merchandising and product mix at the Ben Moss stores. Furthermore, certain poorly performing stores, the expense of certain economically unviable leases, and the costly operation of a head office in Winnipeg consumed much needed capital. As a result of the foregoing, Ben Moss had impaired cash flow and experienced a severe liquidity crisis.

42. As a result of Ben Moss' financial troubles, JSN (as lead Borrower under the Credit Agreement) began, at the end of March, 2016, to request, and Salus provided, a series of overadvances under the Revolving Credit Facility of the Credit Agreement (collectively, the

“Permitted Overadvances”). Each Permitted Overadvance constituted an Event of Default under the Credit Agreement.

43. In late April, 2016, Ben Moss advised Salus of its intention to seek an order pursuant to the CCAA granting it protection from its creditors, and seeking the appointment of Alvarez & Marsal Canada Inc. (**“A&M”**) as monitor. Ben Moss advised that the purpose of such filing was to allow it to pursue an aggressive restructuring of its business by, among other things:

- (a) closing certain unprofitable or marginally profitable retail locations;
- (b) renegotiating the terms of certain economically unviable leases;
- (c) liquidating inventory at locations being closed; and
- (d) seeking an investor to refinance the Credit Facilities.

44. In addition to Ben Moss’ continuing troubles, JSN itself started to see a slump in receipts. One major issue that came into focus during this period was JSN’s funding of its Thai affiliates, Utopia Jewellery Co. and Utopia Diamond Inc. (collectively, **“Utopia”**), and its Israeli affiliate, Global Diamonds (G.D.) Ltd. (**“Global Diamonds”**). Although Utopia is 100% indirectly owned by Josph Shilon and Global Diamonds is 100% directly owned by Mr. Shilon, neither are within Salus’ collateral fence. It is understood that JSN funded approximately US\$600,000 per week to Utopia and Global Diamonds for the purchase of raw materials and to fund operations of the Utopia manufacturing facility, and also provided Utopia some precious metals directly. Although Mr. Shilon originally made representations to Salus that he was the 100% indirect owner of Utopia and that Utopia had approximately \$5.6 million of surplus inventory gem stones that would be transferred from Utopia to JSN, an on-site visit at Utopia’s facilities in Thailand by representatives of A&M, Salus and Gordon Brothers revealed that there was no surplus gemstone inventory of any such value and that Mr. Shilon did not appear to be in control of the Utopia assets and operations.

45. On May 12, 2016, JSN, Ben Moss and certain other Obligors, including PMR, appointed FAAN Advisors Group Inc. to serve as their chief restructuring officer (the **“CRO”**), and

delegated the authority to direct their operations and management, stripping the same powers away from Joseph Shilon.

46. In light of the following defaults:

- (a) the Borrowers' inability to repay the Permitted Overadvances;
- (b) breach of the Borrowers' collateral coverage ratio covenant under the Credit Agreement; and
- (c) Ben Moss' expressed intention to commence the CCAA Proceedings,

Salus, by its counsel on May 16, 2016, sent the Obligors (other than AFFC and PMR) demands for repayment of the Borrowers' obligations under the Credit Agreement. In the case of the corporate Obligors, their demands were accompanied by notices of intention to enforce security under Section 244 of the BIA dated the same date. Copies of the demands (the "**Demands**") and the BIA Section 244 notices (the "**BIA Notices**") sent to the Respondents (other than AFFC and PMR) are attached as **Exhibit "Z"** to this Affidavit.

47. Also on May 16, 2016, but subsequent to the issuance of the Demands and BIA Notices, the Obligors, Salus, as administrative and collateral agent and lender, and Salus CLO 2012-1, Ltd. ("**Salus CLO**"), as lender, executed the Accommodation Agreement pursuant to which Salus agreed to forbear from enforcing its security and to continue to fund the Borrowers other than Ben Moss under the Credit Agreement, in accordance with the borrowing base, and to provide overadvance funding to Ben Moss pursuant to the DIP Credit Agreement made the same day between the same parties (though with only Ben Moss as borrower).

48. On May 18, 2016 (the "**Filing Date**"), Ben Moss was granted protection under the CCAA pursuant to an initial order of this Court that, among other things:

- (a) granted a stay of proceedings in favour of Ben Moss;
- (b) authorized Ben Moss to obtain and borrow up to CAD\$8 million under the DIP Credit Agreement from Salus CLO, subject to the condition that borrowing could not exceed \$3.5 million before the comeback hearing; and

(c) appointed A&M as the monitor in respect of Ben Moss (the “**Monitor**”).

49. Ben Moss obtained an amended and restated Initial Order (the “**Initial CCAA Order**”) at the comeback hearing held on May 26, 2016, which, among other things, authorized Ben Moss to borrow up to the full CAD\$8 million under the DIP Credit Agreement. A copy of the Initial CCAA Order is attached as **Exhibit “AA”** to this Affidavit.

50. The waterfall of how proceeds were to be applied under the DIP Credit Agreement and the Accommodation Agreement required the Permitted Overadvance under the Credit Agreement to be paid down first. Because of unexpectedly weak collections, the Permitted Overadvance was not paid down on the timeline contemplated by the Cash Flows, and became larger than the remaining availability under the DIP Credit Agreement leaving Ben Moss with the prospect of no credit. Salus agreed to amend the waterfall of proceeds in an Amendment to Accommodation Agreement and an Amendment to Superpriority DIP Credit Agreement, both dated June 14, 2016, such that proceeds would be applied first to reduce the DIP facility. FJI and Joseph Shilon both refused to sign these amendments, which refusals constitute breaches of the further assurances provisions at section 8.4 of the Accommodation Agreement and section 6.17 of the DIP Credit Agreement, and thus additional Events of Default and Forbearance Termination Events.

51. The consolidated Ben Moss/JSN borrowing base report dated July 7, 2016 revealed that the combined over-advance position under the JSN Group Credit Facilities and the DIP Credit Facility as at July 2, 2016 had risen sharply by approximately \$3.5 million in one week, resulting in an total over-advance of approximately \$9 million in excess of what was projected in the approved budget. This deterioration dramatically accelerated a troublesome trend that had been in place since at least the start of June.

52. In addition, the July 7, 2016 borrowing base report understated the problem as it was revealed to Salus on that same day by the CRO that the overadvance was even greater because not yet reflected was a \$654,000 overstatement in inventory going back to March, 2016, resulting from an improperly processed return of goods by Ben Moss to JSN. As at July 22, the total over-advance sat at almost \$10 million in excess of budget.

53. The collateral deterioration is expected to worsen as JSN is no longer able to fulfill Ben Moss orders because its relationships with Utopia and Global Diamonds have collapsed, despite \$3,007,000 in advances made by JSN to Utopia and \$1,892,000 in advances made by JSN to Global Diamonds since the start of the CCAA Proceedings. Analysis undertaken by Salus and the Monitor determined that throughout this period the cash provided for production at Utopia exceeded the amount of product being shipped from Utopia to JSN, JSN UK or GMJ. Furthermore, the amounts being shipped were misrepresented by Utopia to be the typical cost of product to JSN but were later found to be the wholesale selling price, an overstatement of 25% or more. Over the same time period, Utopia's own local accounts payable decreased. Throughout June, shipments declined and then ceased by the end of month. Salus funded product that was completed in Utopia but never shipped. No meaningful shipments have been received since the end of June though there have been some minor transactions processed in order to receive proper certifications or the safe return of "special orders."

54. Salus' commitments under the Accommodation Agreement are conditional on, among other things, the Borrowers complying with and generally operating their businesses in a manner consistent with the Cash Flows (as defined in the Accommodation Agreement) and, in no event permitting any negative variance from the Cash Flows of sales, cash receipts, expenditures, loan balances, borrowing base calculations, inventory receipts/purchases, inventory levels and cash flow by more than 10% initially on a rolling 2 week basis and on a cumulative basis and on a negative variance of availability by more than 10%, tested weekly.

55. Ben Moss' sales for non-liquidating stores have repeatedly exceeded the 10% negative variance limit set out in the Accommodation Agreement and the DIP Credit Agreement. JSN's sales have been even more dramatically below budget, all largely due to the fact that the breakdown in the Utopia relationship left it unable to supply goods to Ben Moss.

APPOINTMENT OF THE RECEIVER

56. For the above reasons, Salus believes that there is an urgent need to preserve and protect the value of the assets of the Respondents by the appointment of a receiver.

57. Richter has advised that it has obtained an independent legal opinion on the validity and perfection of Salus' security over the assets of the Respondents in Canada.

58. Pursuant to subsection 8.1(j) of the GSA, Salus has the right, upon an event of default, to seek the court-appointment of a receiver over any or all of the Obligors party thereto. The right to appoint a receiver upon default is also contained in sections 16 and 17 of the JSN UK Debentures. Article 8 of the US Security Agreement gives Salus the right to take possession of GMJ's property upon default, to use an agent to do so, and to dispose of such property in realization of Salus' security.

59. Pursuant to section 8 of the Canadian guarantees, the liability of AFFC and 2373 thereunder is not diminished by any extension or increase to the Borrowers' obligations under the Credit Agreement or the DIP Credit Agreement, nor by any failure by Salus to pursue remedies against other Obligors. Equivalent provisions are found in sections 3.2.3. and 3.2.3. of the JSN UK Guarantee.

60. In section 7.1 of the Accommodation Agreement, the Respondents agreed not to oppose the court-appointment of a receiver upon the occurrence of a Forbearance Termination Event and it is my understanding that the CRO supports the appointment of the Receiver.

61. Salus has, at all times, acted in good faith and with considerable patience towards the Obligors, including by continuing to provide overadvances in the face of mounting Events of Default. At this time, however, Salus considers it just and equitable that a receiver be appointed over the Respondents.

62. Richter is a licensed trustee familiar with the affairs of the Respondents and has consented to act as Receiver should the Court so appoint it.

63. In light of the foregoing, a Receiver must be appointed immediately.

APPROVAL OF THE TRANSACTION

64. Over the past six months the business and assets of the Respondents have received sustained exposure to the market under a series of professionally-run refinancing and/or sale processes.

65. In August 2015, A&M Canada Securities ULC (“**A&M Corporate Finance**”) was engaged by JSN to initiate a process to effectuate a refinancing of the Credit Facilities. A&M Corporate Finance commenced active solicitation of potential lenders (both senior and alternate) in late January, 2016 and contacted approximately 51 parties, including financial institutions based in both Canada and the U.S. Many of the lenders that were contacted were provided with information on the business and requested the execution of non-disclosure agreements (“**NDA**s”). By the start of March, 2016, 36 parties had executed NDAs and received a confidential information memorandum in connection with a refinancing of the Credit Facilities. However, of those, all but two had effectively declined to proceed. Those two remaining parties had presented refinancing proposals subject to extensive due diligence which A&M Corporate Finance judged to be unclosable given the deteriorating performance of the JSN and Ben Moss businesses. Accordingly, JSN and Ben Moss shifted their focus to a restructuring process which ultimately led to the initiation of Ben Moss’ CCAA proceedings.

66. The RISP in Ben Moss’ CCAA originally solicited, among other things, a refinancing of all or part the Respondents’ and Ben Moss’ Salus credit facilities (a “**JSN Group Refinancing Proposal**”) or an equity investment in Ben Moss and/or JSN (a “**Reinvestment Proposal**”). The RISP is attached as a Schedule to the Initial CCAA Order, at Exhibit “AA” to this Affidavit.

67. When the RISP generated no qualified letter of intent with respect to a JSN Group Refinancing Proposal or a Reinvestment Proposal within the 30-day Phase I of the RISP, Salus exercised its prerogative under paragraph 24 of the RISP and terminated the RISP vis-à-vis JSN and the other Respondents, leaving the RISP in place only to seek a sale of all or a portion of the business and property of Ben Moss.

68. Salus then engaged Consensus Advisors (“**Consensus**”), on May 24, 2016, to market the assets of JSN for a sale transaction outside of the scope of the Ben Moss RISP. Consensus is a boutique investment banking and financial advisory firm focused exclusively on the retail and consumer product markets with extensive transactional and advisory experience in the global diamond and jewellery sector, having advised at least 40 clients in the sector in the last 10 years. Consensus's professionals also have extensive experience working with distressed companies in the process of restructuring either formally or informally, and has worked in various capacities

with respect to its restructuring clients, including seeking strategic partners and/or selling assets. Consensus had previously been retained by Salus in 2013 to perform a field audit on JSN and Ben Moss in advance of Salus' entry into the Credit Agreement. Consensus was therefore already familiar with JSN and its affiliates when its new engagement began.

69. Consensus' strategy in marketing the assets of JSN was to find a buyer who could continue to supply JSN's main customers with jewellery under the product programs JSN had developed with those customers, in many cases under JSN's "Canadian Ice" diamond brand. Because of the breakdown in JSN's relationship with its Thai supplier, Utopia, JSN could not continue to supply under these customer programs itself. This inability to supply created the real risk that the customers would return the large amounts of JSN inventory they held on consignment or "memo" and that they would claim aggressive charge-backs on the accounts they owed to JSN for already sold consignment product. JSN has approximately CAD\$7.2 million of goods at cost out on memo with its customers and has approximately CAD\$9 million of outstanding accounts receivable from such customers. Time was of the essence in finding a buyer to preserve these customer relationships and preserve the value of JSN's consignment inventory and accounts receivable because customers were not expected to wait much longer before hedging their own risks by finding new suppliers to replace their JSN programs.

70. Consensus chose not to spend time or effort seeking investment or refinancing proposals for JSN because: (a) such proposals had already been sought without success in the RISP and the earlier A&M Corporate Finance process; and (b) JSN's owner, Joseph Shilon, was already actively involved in an attempt to buy Salus' debt and security at a deep discount (as discussed further below) and thus would have been likely uncooperative with any such efforts.

71. Consensus approached seven of the world's largest diamond and jewellery companies to gauge their interest and ability in continuing JSN's customer programs on an expedited basis. A&M also reached out to three additional parties whom had previously contacted about such a strategy in the context of the RISP. Four parties signed confidentiality agreements and began extensive due diligence.

72. In mid-June, JSN signed a letter of intent with a party who had been conducting due diligence since March, 2016 and had then been involved in the RISP (the "**Initial Bidder**"). The

letter of intent gave the Initial Bidder two weeks to finalize its due diligence and to negotiate and finalize a definitive purchase agreement, all with exclusivity. The Initial Bidder did not, however, make any significant efforts to advance its bid during its two-week exclusivity period. As a result, Consensus re-started discussions with the other interested parties and set June 15, 2016 as the new deadline for submission of binding, unconditional bids.

73. Consensus received three bids by the June 15 deadline, including the Initial Bidder's still-open original bid. The Purchaser's bid was chosen from those four because its economics were superior to those in the Initial Bidder's offer and because the Purchaser represented that it was already the largest vendor to JSN's largest customer, Fred Meyers Jewellery ("**Fred Meyers**"). For the previously discussed reasons, Consensus and Salus attributed significant value to the Purchaser's ability to preserve the JSN programs with Fred Meyers and thereby prevent large returns of consignment inventory and aggressive charge backs on accounts receivable. JSN and Salus signed back an LOI from the Purchaser on July 16, 2016. After approximately two more weeks of negotiation and due diligence, the Purchase Agreement was settled and signed by the Purchaser as a binding offer pending execution by the Receiver upon its appointment. A redacted copy of the Purchase Agreement is attached as **Exhibit "BB"** to this Affidavit.

74. Pursuant to the Transaction, the Purchaser will acquire all of JSN's consignment inventory and all finished goods earmarked for open customer orders, as well as certain other finished goods at the Purchaser's option. The Purchaser will also acquire JSN intellectual property, including the trademarks used in the customer programs.

75. Fuller details of the Consensus sale process and the economics of the Transaction will be provided in the affidavit of Consensus' chief executive officer, Michael A. O'Hara, to be served in redacted form as part of the within Application Record, and filed in unredacted form with the Court under request for a sealing order to protect the commercially sensitive information contained therein (the "**O'Hara Affidavit**").

76. Prior to the engagement of Consensus, yet still outside of the RISP in the Ben Moss CCAA proceedings, Salus received a letter from counsel to a party which contained an "expression of interest" to buy Salus' debt and security at a deep discount. Salus understood that this undisclosed party was in some form of alliance with Joseph Shilon. By letter dated June 10,

2016, Salus' counsel wrote to that party's counsel to advise that the nature of the transaction they proposed fell squarely within the parameters of the RISP and should therefore be presented to the Ben Moss CCAA monitor in those proceedings. Salus understands that the party never heeded that advice. A redacted copy of the June 10 letter is attached as **Exhibit "CC"** to this Affidavit.

77. When that same counsel presented Salus with a non-binding and highly conditional letter of intent dated June 22, 2016, Salus's counsel responded by letter dated June 29, 2016 to advise that a purchase of JSN's debt owing to Salus was unworkable given the interconnected nature of the JSN and Ben Moss facilities. Salus' counsel advised that a binding, unconditional letter of intent in respect of an asset sale would be entertained if received, with evidence of committed financing, by July 6, 2016. No such offer was ever received. A redacted copy of the June 29 letter is attached as **Exhibit "DD"** to this Affidavit.

78. Salus' counsel has advised me that, in telephone conversation with counsel to the above party, it was told that Joseph Shilon was only intended to be an employee of the bidder, but not an owner, partner or financier.

79. Salus supports both the sale process conducted by Consensus and the Transaction. Salus faces a significant shortfall on its loans to the Borrowers under any combination or permutation of foreseeable outcomes of: (a) the Transaction; (b) the Sale Process; (c) the RISP that is reaching a conclusion in Ben Moss' CCAA proceedings; or (d) the sale of assets by Richter in its separate capacity as Court-appointed receiver of FJI. Since Salus therefore bears the largest risk, its support for the Transaction should be given significant weight.

Approval of Sundry Asset Sales Process

80. Given that Transaction will only involve the sale of consignment inventory and finished goods relating to open customer orders, there will remain a range of other assets for the Receiver to market and sell including loose diamonds, other finished goods, certain specialized equipment, non-specialized equipment such as office furniture and, potentially, accounts receivable

(collectively, the "Sundry Assets"). Included in the Sundry Assets are all the assets of PMR, which assets are not subject to the Transaction.

81. Richters has developed a proposed sale process for the Sundry Assets (the "Sale Process"), which it would like approved by the Court as part of the Receivership Order. I Understand that the Sale Process will be detailed in Richter's pre-filing report.

82. This Affidavit is made in support of the within application for the appointment of A&M as Receiver of the Respondents and for the approval of the Transaction, and for no other or improper purpose whatsoever.

SWORN before me at the City of)
Toronto, in the Province of Ontario,)
this 3rd day of August, 2016.)

Christine Petersen)
Notary Public)

Kyle Shonak



SALUS CAPITAL PARTNERS, LLC

and

J.S.N. JEWELLERY INC., et al.

Applicant

Respondents

Court File No. CV-16-011478-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceedings commenced at Toronto

**AFFIDAVIT OF KYLE SHONAK
(sworn August 3, 2016)**

AIRD & BERLIS LLP
Barristers and Solicitors
Brookfield Place
Suite 1800, Box 754
181 Bay Street
Toronto, ON M5J 2T9

Sam Babe (LSUC # 49498B)
Tel: 416.865.7718
Fax: 416.863.1515
Email: sbabe@airdberlis.com

Miranda Spence (LSUC #60621M)
Tel: 416-865-3414
Fax: 416.863.1515
Email: mspence@airdberlis.com

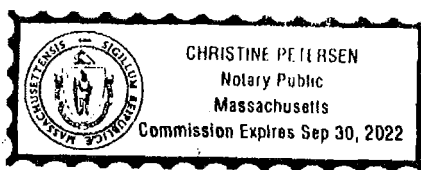
Lawyers for Salus Capital Partners, LLC

TAB A

Attached is Exhibit "A" Referred to in the
AFFIDAVIT OF KYLE SHONAK
Sworn before me this 3rd day of August, 2016

Christini Petersen

Notary Public



Request ID: 018708196
 Transaction ID: 60465027
 Category ID: UN/E

Province of Ontario
 Ministry of Government Services

Date Report Produced: 2016/03/07
 Time Report Produced: 13:06:21
 Page: 1

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	Incorporation Date
1059627	J.S.N. JEWELLERY INC.	1993/12/24
		Jurisdiction
		ONTARIO
Corporation Type	Corporation Status	Former Jurisdiction
ONTARIO BUSINESS CORP.	ACTIVE	NOT APPLICABLE
Registered Office Address		Date Amalgamated
64 JARDIN DRIVE		NOT APPLICABLE
Suite # UNIT 7		New Amal. Number
CONCORD		NOT APPLICABLE
ONTARIO		Notice Date
CANADA L4K 3P3		NOT APPLICABLE
Mailing Address		Letter Date
85 WEST WILMOT STREET		NOT APPLICABLE
Suite # UNIT 1		Revival Date
RICHMOND HILL		NOT APPLICABLE
ONTARIO		Continuation Date
CANADA L4B 1K7		NOT APPLICABLE
		Transferred Out Date
		NOT APPLICABLE
		Cancel/Inactive Date
		NOT APPLICABLE
		EP Licence Eff.Date
		NOT APPLICABLE
		EP Licence Term.Date
		NOT APPLICABLE
	Number of Directors	Date Commenced
	Minimum Maximum	in Ontario
	00001 00010	NOT APPLICABLE
Activity Classification		Date Ceased
MANUFACTURING INDUSTRIES		in Ontario
		NOT APPLICABLE

Request ID: 018708196
Transaction ID: 60465027
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2016/03/07
Time Report Produced: 13:06:21
Page: 2

CORPORATION PROFILE REPORT

Ontario Corp Number

1059627

Corporation Name

J.S.N. JEWELLERY INC.

Corporate Name History

J.S.N. JEWELLERY INC.

Effective Date

1993/12/24

Current Business Name(s) Exist:

NO

Expired Business Name(s) Exist:

NO

Administrator:
Name (Individual / Corporation)

JOSEPH
SHILON

Address

61 JARDIN DR
Suite # 7
CONCORD
ONTARIO
CANADA L4K 3P3

Date Began

1993/12/24

First Director

NOT APPLICABLE

Designation

DIRECTOR

Officer Type

Resident Canadian

Y

Request ID: 018708196
 Transaction ID: 60465027
 Category ID: UN/E

Province of Ontario
 Ministry of Government Services

Date Report Produced: 2016/03/07
 Time Report Produced: 13:06:21
 Page: 3

CORPORATION PROFILE REPORT

Ontario Corp Number

1059627

Corporation Name

J.S.N. JEWELLERY INC.

Administrator:
 Name (Individual / Corporation)

JOSEPH
 SHILON

Address

61 JARDIN DR
 Suite # 7
 CONCORD
 ONTARIO
 CANADA L4K 3P3

Date Began

1993/12/24

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

PRESIDENT

Resident Canadian

Administrator:
 Name (Individual / Corporation)

JOSEPH
 SHILON

Address

64 JARDIN DRIVE
 Suite # 3E
 CONCORD
 ONTARIO
 CANADA L4K 3P3

Date Began

1994/07/14

First Director

NOT APPLICABLE

Designation

DIRECTOR

Officer Type

Resident Canadian

Y

Request ID: 018708196
 Transaction ID: 60465027
 Category ID: UN/E

Province of Ontario
 Ministry of Government Services

Date Report Produced: 2016/03/07
 Time Report Produced: 13:06:21
 Page: 4

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
1059627	J.S.N. JEWELLERY INC.

Administrator: Name (Individual / Corporation)	Address
JOSEPH SHILON	64 JARDIN DRIVE Suite # 3E CONCORD ONTARIO CANADA L4K 3P3

Date Began	First Director	
1994/07/14	NOT APPLICABLE	
Designation	Officer Type	Resident Canadian
OFFICER	PRESIDENT	Y

Administrator: Name (Individual / Corporation)	Address
JOSEPH SHILON	64 JARDIN DRIVE Suite # 3E CONCORD ONTARIO CANADA L4K 3P3

Date Began	First Director	
1994/07/14	NOT APPLICABLE	
Designation	Officer Type	Resident Canadian
OFFICER	SECRETARY	Y

Request ID: 018708196
Transaction ID: 60465027
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2016/03/07
Time Report Produced: 13:06:21
Page: 5

CORPORATION PROFILE REPORT

Ontario Corp Number

1059627

Corporation Name

J.S.N. JEWELLERY INC.

Administrator:
Name (Individual / Corporation)

JOSEPH
SHILON

Address

64 JARDIN DRIVE
Suite # 3E
CONCORD
ONTARIO
CANADA L4K 3P3

Date Began

1994/07/14

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

TREASURER

Resident Canadian

Y

Request ID: 018708196
Transaction ID: 60465027
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2016/03/07
Time Report Produced: 13:06:21
Page: 6

CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

1059627

J.S.N. JEWELLERY INC.

Last Document Recorded

Act/Code Description

Form

Date

CIA

ANNUAL RETURN 2014

1C

2015/06/13 (ELECTRONIC FILING)

THIS REPORT SETS OUT THE MOST RECENT INFORMATION FILED BY THE CORPORATION ON OR AFTER JUNE 27, 1992, AND RECORDED IN THE ONTARIO BUSINESS INFORMATION SYSTEM AS AT THE DATE AND TIME OF PRINTING. ALL PERSONS WHO ARE RECORDED AS CURRENT DIRECTORS OR OFFICERS ARE INCLUDED IN THE LIST OF ADMINISTRATORS.

ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

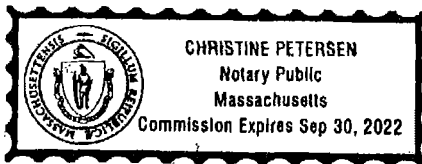
The issuance of this report in electronic form is authorized by the Ministry of Government Services.

TAB B

Attached is Exhibit "B" Referred to in the
AFFIDAVIT OF KYLE SHONAK
Sworn before me this 3rd day of August, 2016

Christine Petersen

Notary Public




Search by company or director...

[Log In](#) [Sign Up](#)

[SUMMARY](#) [ABOUT](#) [ACCOUNTS](#) [CREDIT RISK](#) [CHARGES](#) [DIRECTORS](#) [STRUCTURE](#) [DOCUMENTS](#)

J.s.n. Jewellery Uk Limited [Buy report](#) [Watch](#)

ACTIVE 19-20 Bourne Court, Southend Road, Woodford Green, Essex, IG8 8HD 

Epson WorkForce® Printers

Featuring PrecisionCore Technology. The Next Generation of Inkjet.

o o

[Remove These Ads](#)

<p>Cash</p> <p>£459k</p> <p>▲ 2.9%</p>	<p>Net Worth</p> <p>£4.3m</p> <p>▼ 0.7%</p>	<p>Assets</p> <p>£16.9m</p> <p>▲ 27.45%</p>	<p>Liabilities</p> <p>£4.7m</p> <p>▲ 47.96%</p>
---	--	--	--

Company Age
17 Years

Company Status
ACTIVE

Company Number
03557501

Business Activity
Other business support service activities n.e.c.

Freight Forwarding

LIVINGSTON
Simplify Trade

[Remove These Ads](#)

?

Unlock this company's Credit Score

Charges	
Outstanding County Court Judgements	?
Satisfied County Court Judgements	?

Search by company or director...		Outstanding Mortgages	Subj	Log In	Sign Up	?
		Satisfied Mortgages				2
SUMMARY	ABOUT	ACCOUNTS	CREDIT-RISK	CHARGES	DIRECTORS	STRUCTURE
DOCUMENTS	Buy Report		Already own this report? Log In		Buy Report	
		Already own this report? Log In				

Israel Bonds - 3.47%

Subject to Min Invest & Other Terms Canada-Israel Securities, Limited

o o

[Remove These Ads](#)

2
Current Directors

2
Previous Directors

4
Total Directors

£4.3m
Shareholders Equity Figure

£1.7m
Issued Share Capital

Master Entrepreneurship

Global Entrepreneurship Program Master provided in Europe Asia USA

o o

[Remove These Ads](#)

We use cookies to personalise content and ads, to provide social media features and to analyse our traffic. We also share information about your use of our site with our social media, advertising and analytics partners. [Find out more](#)

X CLOSE

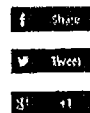
Navigation

With advanced searching and comprehensive credit reports across 11 countries, Company Check is the most used online business data provider in the UK delivering 100 million reports to over 20 million visitors in 2014 alone.

[Home](#)
[Sign Up](#)
[About](#)
[Our API](#)

[Advertise](#)
[Help & FAQ](#)
[Search](#)
[Search History](#)

[Terms & Conditions](#)
[Listing Policy](#)
[Cookie Policy](#)
[Blog](#)



© 2016 Company Check Ltd

[Help](#)

Search by company or director... Sub

Log In Sign Up

SUMMARY ABOUT ACCOUNTS CREDIT RISK CHARGES DIRECTORS STRUCTURE DOCUMENTS

J.s.n. Jewellery Uk Limited

Buy report

Watch

ACTIVE 19-20 Bourne Court, Southend Road, Woodford Green, Essex, IG8 8HD




Business Loans
\$5,000 to \$300,000
 within 24 hours

Thinking Capital | **APPLY NOW**
www.thinkingcapital.co

[Remove These Ads](#)

Contact Details

Telephone

Is this your company? Add a telephone number

Email Address

Is this your company? Add an email address

Website

sign up or log in to view this information

Contact Person

Is this your company? Add a contact person

About J.s.n. Jewellery Uk Limited

This company has not supplied a business description.

Is this your business? Verify your company to add a business overview, promote your products and services and let potential customers know they've found the right company.

Company Information

Previous Name

No Previous Names

Company Status

ACTIVE

Company Number

03557501

Company Age

17 Years - Incorporated on 05 May 1998

Country of Registration GB	Search by company or director...	Company Type Private limited with Share Capital	Log In	Sign Up				
Category	SUMMARY	ABOUT	ACCOUNTS	CREDIT RISK	CHARGES	DIRECTORS	STRUCTURE	DOCUMENTS
Private limited with Share Capital	Business Activity Other business support service activities n.e.c.							
Latest Accounts 31 Aug 2014				Next Accounts Due 31 May 2016				
Year End 31 Aug				SIC code 82990				

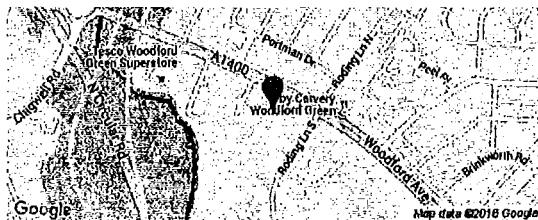
Workforce Management

Easy Learning Management Software. Schedule Demo! Get Free Datasheet.

[Remove These Ads](#)

Company Addresses

Registered Address



Address
19-20 Bourne Court Southend Road
Woodford Green
Essex
IG8 8HD

Trading Address



Address
sign up or log in to view this information

Event History

Visit the Documents tab to purchase official Companies House documents relevant to the events listed above.

Date	Description
26 Oct 2015	New Accounts Filled
26 Oct 2015	New Accounts Filled
12 May 2015	Annual Returns
19 Dec 2014	New Accounts Filled

19 Dec 2014

New Accounts Filed

Search by company or director... Sub

Log In

Sign Up

03 May 2014

Annual Returns

SUMMARY ABOUT ACCOUNTS CREDIT RISK CHARGES DIRECTORS STRUCTURE DOCUMENTS

17 Jul 2013

New Accounts Filed

17 Jul 2013

New Accounts Filed

08 Jun 2013

Annual Returns

Comments

0 Comments

Sort by Oldest

Add a comment...

Facebook Comments Plugin

FAST SHIPPING
FREE SHIPPING OVER \$500

[Remove These Ads](#)

We use cookies to personalise content and ads, to provide social media features and to analyse our traffic. We also share information about your use of our site with our social media, advertising and analytics partners. [Find out more](#)

CLOSE

Navigation

With advanced searching and comprehensive credit reports across 11 countries, Company Check is the most used online business data provider in the UK delivering 100 million reports to over 20 million visitors in 2014 alone.

Home
Sign Up
About
Our API

Advertise
Help & FAQ
Search
Search History

Terms & Conditions
Listing Policy
Cookie Policy
Blog

Share
Tweet
Print

© 2016 Company Check Ltd

Help

COMPANIES DIRECTORS Sub

Search by company or director...

Filter Results

CLEAR FILTERS

Search Term **Real Estate Investors** 

No fee Charged If No Money Raised Contingency Fee Arrangement

j.s.n. jewellery uk limited  

[Remove These Ads](#)

Company Status


Filter Results

Companies

Company Type

J.s.n. Jewellery Uk Limited

TOP MATCH

ACTIVE 03557501 

Business Activity

Cash: £459.0k Net Worth: £4.3M Assets: £16.9M Liabilities: £4.7M

19-20 BOURNE COURT, SOUTHEND ROAD, WOODFORD GREEN, ESSEX, IG8 8HD

Location Search

1 results found for j.s.n. jewellery uk limited

Country

<< >>

1

Cash At Bank

Assets

Oatley Vigmond LLP 

Top 5 Injury Law Firm in Canada No Fees Until Settlement

Liabilities



[Remove These Ads](#)

Net Worth

We use cookies to personalise content and ads, to provide social media features and to analyse our traffic. [Find out more](#)

We also share information about your use of our site with our social media, advertising and analytics partners.

Creditors

× CLOSE

Debtors

With advanced searching and comprehensive credit reports across 11 countries, Company Check is the most used online business data provider in the UK delivering 100 million reports to over 20 million visitors in 2014 alone.

© 2016 Company Check Ltd

Navigation

- | | | | |
|-------------------------|--------------------------------|--|--------------------------------|
| Home | Our API | Search | Listing Policy |
| Sign Up | Advertise | Search History | Cookie Policy |
| About | Help & FAQ | Terms & Conditions | Blog |



Help

Search by company or director...

Sub

SHARE

BUY REPORT



WATCH

 J.s.n. Jewellery Uk Limited

ACTIVE 19-20 Bourne Court, Southend Road, Woodford Green, Essex, IG8 8HD

**Thinking
Capital**

Business Loans
\$5,000-\$300,000
withIn 24 hours

Starting at 7.99%

APPLY NOW

[Remove These Ads](#)

Current Directors

2

Previous Directors

2

Total (Current/Previous)

4

Current Employees

10

\$37/hr Working From Home

Limited Positions Filling Quickly Watch Free Video To Learn More



[Remove These Ads](#)

Search by company or director...

Sub

Current Directors and Secretaries

Director Name	Appointed	Current	Resigned	Total
Mr David Tzvi Saurymper	01 May 2001	7	1	8
Mr Joseph Shilon	05 May 1998	2	0	2

Secretary Name	Appointed	Current	Resigned	Total
Mr David Saurymper	17 Apr 2001	15	2	17


Previous Directors and Secretaries

Director Name	Appointed	Resigned	Current	Resigned	Total
ACCESS NOMINEES LIMITED	05 May 1998	05 May 1998	183	11162	11345
Mr Moses Saurymper	05 May 1998	31 Mar 2000	0	2	2

Secretary Name	Appointed	Resigned	Current	Resigned	Total
ACCESS REGISTRARS LIMITED	05 May 1998	05 May 1998	210	11116	11326
Mr Moses Saurymper	05 May 1998	17 Apr 2001	0	2	2

Employee History

Year	Employees
2014	10
2013	11
2012	10

Year	Employees	Sub
2011	10	
2010	10	

Oatley Vigmond LLP

Top 5 Injury Law Firm In Canada No Fees Until Settlement



[Remove These Ads](#)

We use cookies to personalise content and ads, to provide social media features and to analyse our traffic. We also share information about your use of our site with our social media, advertising and analytics partners. [Find out more](#)

✕ CLOSE

With advanced searching and comprehensive credit reports across 11 countries, Company Check is the most used online business data provider in the UK delivering 100 million reports to over 20 million visitors in 2014 alone.

© 2016 Company Check Ltd

Navigation

- | | | | |
|-------------------------|--------------------------------|--|--------------------------------|
| Home | Our API | Search | Listing Policy |
| Sign Up | Advertise | Search History | Cookie Policy |
| About | Help & FAQ | Terms & Conditions | Blog |



[Help](#)

Search by company or director... Sub

Log In Sign Up

SUMMARY ABOUT ACCOUNTS CREDIT RISK CHARGES DIRECTORS STRUCTURE DOCUMENTS

J.s.n. Jewellery Uk Limited [Buy report](#) [Watch](#)

ACTIVE 19-20 Bourne Court, Southend Road, Woodford Green, Essex, IG8 8HD

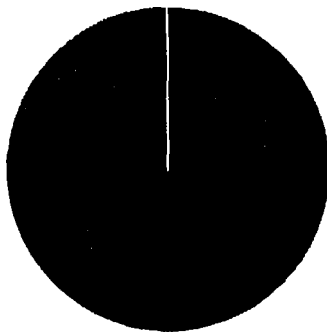
\$37/hr Working From Home

Limited Positions Filling Quickly Watch Free Video To Learn More

○ ○

[Remove These Ads](#)

Shareholders & Ownership



J.S.N. JEWELLERY INC.
 CHANA SAURYMPER
 DAVID TZVI SAURYMPER

Shareholders Equity Figure

£4.3m

Issued Share Capital

£1.7m

Top 20 Shareholders	Number of Shares (at Value)	Share Type	
Chana Saurympar	50 at £1	ORDINARY C	0.00
David Tzvi Saurympar	50 at £1	ORDINARY B	0.00
J.s.n. Jewellery Inc.	1.7m at £1	ORDINARY A	99.99

Oatley Vigmond LLP

Top 5 Injury Law Firm in Canada No Fees Until Settlement

○ ○

[Remove These Ads](#)

Group Structure

Ultimate Parent Company	Company Number
[Redacted]	

Jsn Jewellery Inc

#0031856

Search by company or director Sub

Log In

Sign Up

Subsidiary Companies SUMMARY ABOUT ACCOUNTS CREDIT RISK CHARGES DISCOUNTS COMPANY NUMBER STRUCTURE DOCUMENTS

No data available in table

Business Printer

Run Your Business at Full Speed. Fast Printing at 50% Lower Cost.



[Remove These Ads](#)

We use cookies to personalise content and ads, to provide social media features and to analyse our traffic. We also share information about your use of our site with our social media, advertising and analytics partners. [Find out more](#)

✕ CLOSE

Navigation

With advanced searching and comprehensive credit reports across 11 countries, Company Check is the most used online business data provider in the UK delivering 100 million reports to over 20 million visitors in 2014 alone.

[Home](#)

[Sign Up](#)

[About](#)

[Our API](#)

[Advertise](#)

[Help & FAQ](#)

[Search](#)

[Search History](#)

[Terms & Conditions](#)

[Listing Policy](#)

[Cookie Policy](#)

[Blog](#)




© 2016 Company Check Ltd

Search by company or director...

[Log In](#) [Sign Up](#)

[SUMMARY](#) [ABOUT](#) [ACCOUNTS](#) [CREDIT RISK](#) [CHARGES](#) [DIRECTORS](#) [STRUCTURE](#) [DOCUMENTS](#)

J.s.n. Jewellery Uk Limited [Buy report](#) [Watch](#)

ACTIVE 19-20 Bourne Court, Southend Road, Woodford Green, Essex, IG8 8HD 

Are You Writing A Book?
 Become A Published Author Today. Get Your Free Guide To Publishing.
o o

[Remove These Ads](#)

Companies House Documents

Date Filed	Document Type	Price	
2015-10-22	AA Accounts with accounts type full	FREE	Add To Baske
2015-05-07	AR01 Annual return company with made up date full list shareholders	£2.00	Add To Baske
2014-12-16	AA Accounts with accounts type full	FREE	Add To Baske
2014-12-06	DISS40 Gazette filings brought up to date	£2.00	Add To Baske
2014-09-09	GAZ1 Gazette notice compulsory	£2.00	Add To Baske
2014-05-19	AR01 Annual return company with made up date full list shareholders	£2.00	Add To Baske
2013-08-01	MR01 Mortgage create with deed with charge number	£2.00	Add To Baske
2013-08-01	MR01 Mortgage create with deed with charge number	£2.00	Add To Baske
2013-08-01	MR04 Mortgage satisfy charge full	£2.00	Add To Baske
2013-08-01	MR04 Mortgage satisfy charge full	£2.00	Add To Baske

Epson WorkForce® Printers

Featuring PrecisionCore Technology. The Next Generation of Inkjet.

o o

[Remove These Ads](#)

We use cookies to personalise content and ads, to provide social media features and to analyse our traffic. We also share information about your use of our site with our marketing, analytics and advertising partners. [Find out more](#) Log In x CLOSE
Sign Up

SUMMARY ABOUT ACCOUNTS CREDIT RISK CHARGES DIRECTORS STRUCTURE DOCUMENTS

Navigation

With advanced searching and comprehensive credit reports across 11 countries, Company Check is the most used online business data provider in the UK delivering 100 million reports to over 20 million visitors in 2014 alone.

[Home](#)
[Sign Up](#)
[About](#)
[Our API](#)

[Advertise](#)
[Help & FAQ](#)
[Search](#)
[Search History](#)

[Terms & Conditions](#)
[Listing Policy](#)
[Cookie Policy](#)
[Blog](#)

 Share
 Tweet
 Print

© 2016 Company Check Ltd

[Help](#)

Search by company or director... Sub

Log In Sign Up

SUMMARY ABOUT ACCOUNTS CREDIT RISK CHARGES DIRECTORS STRUCTURE DOCUMENTS

J.s.n. Jewellery Uk Limited Buy report Watch

ACTIVE 19-20 Bourne Court, Southend Road, Woodford Green, Essex, IG8 BHD

Are You Writing A Book?
 Become A Published Author Today. Get Your Free Guide To Publishing.

[Remove These Ads](#)

Filter Documents

Companies House Documents

Date Filed	Document Type	Price	
2013-07-12	AA Accounts with made up date	FREE	Add To Baske
2013-07-01	MR01 Mortgage create with deed with charge number	£2.00	Add To Baske
2013-06-24	MISC Miscellaneous	£2.00	Add To Baske
2013-06-19	MISC Miscellaneous	£2.00	Add To Baske
2013-06-04	AR01 Annual return company with made up date full list shareholders	£2.00	Add To Baske
2013-05-13	CH01 Change person director company with change date	£2.00	Add To Baske
2013-05-08	CH03 Change person secretary company with change date	£2.00	Add To Baske
2013-05-08	CH01 Change person director company with change date	£2.00	Add To Baske
2012-06-07	AA Accounts with made up date	FREE	Add To Baske
2012-05-29	SH08 Capital name of class of shares	£2.00	Add To Baske

<< >>

1 2 3 4 5 ... 8

Epson WorkForce® Printers

Featuring PrecisionCore Technology. The Next Generation of Inkjet.

[Remove These Ads](#)

We use cookies to personalise content and ads, to provide social media features and to analyse our traffic. We also share information about your use of our site with our marketing, analytics and advertising partners. [Find out more](#)

[Log In](#) [Sign Up](#) [Close](#)

[SUMMARY](#) [ABOUT](#) [ACCOUNTS](#) [CREDIT RISK](#) [CHARGES](#) [DIRECTORS](#) [STRUCTURE](#) [DOCUMENTS](#)

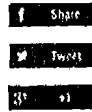
Navigation

With advanced searching and comprehensive credit reports across 11 countries, Company Check is the most used online business data provider in the UK delivering 100 million reports to over 20 million visitors in 2014 alone.

[Home](#)
[Sign Up](#)
[About](#)
[Our API](#)

[Advertise](#)
[Help & FAQ](#)
[Search](#)
[Search History](#)

[Terms & Conditions](#)
[Listing Policy](#)
[Cookie Policy](#)
[Blog](#)



© 2016 Company Check Ltd

[Help](#)

Search by company or director... Subj

[Log In](#) [Sign Up](#)

[SUMMARY](#) [ABOUT](#) [ACCOUNTS](#) [CREDIT RISK](#) [CHARGES](#) [DIRECTORS](#) [STRUCTURE](#) [DOCUMENTS](#)

J.s.n. Jewellery Uk Limited [Buy report](#) [Watch](#)

ACTIVE 19-20 Bourne Court, Southend Road, Woodford Green, Essex, IG8 8HD

Are You Writing A Book?

Become A Published Author Today. Get Your Free Guide To Publishing.

[Remove These Ads](#)

Filter Documents

Companies House Documents

Date Filed	Document Type	Price	
2012-05-29	RESOLUTIONS Resolution	£2.00	Add To Baske
2012-05-23	AR01 Annual return company with made up date full list shareholders	£2.00	Add To Baske
2012-05-23	AR01 Annual return company with made up date full list shareholders	£2.00	Add To Baske
2012-05-23	CH01 Change person director company with change date	£2.00	Add To Baske
2012-05-23	CH03 Change person secretary company with change date	£2.00	Add To Baske
2012-05-23	CH01 Change person director company with change date	£2.00	Add To Baske
2011-06-03	AA Accounts with accounts type medium	FREE	Add To Baske
2011-05-10	AR01 Annual return company with made up date full list shareholders	£2.00	Add To Baske
2010-08-17	AA Accounts with accounts type medium	FREE	Add To Baske
2010-05-17	AR01 Annual return company with made up date full list shareholders	£2.00	Add To Baske

<< >> 1 2 3 4 5 ... 9

Epson WorkForce® Printers

Featuring PrecisionCore Technology. The Next Generation of Inkjet.

[Remove These Ads](#)

We use cookies to personalise content and ads, to provide social media features and to analyse our traffic. We also share information about your use of our site with our marketing, analytics and advertising partners. [Find out more](#)

Log In [X CLOSE](#)
[Sign Up](#)

[SUMMARY](#) [ABOUT](#) [ACCOUNTS](#) [CREDIT RISK](#) [CHARGES](#) [DIRECTORS](#) [STRUCTURE](#) [DOCUMENTS](#)

Navigation

With advanced searching and comprehensive credit reports across 11 countries, Company Check is the most used online business data provider in the UK delivering 100 million reports to over 20 million visitors in 2014 alone.

[Home](#)
[Sign Up](#)
[About](#)
[Our API](#)

[Advertise](#)
[Help & FAQ](#)
[Search](#)
[Search History](#)

[Terms & Conditions](#)
[Listing Policy](#)
[Cookie Policy](#)
[Blog](#)



© 2016 Company Check Ltd

[Help](#)

Search by company or director...

[Log In](#) [Sign Up](#)

[SUMMARY](#) [ABOUT](#) [ACCOUNTS](#) [CREDIT RISK](#) [CHARGES](#) [DIRECTORS](#) [STRUCTURE](#) [DOCUMENTS](#)

J.s.n. Jewellery Uk Limited [Buy report](#) [Watch](#)

ACTIVE 19-20 Bourne Court, Southend Road, Woodford Green, Essex, IG8 8HD

Are You Writing A Book?
 Become A Published Author Today. Get Your Free Guide To Publishing.

[Remove These Ads](#)

Companies House Documents

Date Filed	Document Type		Price
2009-10-06	MISC Miscellaneous	£2.00	Add To Basket
2009-10-06	RESOLUTIONS Resolution	£2.00	Add To Basket
2009-09-26	403a Legacy	£2.00	Add To Basket
2009-07-16	AA Accounts with accounts type medium	FREE	Add To Basket
2009-06-02	363a Legacy	£2.00	Add To Basket
2008-07-02	AA Accounts with accounts type medium	FREE	Add To Basket
2008-05-19	363a Legacy	£2.00	Add To Basket
2007-12-06	395 Legacy	£2.00	Add To Basket
2007-10-10	882R Legacy	£2.00	Add To Basket
2007-10-10	123 Legacy	£2.00	Add To Basket

<< >> 1 2 3 4 5 ... 8

Epson WorkForce® Printers

Featuring PrecisionCore Technology. The Next Generation of Inkjet.

[Remove These Ads](#)

We use cookies to personalise content and ads, to provide social media features and to analyse our traffic. We also share information about your use of our site with our marketing, analytics and advertising partners. [Find out more](#)

Log In

X CLOSE
Sign Up

SUMMARY ABOUT ACCOUNTS CREDIT RISK CHARGES DIRECTORS STRUCTURE DOCUMENTS

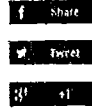
Navigation

With advanced searching and comprehensive credit reports across 11 countries, Company Check is the most used online business data provider in the UK delivering 100 million reports to over 20 million visitors in 2014 alone.

Home
Sign Up
About
Our API

Advertise
Help & FAQ
Search
Search History

Terms & Conditions
Listing Policy
Cookie Policy
Blog



© 2016 Company Check Ltd


Help

Search by company or director...

[Log In](#) [Sign Up](#)

[SUMMARY](#) [ABOUT](#) [ACCOUNTS](#) [CREDIT RISK](#) [CHARGES](#) [DIRECTORS](#) [STRUCTURE](#) [DOCUMENTS](#)

J.s.n. Jewellery Uk Limited [Buy report](#) [Watch](#)

ACTIVE 19-20 Bourne Court, Southend Road, Woodford Green, Essex, IG8 8HD 

Are You Writing A Book?
 Become A Published Author Today. Get Your Free Guide To Publishing.
 ○ ○

[Remove These Ads](#)

Companies House Documents

Date Filed	Document Type	Price	
2007-10-10	RESOLUTIONS Resolution	£2.00	Add To Baske
2007-10-10	RESOLUTIONS Resolution	£2.00	Add To Baske
2007-07-06	AA Accounts with accounts type medium	FREE	Add To Baske
2007-05-15	363a Legacy	£2.00	Add To Baske
2006-09-06	AA Accounts with accounts type medium	FREE	Add To Baske
2006-05-26	363a Legacy	£2.00	Add To Baske
2005-06-10	363s Legacy	£2.00	Add To Baske
2005-04-11	AA Accounts with accounts type medium	FREE	Add To Baske
2005-01-26	287 Legacy	£2.00	Add To Baske
2004-06-24	AA Accounts with made up date	FREE	Add To Baske

Epson WorkForce® Printers

Featuring PrecisionCore Technology. The Next Generation of Inkjet.

○ ○

[Remove These Ads](#)

We use cookies to personalise content and ads, to provide social media features and to analyse our traffic. We also share information about your use of our site with our marketing, analytics and advertising partners. [Find out more](#)

[Log In](#)

[X CLOSE](#)
[Sign Up](#)

[SUMMARY](#) [ABOUT](#) [ACCOUNTS](#) [CREDIT RISK](#) [CHARGES](#) [DIRECTORS](#) [STRUCTURE](#) [DOCUMENTS](#)

Navigation

With advanced searching and comprehensive credit reports across 11 countries, Company Check is the most used online business data provider in the UK delivering 100 million reports to over 20 million visitors in 2014 alone.

[Home](#)
[Sign Up](#)
[About](#)
[Our API](#)

[Advertise](#)
[Help & FAQ](#)
[Search](#)
[Search History](#)

[Terms & Conditions](#)
[Listing Policy](#)
[Cookie Policy](#)
[Blog](#)



© 2016 Company Check Ltd


[Help](#)

Search by company or director...

[Log In](#) [Sign Up](#)

[SUMMARY](#) [ABOUT](#) [ACCOUNTS](#) [CREDIT RISK](#) [CHARGES](#) [DIRECTORS](#) [STRUCTURE](#) [DOCUMENTS](#)

J.s.n. Jewellery Uk Limited [Buy report](#) [Watch](#)

ACTIVE 19-20 Bourne Court, Southend Road, Woodford Green, Essex, IG8 8HD 

Are You Writing A Book?
 Become A Published Author Today. Get Your Free Guide To Publishing.
 ○ ○

[Remove These Ads](#)

Companies House Documents

Date Filed	Document Type	Price	
2004-05-20	363s Legacy	£2.00	Add To Basket
2003-07-22	363s Legacy	£2.00	Add To Basket
2003-06-06	AA Accounts with made up date	FREE	Add To Basket
2002-07-18	395 Legacy	£2.00	Add To Basket
2002-07-15	RESOLUTIONS Resolution	£2.00	Add To Basket
2002-07-15	RESOLUTIONS Resolution	£2.00	Add To Basket
2002-07-15	882R Legacy	£2.00	Add To Basket
2002-07-02	AA Accounts with made up date	FREE	Add To Basket
2002-05-22	363s Legacy	£2.00	Add To Basket
2002-03-20	288b Legacy	£2.00	Add To Basket

...

Epson WorkForce® Printers

Featuring PrecisionCore Technology. The Next Generation of Inkjet.

○ ○

[Remove These Ads](#)

We use cookies to personalise content and ads, to provide social media features and to analyse our traffic. We also share information about your use of our site with our advertising and analytics partners. [Find out more](#)

Log In

[CLOSE](#)
[Sign Up](#)

[SUMMARY](#) [ABOUT](#) [ACCOUNTS](#) [CREDIT RISK](#) [CHARGES](#) [DIRECTORS](#) [STRUCTURE](#) [DOCUMENTS](#)

Navigation

With advanced searching and comprehensive credit reports across 11 countries, Company Check is the most used online business data provider in the UK delivering 100 million reports to over 20 million visitors in 2014 alone.

[Home](#)
[Sign Up](#)
[About](#)
[Our API](#)

[Advertise](#)
[Help & FAQ](#)
[Search](#)
[Search History](#)

[Terms & Conditions](#)
[Listing Policy](#)
[Cookie Policy](#)
[Blog](#)



© 2016 Company Check Ltd

[Help](#)

Search by company or director...

[Log In](#) [Sign Up](#)

[SUMMARY](#) [ABOUT](#) [ACCOUNTS](#) [CREDIT RISK](#) [CHARGES](#) [DIRECTORS](#) [STRUCTURE](#) [DOCUMENTS](#)

J.s.n. Jewellery Uk Limited [Buy report](#) [Watch](#)

ACTIVE 19-20 Bourne Court, Southend Road, Woodford Green, Essex, IG8 8HD

Are You Writing A Book?
 Become A Published Author Today. Get Your Free Guide To Publishing.
 ○ ○

[Remove These Ads](#)

Companies House Documents

Date Filed	Document Type	Price	
2002-03-20	288b Legacy	£2.00	Add To Baske
2001-07-09	882R Legacy	£2.00	Add To Baske
2001-07-09	123 Legacy	£2.00	Add To Baske
2001-07-09	RESOLUTIONS Resolution	£2.00	Add To Baske
2001-07-09	RESOLUTIONS Resolution	£2.00	Add To Baske
2001-06-28	288a Legacy	£2.00	Add To Baske
2001-06-12	363s Legacy	£2.00	Add To Baske
2001-05-30	AA Accounts with made up date	FREE	Add To Baske
2001-05-22	288a Legacy	£2.00	Add To Baske
2000-10-20	395 Legacy	£2.00	Add To Baske

<< >> 1 ... 4 5 6 7 8

Epson WorkForce® Printers

Featuring PrecisionCore Technology. The Next Generation of Inkjet.

○ ○

[Remove These Ads](#)

We use cookies to personalise content and ads, to provide social media features and to analyse our traffic. We also share information about your use of our site with our marketing, analytics and service partners. Find out more

Log In X CLOSE
Sign Up

SUMMARY ABOUT ACCOUNTS CREDIT RISK CHARGES DIRECTORS STRUCTURE DOCUMENTS

Navigation

With advanced searching and comprehensive credit reports across 11 countries, Company Check is the most used online business data provider in the UK delivering 100 million reports to over 20 million visitors in 2014 alone.

Home
Sign Up
About
Our API

Advertise
Help & FAQ
Search
Search History

Terms & Conditions
Listing Policy
Cookie Policy
Blog



© 2016 Company Check Ltd


Help

Search by company or director...

[Log In](#) [Sign Up](#)

[SUMMARY](#) [ABOUT](#) [ACCOUNTS](#) [CREDIT RISK](#) [CHARGES](#) [DIRECTORS](#) [STRUCTURE](#) [DOCUMENTS](#)

J.s.n. Jewellery Uk Limited [Buy report](#) [Watch](#)

ACTIVE 19-20 Bourne Court, Southend Road, Woodford Green, Essex, IG8 8HD 

Are You Writing A Book?
 Become A Published Author Today. Get Your Free Guide To Publishing.
 ○ ○

[Remove These Ads](#)

Companies House Documents

Date Filed	Document Type	Price	
2000-05-25	363s Legacy	£2.00	Add To Baske
2000-05-19	AA Accounts with made up date	FREE	Add To Baske
1999-06-01	363s Legacy	£2.00	Add To Baske
1998-07-31	225 Legacy	£2.00	Add To Baske
1998-05-19	288a Legacy	£2.00	Add To Baske
1998-05-19	288a Legacy	£2.00	Add To Baske
1998-05-19	288b Legacy	£2.00	Add To Baske
1998-05-19	288b Legacy	£2.00	Add To Baske
1998-05-19	287 Legacy	£2.00	Add To Baske
1998-05-05	NEWINC Incorporation company	£2.00	Add To Baske

<< >>

1 ... 4 5 6 7 8

Epson WorkForce® Printers

Featuring PrecisionCore Technology. The Next Generation of Inkjet.

○ ○

[Remove These Ads](#)

We use cookies to personalise content and ads, to provide social media features and to analyse our traffic. We also share information about your use of our site with our marketing, analytics and advertising partners. [Find out more](#)

Log In

[CLOSE](#)
[SIGN UP](#)

[SUMMARY](#) [ABOUT](#) [ACCOUNTS](#) [CREDIT RISK](#) [CHARGES](#) [DIRECTORS](#) [STRUCTURE](#) [DOCUMENTS](#)

Navigation

With advanced searching and comprehensive credit reports across 11 countries, Company Check is the most used online business data provider in the UK delivering 100 million reports to over 20 million visitors in 2014 alone.

[Home](#)
[Sign Up](#)
[About](#)
[Our API](#)

[Advertise](#)
[Help & FAQ](#)
[Search](#)
[Search History](#)

[Terms & Conditions](#)
[Listing Policy](#)
[Cookie Policy](#)
[Blog](#)



© 2016 Company Check Ltd

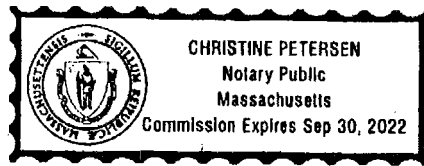
[Help](#)

TAB C

Attached is Exhibit "C" Referred to in the
AFFIDAVIT OF KYLE SHONAK
Sworn before me this 3rd day of August, 2016

Christine Petersen

Notary Public



Department of State: Division of Corporations

[Allowable Characters](#)

HOME

[About Agency](#)
[Secretary's Letter](#)
[Newsroom](#)
[Frequent Questions](#)
[Related Links](#)
[Contact Us](#)
[Office Location](#)

SERVICES

[Pay Taxes](#)
[Bulk Tax Payment \(alternative entity payment only\)](#)
[File UCC's](#)
[Delaware Laws Online](#)
[Name Reservation](#)
[Entity Search](#)
[Status](#)
[Validate Certificate](#)
[Customer Service Survey](#)

INFORMATION

[Corporate Forms](#)
[Corporate Fees](#)
[UCC Forms and Fees](#)
[Taxes](#)
[Expedited Services](#)
[Service of Process](#)
[Registered Agents](#)
[GetCorporate Status](#)
[Submitting a Request](#)
[How to Form a New Business Entity](#)
[Certifications, Apostilles & Authentication of Documents](#)

[Frequently Asked Questions](#) [View Search Results](#)

Entity Details

THIS IS NOT A STATEMENT OF GOOD STANDING

File Number: 4638344 Incorporation Date / 1/8/2009
Formation Date: (mm/dd/yyyy)
Entity Name: GMJ CORPORATION
Entity Kind: Corporation Entity Type: General
Residency: Domestic **State:** DELAWARE

REGISTERED AGENT INFORMATION

Name: NATIONAL REGISTERED AGENTS, INC.
Address: 160 GREENTREE DR STE 101
City: DOVER **County:** Kent
State: DE **Postal Code:** 19904
Phone: 302-674-4089

Additional information is available for a fee. You can retrieve Status for a fee of \$10.00 or more detailed information including current franchise tax assessment, current filing history and more for a fee of \$20.00.

Would you like Status Status, Tax & History Information

For help on a particular field click on the Field Tag to take you to the help area.

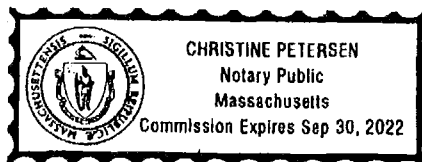
[site map](#) | [about this site](#) | [contact us](#) | [translate](#) | [delaware.gov](#) | [release notes](#)

TAB D

Attached is Exhibit "D" Referred to in the
AFFIDAVIT OF KYLE SHONAK
Sworn before me this 3rd day of August, 2016

Christine Petersen

Notary Public



Request ID: 018708199
 Transaction ID: 60465037
 Category ID: UN/E

Province of Ontario
 Ministry of Government Services

Date Report Produced: 2016/03/07
 Time Report Produced: 13:06:51
 Page: 1

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	Incorporation Date
2373138	2373138 ONTARIO INC.	2013/05/15
		Jurisdiction
		ONTARIO
Corporation Type	Corporation Status	Former Jurisdiction
ONTARIO BUSINESS CORP.	ACTIVE	NOT APPLICABLE
Registered Office Address		Date Amalgamated
		Amalgamation Ind.
		NOT APPLICABLE
64 JARDIN DRIVE UNIT 7		New Amal. Number
		Notice Date
CONCORD ONTARIO CANADA L4K 3P3		NOT APPLICABLE
		Letter Date
Mailing Address		NOT APPLICABLE
		Revival Date
		Continuation Date
64 JARDIN DRIVE UNIT 7		NOT APPLICABLE
		Transferred Out Date
CONCORD ONTARIO CANADA L4K 3P3		Cancel/Inactive Date
		NOT APPLICABLE
		EP Licence Eff.Date
		EP Licence Term.Date
		NOT APPLICABLE
		Date Commenced in Ontario
		Date Ceased in Ontario
		NOT APPLICABLE
Activity Classification	Number of Directors Minimum Maximum	
NOT AVAILABLE	00001 00010	

Request ID: 018708199
 Transaction ID: 60465037
 Category ID: UNE

Province of Ontario
 Ministry of Government Services

Date Report Produced: 2016/03/07
 Time Report Produced: 13:06:51
 Page: 2

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
2373138	2373138 ONTARIO INC.

Corporate Name History	Effective Date
2373138 ONTARIO INC.	2013/05/15

Current Business Name(s) Exist:	NO
Expired Business Name(s) Exist:	NO

Administrator: Name (Individual / Corporation)	Address
JOSEPH SHILON	64 JARDIN DRIVE UNIT 7 CONCORD ONTARIO CANADA L4K 3P3

Date Began	First Director	Resident Canadian
2013/05/15	NOT APPLICABLE	Y
Designation	Officer Type	
DIRECTOR		

Request ID: 018708199
 Transaction ID: 60465037
 Category ID: UN/E

Province of Ontario
 Ministry of Government Services

Date Report Produced: 2016/03/07
 Time Report Produced: 13:06:51
 Page: 3

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
2373138	2373138 ONTARIO INC.

Administrator: Name (Individual / Corporation)	Address
JOSEPH SHILON	64 JARDIN DRIVE UNIT 7 CONCORD ONTARIO CANADA L4K 3P3

Date Began	First Director	
2013/05/15	NOT APPLICABLE	
Designation	Officer Type	Resident Canadian
OFFICER	PRESIDENT	Y

Administrator: Name (Individual / Corporation)	Address
JOSEPH SHILON	64 JARDIN DRIVE UNIT 7 CONCORD ONTARIO CANADA L4K 3P3

Date Began	First Director	
2013/05/15	NOT APPLICABLE	
Designation	Officer Type	Resident Canadian
OFFICER	SECRETARY	Y

Request ID: 018708199
Transaction ID: 60465037
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2016/03/07
Time Report Produced: 13:06:51
Page: 4

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	
2373138	2373138 ONTARIO INC.	
Administrator: Name (Individual / Corporation)	Address	
JOSEPH SHILON	64 JARDIN DRIVE UNIT 7 CONCORD ONTARIO CANADA L4K 3P3	
Date Began	First Director	
2013/05/15	NOT APPLICABLE	
Designation	Officer Type	Resident Canadian
OFFICER	TREASURER	Y

Request ID: 018708199
Transaction ID: 60465037
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2016/03/07
Time Report Produced: 13:06:51
Page: 5

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
2373138	2373138 ONTARIO INC.

Last Document Recorded		Form	Date
Act/Code	Description		
CIA	INITIAL RETURN	1	2013/07/19 (ELECTRONIC FILING)

THIS REPORT SETS OUT THE MOST RECENT INFORMATION FILED BY THE CORPORATION ON OR AFTER JUNE 27, 1992, AND RECORDED IN THE ONTARIO BUSINESS INFORMATION SYSTEM AS AT THE DATE AND TIME OF PRINTING. ALL PERSONS WHO ARE RECORDED AS CURRENT DIRECTORS OR OFFICERS ARE INCLUDED IN THE LIST OF ADMINISTRATORS.

ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

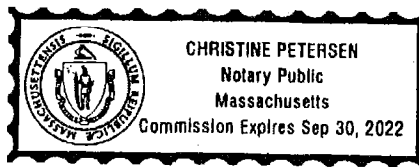
The issuance of this report in electronic form is authorized by the Ministry of Government Services.

TAB E

Attached is Exhibit "E" Referred to in the
AFFIDAVIT OF KYLE SHONAK
Sworn before me this 3rd day of August, 2016

Christine Petersen

Notary Public



Request ID: 018848121
 Transaction ID: 60833230
 Category ID: UN/E

Province of Ontario
 Ministry of Government Services

Date Report Produced: 2016/04/14
 Time Report Produced: 16:11:30
 Page: 1

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	Incorporation Date
1620582	ALWAYS & FOREVER FAMILY COLLECTION INCORPORATED	2004/06/01
		Jurisdiction
		ONTARIO
Corporation Type	Corporation Status	Former Jurisdiction
ONTARIO BUSINESS CORP.	ACTIVE	NOT APPLICABLE
Registered Office Address		Date Amalgamated
		Amalgamation Ind.
33 THORNBANK ROAD		NOT APPLICABLE
		NOT APPLICABLE
THORNHILL		New Amal. Number
ONTARIO		Notice Date
CANADA L4J 2A1		NOT APPLICABLE
		NOT APPLICABLE
Mailing Address		Letter Date
		NOT APPLICABLE
64 JARDIN DRIVE		Revival Date
		Continuation Date
Suite # 7		NOT APPLICABLE
CONCORD		NOT APPLICABLE
ONTARIO		Transferred Out Date
CANADA L4K 3P3		Cancel/Inactive Date
		NOT APPLICABLE
		NOT APPLICABLE
		EP Licence Eff. Date
		EP Licence Term. Date
		NOT APPLICABLE
		NOT APPLICABLE
		Date Commenced in Ontario
		Date Ceased in Ontario
		NOT APPLICABLE
		NOT APPLICABLE
Activity Classification	Number of Directors Minimum Maximum	
NOT AVAILABLE	00001 00015	

Request ID: 018848121
 Transaction ID: 60833230
 Category ID: UN/E

Province of Ontario
 Ministry of Government Services

Date Report Produced: 2016/04/14
 Time Report Produced: 16:11:30
 Page: 2

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	
1620582	ALWAYS & FOREVER FAMILY COLLECTION INCORPORATED	
Corporate Name History	Effective Date	
ALWAYS & FOREVER FAMILY COLLECTION INCORPORATED	2004/06/01	
Current Business Name(s) Exist:	NO	
Expired Business Name(s) Exist:	NO	
Administrator: Name (Individual / Corporation)	Address	
JOSEPH SHILON	33 THORNBANK ROAD THORNHILL ONTARIO CANADA L4J 2A1	
Date Began	First Director	
2004/06/01	NOT APPLICABLE	
Designation	Officer Type	Resident Canadian
DIRECTOR		Y

Request ID: 018848121
 Transaction ID: 60833230
 Category ID: UN/E

Province of Ontario
 Ministry of Government Services

Date Report Produced: 2016/04/14
 Time Report Produced: 16:11:30
 Page: 3

CORPORATION PROFILE REPORT

Ontario Corp Number

1620582

Corporation Name

ALWAYS & FOREVER FAMILY COLLECTION
 INCORPORATED

Administrator:
 Name (Individual / Corporation)

JOSEPH
 SHILON

Address

33 THORNBANK ROAD

 THORNHILL
 ONTARIO
 CANADA L4J 2A1

Date Began

2004/06/01

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

PRESIDENT

Resident Canadian

Y

Administrator:
 Name (Individual / Corporation)

JOSEPH
 SHILON

Address

33 THORNBANK ROAD

 THORNHILL
 ONTARIO
 CANADA L4J 2A1

Date Began

2004/06/01

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

SECRETARY

Resident Canadian

Y

Request ID: 018848121
Transaction ID: 60833230
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2016/04/14
Time Report Produced: 16:11:30
Page: 4

CORPORATION PROFILE REPORT

Ontario Corp Number

1620582

Corporation Name

ALWAYS & FOREVER FAMILY COLLECTION
INCORPORATED

Administrator:
Name (Individual / Corporation)

JOSEPH

SHILON

Address

33 THORNBANK ROAD

THORNHILL
ONTARIO
CANADA L4J 2A1

Date Began

2004/06/01

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

TREASURER

Resident Canadian

Y

Request ID: 018848121
Transaction ID: 60833230
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2016/04/14
Time Report Produced: 16:11:30
Page: 5

CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

1620582

ALWAYS & FOREVER FAMILY COLLECTION
INCORPORATED

Last Document Recorded

Act/Code Description

Form

Date

CIA ANNUAL RETURN 2013

1C

2014/09/11 (ELECTRONIC FILING)

THIS REPORT SETS OUT THE MOST RECENT INFORMATION FILED BY THE CORPORATION ON OR AFTER JUNE 27, 1992, AND RECORDED IN THE ONTARIO BUSINESS INFORMATION SYSTEM AS AT THE DATE AND TIME OF PRINTING. ALL PERSONS WHO ARE RECORDED AS CURRENT DIRECTORS OR OFFICERS ARE INCLUDED IN THE LIST OF ADMINISTRATORS.

ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

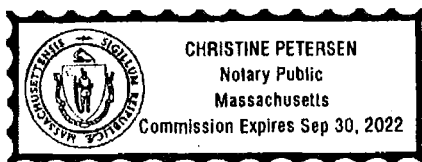
The issuance of this report in electronic form is authorized by the Ministry of Government Services.

TAB F

Attached is Exhibit "F" Referred to in the
AFFIDAVIT OF KYLE SHONAK
Sworn before me this 3rd day of August, 2016

Christine Petersen

Notary Public



Request ID: 018954094
 Transaction ID: 61105339
 Category ID: UN/E

Province of Ontario
 Ministry of Government Services

Date Report Produced: 2016/05/13
 Time Report Produced: 12:29:37
 Page: 1

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	Incorporation Date
2313773	P.M.R. INC.	2012/01/19
		Jurisdiction
		ONTARIO
Corporation Type	Corporation Status	Former Jurisdiction
ONTARIO BUSINESS CORP.	ACTIVE	NOT APPLICABLE
Registered Office Address		Date Amalgamated
		Amalgamation Ind.
64 JARDIN DRIVE		NOT APPLICABLE
		NOT APPLICABLE
Suite # UNIT 7		New Amal. Number
CONCORD		Notice Date
ONTARIO		NOT APPLICABLE
CANADA L4K 3P3		NOT APPLICABLE
		Letter Date
Mailing Address		NOT APPLICABLE
		Revival Date
64 JARDIN DRIVE		Continuation Date
		NOT APPLICABLE
Suite # UNIT 7		NOT APPLICABLE
CONCORD		Transferred Out Date
ONTARIO		Cancel/Inactive Date
CANADA L4K 3P3		NOT APPLICABLE
		NOT APPLICABLE
		EP Licence Eff.Date
		EP Licence Term.Date
		NOT APPLICABLE
		NOT APPLICABLE
		Date Commenced in Ontario
		Date Ceased in Ontario
		NOT APPLICABLE
		NOT APPLICABLE
Activity Classification	Number of Directors	
NOT AVAILABLE	Minimum Maximum	
	00001 00010	

Request ID: 018954094
 Transaction ID: 61105339
 Category ID: UN/E

Province of Ontario
 Ministry of Government Services

Date Report Produced: 2016/05/13
 Time Report Produced: 12:29:37
 Page: 2

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name
2313773	P.M.R. INC.

Corporate Name History	Effective Date
P.M.R. INC.	2012/01/19

Current Business Name(s) Exist:	NO
Expired Business Name(s) Exist:	NO

Administrator: Name (Individual / Corporation)	Address
JOSEPH SHILON	33 THORNBANK ROAD THORNHILL ONTARIO CANADA L4J 2A7

Date Began	First Director	Resident Canadian
2012/01/19	NOT APPLICABLE	Y
Designation	Officer Type	
DIRECTOR		

Request ID: 018954094
 Transaction ID: 61105339
 Category ID: UN/E

Province of Ontario
 Ministry of Government Services

Date Report Produced: 2016/05/13
 Time Report Produced: 12:29:37
 Page: 3

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	
2313773	P.M.R. INC.	
Administrator: Name (Individual / Corporation)	Address	
JOSEPH SHILON	33 THORNBANK ROAD THORNHILL ONTARIO CANADA L4J 2A7	
Date Began	First Director	
2012/01/19	NOT APPLICABLE	
Designation	Officer Type	Resident Canadian
OFFICER	PRESIDENT	Y
Administrator: Name (Individual / Corporation)	Address	
JOSEPH SHILON	33 THORNBANK ROAD THORNHILL ONTARIO CANADA L4J 2A7	
Date Began	First Director	
2012/01/19	NOT APPLICABLE	
Designation	Officer Type	Resident Canadian
OFFICER	SECRETARY	Y

Request ID: 018954094
Transaction ID: 61105339
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2016/05/13
Time Report Produced: 12:29:37
Page: 4

CORPORATION PROFILE REPORT

Ontario Corp Number

2313773

Corporation Name

P.M.R. INC.

Administrator:
Name (Individual / Corporation)

JOSEPH

SHILON

Address

33 THORNBANK ROAD

THORNHILL
ONTARIO
CANADA L4J 2A7

Date Began

2012/01/19

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

TREASURER

Resident Canadian

Y

Request ID: 018954094
Transaction ID: 61105339
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2016/05/13
Time Report Produced: 12:29:37
Page: 5

CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

2313773

P.M.R. INC.

Last Document Recorded

Act/Code Description

Form

Date

CIA INITIAL RETURN

1

2012/02/03 (ELECTRONIC FILING)

THIS REPORT SETS OUT THE MOST RECENT INFORMATION FILED BY THE CORPORATION ON OR AFTER JUNE 27, 1992, AND RECORDED IN THE ONTARIO BUSINESS INFORMATION SYSTEM AS AT THE DATE AND TIME OF PRINTING. ALL PERSONS WHO ARE RECORDED AS CURRENT DIRECTORS OR OFFICERS ARE INCLUDED IN THE LIST OF ADMINISTRATORS.

ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

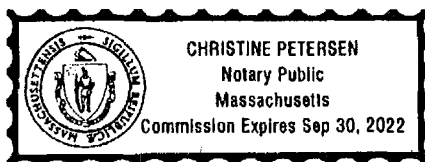
The issuance of this report in electronic form is authorized by the Ministry of Government Services.

TAB G

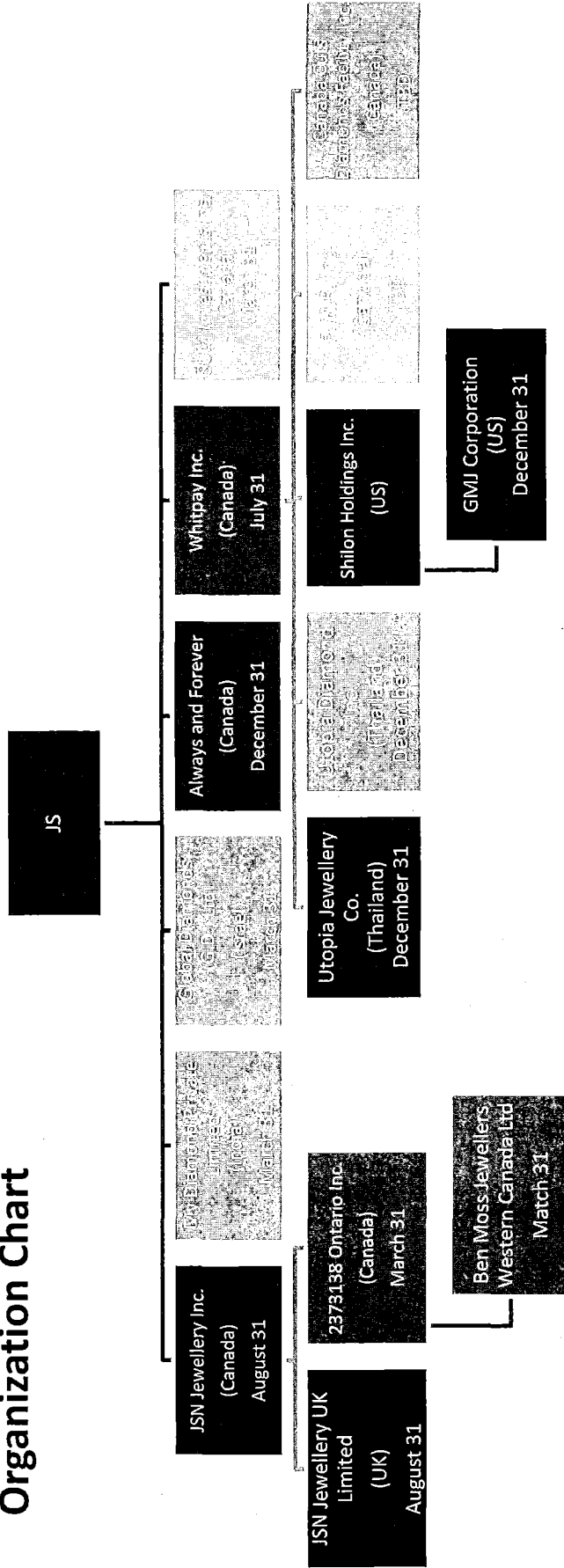
Attached is Exhibit "G" Referred to in the
AFFIDAVIT OF KYLE SHONAK
Sworn before me this 3rd day of August, 2016

Christine Petersen

Notary Public



Organization Chart



JSN companies included in the Combined FS. JSN Jewellery Inc., GMI and JSN UK sell to retail customers only within their respective markets. All product is JSN manufactured product which is produced by Utopia Jewellery in Thailand. None of the JSN entities have retail operations.

Ben Moss Jewellers Western Canada Ltd. is also included in the Combined FS. It is the operating company of the Canadian retail business acquired in July 2013. It was acquired indirectly through the personal holding companies of the vendor shareholders via a new holding company – all of which were amalgamated immediately following closing. The numbered company is a holding company and inactive.

Wholesale family ring collection in Canada

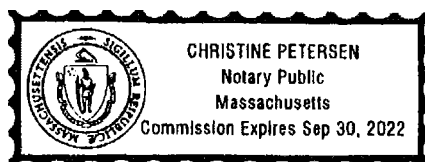
- Management services company for the family members who work in the group
- Diamond cutting operations
- Diamond brokers
- Precious metals and stone reclamation
- Real estate holding company (no JSN companies lease from this entity)
- Holding company – has never been active

TAB H

Attached is Exhibit "H" Referred to in the
AFFIDAVIT OF KYLE SHONAK
Sworn before me this 3rd day of August, 2016

Christine Petersen

Notary Public



Execution Version

CREDIT AGREEMENT

Dated as of July 18, 2013

among.

J.S.N. JEWELLERY INC.

as the Lead Borrower

For

The Borrowers Named Herein

The Guarantors Named Herein

SALUS CAPITAL PARTNERS, LLC

as Administrative Agent and Collateral Agent

and

The Other Lenders Party Hereto

TABLE OF CONTENTS

Page

ARTICLE I
DEFINITIONS AND ACCOUNTING TERMS

1.01	Defined Terms	1
1.02	Other Interpretive Provisions	36
1.03	Accounting Terms Generally	37
1.04	Rounding	38
1.05	Times of Day	38
1.06	English Language	38
1.07	Currency Equivalents Generally	38
1.08	Currency Matters	38
1.09	Judgment Currency	38
1.10	Québec Matters	39

ARTICLE II
THE COMMITMENTS AND BORROWINGS

2.01	Committed Revolving Loans; Reserves	39
2.02	Borrowings and Conversions of Committed Revolving Loans	40
2.03	[Reserved.]	42
2.04	[Reserved.]	42
2.05	Prepayments	42
2.06	Termination or Reduction of Commitments	43
2.07	Repayment of Loans	43
2.08	Interest	44
2.09	Fees	45
2.10	Computation of Interest and Fees	45
2.11	Evidence of Debt	46
2.12	Payments Generally; Agent's Clawback	46
2.13	Sharing of Payments by Lenders	48
2.14	Settlement Amongst Lenders	48
2.15	Increase in Commitments	49
2.16	Defaulting Lenders	51

ARTICLE III
TAXES, YIELD PROTECTION AND ILLEGALITY;
APPOINTMENT OF LEAD BORROWER

3.01	Taxes	52
3.02	Reserved	53
3.03	Reserved	53
3.04	Increased Costs; Reserves on Loans	53
3.05	Compensation for Losses	54
3.06	Mitigation Obligations; Replacement of Lenders	54
3.07	Survival	55
3.08	Designation of Lead Borrower as Borrowers' Agent	55

ARTICLE IV
CONDITIONS PRECEDENT TO BORROWINGS

4.01	Conditions of Initial Borrowing	55
4.02	Conditions to all Borrowings	59

TABLE OF CONTENTS
(continued)

	Page
ARTICLE V	
REPRESENTATIONS AND WARRANTIES	
5.01 Existence, Qualification and Power	60
5.02 Authorization; No Contravention	60
5.03 Governmental Authorization; Other Consents	60
5.04 Binding Effect	60
5.05 Financial Statements; No Material Adverse Effect	60
5.06 Litigation	62
5.07 No Default	62
5.08 Ownership of Property; Liens	62
5.09 Environmental Compliance	63
5.10 Insurance	63
5.11 Taxes	64
5.12 Pension Plans	64
5.13 Subsidiaries; Equity Interests	64
5.14 Reserved	64
5.15 Disclosure	64
5.16 Compliance with Laws	64
5.17 Intellectual Property; Licenses, Etc.	65
5.18 Labour Matters	65
5.19 Security Documents	65
5.20 Solvency	66
5.21 Deposit Accounts; Credit Card Arrangements	66
5.22 Brokers	66
5.23 Customer and Trade Relations	66
5.24 Material Contracts	66
5.25 Casualty	66
5.26 Acquisition	67
5.27 Business Plan	68
5.28 Personally Identifiable Information	68
5.29 Anti-Bribery/Anti-Corruption	68
5.30 <i>The Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada)</i> ..	68
ARTICLE VI	
AFFIRMATIVE COVENANTS	
6.01 Financial Statements	68
6.02 Certificates; Other Information	69
6.03 Notices	71
6.04 Payment of Obligations	72
6.05 Preservation of Existence, Etc.	72
6.06 Maintenance of Properties	72
6.07 Maintenance of Insurance	72
6.08 Compliance with Laws	74
6.09 Books and Records; Accountants	74
6.10 Inspection Rights	74
6.11 Use of Proceeds	75
6.12 Additional Loan Parties	75
6.13 Cash Management	75
6.14 Information Regarding the Collateral	77
6.15 Physical Inventories	78
6.16 Environmental Laws	78

TABLE OF CONTENTS
(continued)

	Page
6.17 Further Assurances.....	78
6.18 Compliance with Terms of Leaseholds.....	79
6.19 Material Contracts.....	79
6.20 Business Plan.....	79
6.21 Compliance with Laws.....	79
6.22 Currency Matters.....	80

ARTICLE VII
NEGATIVE COVENANTS

7.01 Liens.....	80
7.02 Investments.....	80
7.03 Indebtedness.....	80
7.04 Fundamental Changes.....	80
7.05 Dispositions.....	80
7.06 Restricted Payments.....	80
7.07 Prepayments of Indebtedness.....	81
7.08 Change in Nature of Business.....	81
7.09 Transactions with Affiliates.....	81
7.10 Burdensome Agreements.....	81
7.11 Use of Proceeds.....	82
7.12 Amendment of Material Documents.....	82
7.13 Fiscal Year.....	82
7.14 Changes in Name or Jurisdiction.....	82
7.15 Deposit Accounts; Credit Card Processors.....	82
7.16 Financial Covenants.....	82
7.17 Pension Plans.....	83

ARTICLE VIII
EVENTS OF DEFAULT AND REMEDIES

8.01 Events of Default.....	83
8.02 Remedies Upon Event of Default.....	85
8.03 Application of Funds.....	86

ARTICLE IX
THE AGENT

9.01 Appointment and Authority.....	88
9.02 Rights as a Lender.....	88
9.03 Exculpatory Provisions.....	88
9.04 Reliance by Agent.....	89
9.05 Delegation of Duties.....	89
9.06 Resignation of Agent.....	90
9.07 Non-Reliance on Agent and Other Lenders.....	90
9.08 No Other Duties, Etc.....	90
9.09 Agent May File Proofs of Claim.....	90
9.10 Collateral and Guarantee Matters.....	91
9.11 Notice of Transfer.....	91
9.12 Reports and Financial Statements.....	92
9.13 Agency for Perfection.....	92
9.14 Indemnification of Agent.....	92
9.15 Relation among Lenders.....	93
9.16 Co-Syndication Agents; Documentation Agent and Co-Lead Arrangers.....	93

TABLE OF CONTENTS
(continued)

	Page
9.17 Quebec Collateral	93
 ARTICLE X MISCELLANEOUS 	
10.01 Amendments, Etc.....	93
10.02 Notices; Effectiveness; Electronic Communications.....	95
10.03 No Waiver; Cumulative Remedies.....	96
10.04 Expenses; Indemnity; Damage Waiver.....	96
10.05 Payments Set Aside.....	98
10.06 Successors and Assigns.....	98
10.07 Treatment of Certain Information; Confidentiality.....	101
10.08 Right of Setoff.....	102
10.09 Counterparts; Integration; Effectiveness.....	102
10.10 Survival.....	103
10.11 Severability.....	103
10.12 Replacement of Lenders.....	103
10.13 Governing Law; Jurisdiction; Etc.....	104
10.14 Waiver of Jury Trial.....	105
10.15 No Advisory or Fiduciary Responsibility.....	105
10.16 Anti-Money Laundering Legislation.....	105
10.17 USA PATRIOT Act Notice.....	106
10.18 Economic Sanction Laws.....	106
10.19 Time of the Essence.....	106
10.20 Press Releases.....	106
10.21 Additional Waivers.....	107
10.22 No Strict Construction.....	108
10.23 Attachments.....	108

SCHEDULES

1.01	Borrowers
1.02	Guarantors
2.01	Commitments and Applicable Percentages
5.01	Loan Parties Organizational Information
5.05	Supplement to Interim Financial Statements
5.06	Litigation
5.08(b)(1)	Owned Real Estate
5.08(b)(2)	Leased Real Estate
5.09	Environmental Matters
5.10	Insurance
5.12	Pension Plans
5.13	Subsidiaries; Other Equity Investments; Equity Interests in the Borrower
5.17	Intellectual Property Matters
5.18	Collective Bargaining Agreements
5.21(a)	DDAs
5.21(b)	Credit Card Arrangements
5.22	Broker Fees
5.24	Material Contracts
5.26	Assumed Liabilities

12628026.11

TABLE OF CONTENTS
(continued)

Page

6.02	Financial and Collateral Reporting
7.01	Existing Liens
7.02	Existing Investments
7.02(a)	Investment Policy
7.03	Existing Indebtedness
7.09	Affiliate Transactions
10.02	Agent's Office; Certain Addresses for Notices

EXHIBITS

Form of

A	Committed Loan Notice
B	Reserved
C-1	Revolving Note
C-2	Term Note
D	Compliance Certificate
E	Assignment and Assumption
F	Borrowing Base Certificate
G	Credit Card Notification
H	DDA Notification

CREDIT AGREEMENT

This CREDIT AGREEMENT ("Agreement") is entered into as of July 18, 2013, among J.S.N. JEWELLERY INC., a company existing under the laws of the Province of Ontario (the "Lead Borrower"), the Persons named on Schedule 1.01 hereto (collectively, with the Lead Borrower, the "Borrowers"), the Persons named on Schedule 1.02 hereto (collectively the "Guarantors"), each lender from time to time party hereto, and

SALUS CAPITAL PARTNERS, LLC, as Administrative Agent and Collateral Agent.

The Borrowers have requested that the Lenders provide a revolving credit facility and two term loan credit facilities, and the Lenders have indicated their willingness to lend on the terms and conditions set forth herein.

All Obligations (as hereinafter defined) of Borrower(s) to Lenders hereunder and under the other Loan Documents shall be full recourse to each of the Borrowers and secured by Agent's security interest in and liens on all or substantially all of the assets of Borrowers included in the Collateral.

In consideration of the mutual covenants and agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I DEFINITIONS AND ACCOUNTING TERMS

1.01 Defined Terms. As used in this Agreement, the following terms shall have the meanings set forth below:

"Accommodation Payment" as defined in Section 10.21(d).

"Account" means "accounts" as defined in the PPSA and all "claims" as defined in the CCQ, and also means a right to payment of a monetary obligation, whether or not earned by performance, (a) for property that has been or is to be sold, leased, licensed, assigned, or otherwise disposed of, (b) for services rendered or to be rendered, (c) for a policy of insurance issued or to be issued, (d) for a secondary obligation incurred or to be incurred, or (e) arising out of the use of a credit or charge card or information contained on or for use with the card.

"Accounting Firm" means a nationally-recognized chartered accountant firm acceptable to Agent and independent of the Loan Parties.

"ACH" means automated clearing house transfers.

"Acquisition" means, with respect to any Person (a) an investment in, or a purchase of, a Controlling interest in the Equity Interests of any other Person, (b) a purchase or other acquisition of all or substantially all of the assets or properties of, another Person or of any business unit of another Person, (c) any amalgamation, merger or consolidation of such Person with any other Person or other transaction or series of transactions resulting in the acquisition of all or substantially all of the assets, or a Controlling interest in the Equity Interests, of any Person, or (d) any acquisition of any Store locations of any Person, in each case in any transaction or group of transactions which are part of a common plan.

"Acquisition Agreement" means that certain "Definitive Agreement in respect of Ben Moss Jewellers Western Canada Ltd." dated as of July 17, 2013 by and among the Lead Borrower and Seller.

"Acquisition Documents" means collectively, the Acquisition Agreement, the Steps Memo and all other agreements and documents required to be entered into or delivered pursuant thereto or in connection with the Target Acquisition, each in the form delivered to the Agent on the Closing Date and as amended as permitted hereunder.

"Additional Commitment Lender" shall have the meaning provided in Section 2.15(a)(iii).

"Administrative Questionnaire" means an Administrative Questionnaire in a form supplied by the Agent.

"Affiliate" means, with respect to any Person, (i) another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified (and if that Person is an individual, including any member of the Family Group, (ii) any director, officer, managing member, partner, trustee, or beneficiary of that Person, (iii) any other Person directly or indirectly holding ten percent (10%) or more of any class of the Equity Interests of that Person, and (iv) any other Person ten percent (10%) or more of any class of whose Equity Interests is held directly or indirectly by that Person.

"Agent" means Salus Capital Partners, LLC, in its capacity as Administrative Agent and Collateral Agent under any of the Loan Documents, or any successor thereto in such capacities.

"Agent's Office" means the Agent's address and, as appropriate, account as set forth on Schedule 10.02, or such other address or account as the Agent may from time to time notify the Lead Borrower and the Lenders.

"Agent Parties" shall have the meaning specified in Section 10.02(c).

"Aggregate Revolving Commitments" means the Revolving Commitments of all the Revolving Lenders. As of the Closing Date, the Aggregate Revolving Commitments are C\$50,000,000.

"Aggregate Term Loan A Commitments" means the Term Loan A Commitments of all of the Term Loan A Lenders. As of the Closing Date, the Aggregate Term Loan A Commitments are \$7,000,000.

"Aggregate Term Loan B Commitments" means the Term Loan B Commitments of all of the Term Loan B Lenders. As of the Closing Date, the Aggregate Term Loan B Commitments are \$13,000,000.

"Agreement" means this Credit Agreement.

"Allocable Amount" has the meaning specified in Section 10.21(d).

"AML Program" has the meaning specified in Section 5.30.

"Applicable Commitment Fee Percentage" has the meaning specified in the Pricing Letter.

"Applicable Lenders" means the Required Lenders, the Required Revolving Lenders, the Required Term Lenders, all affected Lenders, or all Lenders, as the context may require.

"Applicable Margin" has the meaning specified in the Pricing Letter.

"Applicable Percentage" means, in each case as the context requires, (a) with respect to any Revolving Lender at any time, the percentage (carried out to the ninth decimal place) of the Aggregate Revolving Commitments represented by such Lender's Revolving Commitment at such time, (b) with respect to any Term Loan A Lender at any time, the portion of the Term Loan A represented by the outstanding principal balance of such Term Loan A Lender's Term Loan A at such time, or (c) with respect to any Term Loan B Lender at any time, the portion of the Term Loan B represented by the outstanding principal balance of such Term Loan B Lender's Term Loan B at such time, or (d) with respect to all Lenders at any time, the percentage of the sum of the Aggregate Revolving Commitments represented by the sum of such Lender's Revolving Commitment and the outstanding principal balance of such Lender's Term Loan A and Term Loan B at such time, in each case as the context provides. If the commitment of each Lender to make Loans have been terminated pursuant to Section 2.06 or Section 8.02 or if the Aggregate Revolving Commitments have expired, then the Applicable Percentage of each Revolving Lender shall be determined based on the Applicable Percentage of such Revolving Lender most recently in effect, giving effect to any subsequent assignments. The initial Applicable Percentage of each Lender is set forth opposite the name of such Lender on Schedule 2.01 or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable.

"Appraised Value" means, with respect to Eligible Inventory, the appraised orderly liquidation value, net of costs and expenses to be incurred in connection with any such liquidation, which value is expressed as a percentage of Cost of Eligible Inventory as set forth in the inventory stock ledger of the Borrowers, which value shall be determined from time to time by the most recent appraisal undertaken by an independent appraiser engaged by the Agent.

"Approved Extended Payment Terms" means extended payment terms which are listed in the "Extended Credit Policy" of the Borrower, as disclosed by the Lead Borrower to the Agent prior to the Closing Date, and which have been approved in writing from time to time by the Agent;

"Approved Fund" means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender, (c) an entity or an Affiliate of an entity that administers or manages a Lender or (d) the same investment advisor or an advisor under common control with such Lender, Affiliate or advisor, as applicable.

"Approved Precious Metals/Stones Inventory" means inventory consisting of gold, platinum, silver and any other precious metal or precious cut stone approved by the Agent and held for manufacturing by a Credit Party.

"Arranger" means Salus Capital Partners, LLC, in its capacity as sole lead arranger and sole book manager.

"Assignee Group" means two or more assignees that are Affiliates of one another or two or more Approved Funds managed by the same investment advisor.

"Assignment and Assumption" means an assignment and assumption entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 10.06(b)), and accepted by the Agent, in substantially the form of Exhibit E or any other form approved by the Agent.

"Attributable Indebtedness" means, on any date, (a) in respect of any Capital Lease Obligation of any Person, the capitalized amount thereof that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP, and (b) in respect of any Synthetic Lease Obligation, the capitalized amount of the remaining lease or similar payments under the relevant lease or other applicable agreement or instrument that would appear on a balance sheet of

such Person prepared as of such date in accordance with GAAP if such lease, agreement or instrument were accounted for as a capital lease.

"Audited Financial Statements" means the audited Combined balance sheet of the Financial Statement Parties for the Fiscal Year ended August 31, 2012, and the related combined statements of income or operations, Shareholders' Equity and cash flows for such Fiscal Year of the Financial Statement Parties, including the notes thereto.

"Availability" means, as of any date of determination thereof by the Agent, the result, if a positive number, of:

(a) the Maximum Revolving Loan Amount

minus

(b) the Total Revolver Outstandings.

In calculating Availability at any time and for any purpose under this Agreement, the Lead Borrower shall certify to the Agent that all accounts payable (including, without limitation, all rents and Taxes are being paid on a timely basis.

"Availability Block" means \$2,000,000.

"Availability Period" means the period from and including the Closing Date to the earliest of (a) the Maturity Date, (b) the date of termination of the Aggregate Revolving Commitments pursuant to Section 2.06, and (c) the date of termination of the commitment of each Revolving Lender to make Committed Revolving Loans.

"Availability Reserves" means, without duplication of any other Reserves or items to the extent such items are otherwise addressed or excluded through eligibility criteria, such reserves as the Agent from time to time determines in its Permitted Discretion as being appropriate (a) to reflect the impediments to the Agent's ability to realize upon the Collateral, (b) to reflect claims and liabilities that the Agent determines will need to be satisfied in connection with the realization upon the Collateral, (c) to reflect criteria, events, conditions, contingencies or risks which adversely affect any component of the Borrowing Base – Revolving Credit, or the assets, business, financial performance or financial condition of any Loan Party, or (d) to reflect that a Default or an Event of Default then exists. Without limiting the generality of the foregoing, Availability Reserves may include, in the Agent's Permitted Discretion, (but are not limited to) Rent Reserves and reserves based on: (i) customs duties, and other costs to release Inventory which is being imported into Canada; (ii) outstanding Taxes and other governmental charges, including, without limitation, ad valorem, real estate, personal property, sales, goods and services, harmonized sales, municipal, Quebec corporate, and other Taxes which may have priority over the interests of the Agent in the Collateral; (iii) salaries, wages and benefits due to employees of any Borrower and any employee service deductions, workers' compensation, pension fund or *Wage Earner Protection Act* (Canada) obligations of any Borrower; (iv) Customer Credit Liabilities; (v) Customer Deposits; (vi) reserves for reasonably anticipated changes in the Appraised Value of Eligible Inventory between appraisals; (vii) warehousemen's or bailee's charges and other Permitted Encumbrances which may have priority over the interests of the Agent in the Collateral; (viii) amounts due to vendors on account of consigned goods; (ix) Cash Management Reserves; (x) royalties payable in respect of licensed merchandise; (xi) claims of any pension regulator or any pension claimant in respect of pension entitlements which, upon a realization upon the Collateral, may represent a Claim on the Collateral or its proceeds which ranks prior to the Liens arising under the Loan Documents; (xii) dilution exceeding 5% of the face amount of Eligible Trade Receivables; (xiii) the amount of any Term Loan A Margin Shortfall or Term Loan B Margin Shortfall, to the extent that such amount is not paid

pursuant to Section 2.05 hereof; (xiv) Inventory that is subject to the rights of suppliers under section 81.1 of the *Bankruptcy and Insolvency Act* (Canada) or the rights of farmers under section 81.2 of the *Bankruptcy and Insolvency Act* (Canada); and (xv) potential currency rate exchange fluctuations which may from time to time occur in respect of any Eligible Trade Receivables payable in a currency other than Canadian Dollars.

"Average Daily Availability" means, for any period of determination, an amount equal to the sum of Availability for each day of such period divided by the actual number of days in such period, as determined by the Agent, which determination shall be conclusive absent manifest error.

"Bank Products" means any services or facilities provided to any Loan Party by the Agent or any of its Affiliates (but excluding Cash Management Services) including, without limitation, on account of (a) Swap Contracts, (b) merchant services constituting a line of credit, and (c) supply chain finance services including, without limitation, trade payable services and supplier accounts receivable purchases.

"Benefit Plan" means any plan, fund, program, or policy, whether oral or written, formal or informal, funded or unfunded, providing employee benefits, including medical, hospital care, dental, sickness, accident, disability or life insurance, under which any Loan Party has any liability with respect to any employee or former employee, but excluding any Pension Plan.

"Blocked Account" has the meaning provided in Section 6.13(a)(ii).

"Blocked Account Agreement" means with respect to an account established by a Loan Party, an agreement, in form and substance satisfactory to the Agent, subjecting such account to Liens in favour of the Agent and whereby the bank maintaining such account agrees to comply only with the instructions originated by the Agent without the further consent of any Loan Party.

"Blocked Account Bank" means each bank with whom deposit accounts are maintained in which any funds of any of the Loan Parties from one or more DDAs are deposited and with whom a Blocked Account Agreement has been, or is required to be, executed in accordance with the terms hereof.

"Borrower Materials" means any Borrowing Base – Revolving Credit, Borrowing Base – Term Loan A or Borrowing Base - Term Loan B information, reports, financial statements and other materials delivered by the Borrowers hereunder, as well as other Reports and Information provided by the Agent to the Lenders.

"Borrowers" has the meaning specified in the Introductory paragraph hereto.

"Borrowing" means a Revolving Credit Borrowing, the Term Loan A Borrowing or the Term Loan B Borrowing, as the context may require.

"Borrowing Base – Revolving Credit" means, at any time of calculation, an amount equal to (without duplication):

(a) 90% of the face amount of Eligible Trade Receivables;

plus

(b) with respect to finished goods jewellery inventory which is Eligible Inventory, 95% of the Appraised Value of such Eligible Inventory;

plus

(c) with respect to Approved Precious Metals/Stones Inventory, which is Eligible Inventory, 90% of the Cost of such Eligible Inventory;

minus

(d) the amount of all Availability Reserves at such time; and

minus

(e) the Availability Block.

For the purpose of valuing any of the foregoing denominated in U.S. Dollars, the amount in U.S. Dollars shall be converted into the Equivalent Amount thereof in Canadian Dollars; provided that Agent reserves the right to adjust such conversion rate to take into account currency rate exchange fluctuations since the last valuation thereof.

"Borrowing Base Certificate" means a certificate substantially in the form of Exhibit F hereto (with such changes therein as may be required by the Agent to reflect the components of and reserves against the Borrowing Base – Revolving Credit as provided for hereunder from time to time), executed and certified as accurate and complete by a Responsible Officer of the Lead Borrower which shall include appropriate exhibits, schedules, supporting documentation, and additional reports as reasonably requested by the Agent.

"Borrowing Base – Term Loan A" means, on any day, an amount equal to 75% of Combined EBITDA for the most recently completed Measurement Period.

"Borrowing Base – Term Loan B" means, on any day, an amount equal to 200% of Combined EBITDA for the most recently completed Measurement Period.

"Business" means the business carried on by the Lead Borrower on the Closing Date, being the business of manufacturing, distributing and retail sale of jewellery and related products.

"Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the Laws of, or are in fact closed in, the City of Toronto, Ontario or Boston, Massachusetts.

"Business Plan" means, in respect of the initial Business Plan approved by the Agent, the Business Plan annexed hereto as Exhibit H; and in respect of any other Fiscal Year, (i) a detailed forecast prepared by management of the Borrowers for such Fiscal Year, which shall include (without limitation) an Availability model, Combined income statement, balance sheet, and supplemental cash flow statements of the Financial Statement Parties, by month, each prepared in conformity with GAAP and consistent with the Borrowers' then current practices, the amount of any proposed distributions to be made pursuant to Section 7.06 and such other information (financial or otherwise) as is reasonably requested by the Agent, and (ii) any revisions to such forecast, in each case in form and substance satisfactory to the Agent in its Permitted Discretion. For the avoidance of doubt, a draft or preliminary plan submitted by the Borrowers to the Agent shall be deemed the "Business Plan" hereunder until it has been finalized and accepted by the Borrowers and the Agent. A true and complete copy of the Initial Business Plan delivered hereunder is annexed hereto as Exhibit H.

"Canadian Dollars", "Dollars", "C\$" or "\$" shall mean the lawful currency of Canada.

"Canadian Prime Rate means, for any day, a rate per annum equal to the annual rate of interest announced by Royal Bank of Canada (or its successor) from time to time as its prime rate for Canadian dollar commercial loans in Canada. Any change in any interest rate provided for in the 12628026.11

Agreement based upon the Canadian Prime Rate shall take effect at the time of such change in the Canadian Prime Rate.

"Canadian Prime Rate Loan" means a Loan that bears interest based on the Canadian Prime Rate.

"Capital Expenditures" means, with respect to any Person for any period, (a) all expenditures made (whether made in the form of cash or other property) or costs incurred for the acquisition or improvement of fixed or capital assets of such Person (excluding normal replacements and maintenance which are properly charged to current operations), and net of any tenant allowances in each case that are (or should be) set forth as capital expenditures in a combined cash flow supplement of such Person for such period, in each case prepared in accordance with GAAP, and (b) Capital Lease Obligations incurred by a Person during such period.

"Capital Lease Obligations" means, with respect to any Person for any period, the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as liabilities on a balance sheet of such Person under GAAP and the amount of which obligations shall be the capitalized amount thereof determined in accordance with GAAP.

"Cash Collateral Account" means a non-interest bearing account established by one or more of the Loan Parties in the name of the Agent (or as the Agent shall otherwise direct) and under the sole and exclusive dominion and control of the Agent, in which deposits are required to be made in accordance with Section 2.03(g) or 8.02(c).

"Cash Collateralize" has the meaning specified in Section 2.03(g). Derivatives of such term have corresponding meanings.

"Cash Management Bank" means bank or other financial institution as approved by Agent in its sole discretion.

"Cash Management Reserves" means such reserves as the Agent, from time to time, determines in its Permitted Discretion as being appropriate to reflect the reasonably anticipated liabilities and obligations of the Loan Parties with respect to Cash Management Services then provided or outstanding.

"Cash Management Services" means any cash management services or facilities provided to any Loan Party by the Cash Management Bank or any of its Affiliates, including, without limitation: (a) ACH transactions, (b) controlled disbursement services, treasury, depository, overdraft, and electronic funds transfer services, (c) credit or debit cards, (d) credit card processing services, and (e) purchase cards.

"CCQ" means the *Civil Code of Québec*.

"Change in Law" means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation or application thereof by any Governmental Authority or (c) the making or issuance of any request, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided, however, for the purposes of this Agreement: (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or any central bank

or other Governmental Authority, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law", regardless of the date enacted, adopted or issued.

"Change of Control" means an event or series of events by which:

(a) the Family Group shall cease to own and control legally and beneficially (free and clear of all Liens), either directly or indirectly, equity securities in the Lead Borrower representing more than seventy-five percent (75%) of the combined voting power of all of Equity Interests entitled to vote for members of the board of directors or equivalent governing body of the Lead Borrower on a fully-diluted basis (and taking into account all such securities that the Family Group has the right to acquire pursuant to any option right (as defined in clause (b) below));

(b) during any period of twelve (12) consecutive months, a majority of the members of the board of directors or other equivalent governing body of the Lead Borrower cease to be composed of individuals (i) who were members of that board or equivalent governing body on the first day of such period, (ii) whose election or nomination to that board or equivalent governing body was approved by individuals referred to in clause (i) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body or (iii) whose election or nomination to that board or other equivalent governing body was approved by individuals referred to in clauses (i) and (ii) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body (excluding, in the case of both clause (ii) and clause (iii), any individual whose initial nomination for, or assumption of office as, a member of that board or equivalent governing body occurs as a result of an actual or threatened solicitation of proxies or consents for the election or removal of one or more directors by any person or group other than a solicitation for the election of one or more directors by or on behalf of the board of directors); or

(c) any Person or two or more Persons acting in concert shall have acquired by contract or otherwise, or shall have entered into a contract or arrangement that, upon consummation thereof, will result in its or their acquisition of the power to exercise, directly or indirectly, a controlling influence over the management or policies of the Lead Borrower, or control over the Equity Interests of the Lead Borrower entitled to vote for members of the board of directors or equivalent governing body of the Borrower on a fully-diluted basis (and taking into account all such securities that such Person or Persons have the right to acquire pursuant to any option right) representing twenty-five percent (25%) or more of the combined voting power of such securities; or

(d) any "change in control" or "sale" or "disposition" or similar event as defined in any Organizational Document of any Loan Party or in any Material Contract, or any document governing Material Indebtedness of any Loan Party, shall occur;

(e) the Lead Borrower fails at any time to own, directly or indirectly, one-hundred percent (100%) of the Equity Interests of each other Loan Party free and clear of all Liens (other than the Liens in favour of the Agent), except where such failure is as a result of a transaction permitted by the Loan Documents; or

(f) a Responsible Officer as of the Closing Date shall for any reason either cease to hold such office or be actively engaged in the day-to-day management of the Borrower, unless (i) a successor with similar industry experience, reputation and expertise is appointed within six (6) months of such cessation and such successor is appointed following good faith consultation with the Agent or (ii) if such successor does not have (or Agent shall

reasonably determine such successor does not have) similar industry experience, reputation or expertise, such successor is appointed with the consent of the Agent (such consent not to be unreasonably withheld, conditioned or delayed) within six (6) months of such cessation.

"Closing Date" means the first date all the conditions precedent in Section 4.01 are satisfied or waived in accordance with Section 10.01.

"Collateral" means any and all "Collateral" as defined in any applicable Security Document and all other property that is or is intended under the terms of the Security Documents to be subject to Liens in favour of the Agent.

"Collateral Access Agreement" means an agreement reasonably satisfactory in form and substance to the Agent executed by (a) a bailee or other Person in possession of Collateral, and (b) any landlord of Real Estate leased by any Loan Party and any financier or Person holding a Lien in respect of such Real Estate, pursuant to which such Person (i) acknowledges the Agent's Lien on the Collateral, (ii) releases or subordinates such Person's Liens in the Collateral held by such Person or located on such Real Estate, (iii) provides the Agent with access to the Collateral held by such bailee or other Person or located in or on such Real Estate, (iv) as to any landlord, provides the Agent with a reasonable time to sell and dispose of the Collateral from such Real Estate, and (v) makes such other agreements with the Agent as the Agent may reasonably require.

"Collateral Assignment of Acquisition Documents" means the Collateral Assignment of Acquisition Documents dated as of the Closing Date between the Lead Borrower and the Agent, in form and substance reasonably satisfactory to the Agent, as may be amended, modified or supplemented from time to time.

"Combined" means, when used to modify a financial term, test, statement or report of a Person, the application or preparation of such term, test, statement or report (as applicable) based upon the combination, in accordance with GAAP, of the financial condition or operating results of such Person and its Subsidiaries.

"Combined EBITDA" means, at any date of determination, an amount equal to Combined Net Income of the Financial Statement Parties on a Combined basis for the most recently completed Measurement Period, plus (a) the following to the extent deducted in calculating such Combined Net Income: (i) Combined Interest Charges, (ii) the provision for Federal, provincial, territorial, state, local and foreign income Taxes, (iii) depreciation and amortization expense, (iv) Consultant Costs, and (v) other non-recurring expenses reducing such Combined Net Income which do not represent a cash item in such period or any future period (in each case of or by the Financial Statement Parties for such Measurement Period), minus (b) the following to the extent included in calculating such Combined Net Income: (i) Federal, provincial, territorial, state, local and foreign income tax credits and (ii) all non-cash items increasing Combined Net Income (in each case of or by the Financial Statement Parties for such Measurement Period), all as determined on a Combined basis in accordance with GAAP. Any Consultant Costs, and specific cash items as may be approved in writing by Lender, shall be excluded for the purposes of determining Combined EBITDA.

"Combined Fixed Charge Coverage Ratio" means, at any date of determination, the ratio of (a) (i) Combined EBITDA for such period plus (ii) Combined Rental Expense, minus (ii) Capital Expenditures made during such period minus (iii) the aggregate amount of federal, provincial, territorial, state, local and foreign income taxes paid in cash during such period to (b) the sum of (i) Debt Service Charges plus (ii) Combined Rental Expense, plus (iii) the aggregate amount of all Restricted Payments, in each case, of or by the Lead Borrower and its Subsidiaries for the most recently completed Measurement Period, all as determined on a Combined basis in accordance with GAAP.

"Combined Interest Charges" means, for any Measurement Period, the sum of (a) all interest, premium payments, debt discount, fees, charges and related expenses in connection with borrowed money (including capitalized interest) or in connection with the deferred purchase price of assets, in each case to the extent treated as interest in accordance with GAAP, including, without limitation, all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing and net costs under Swap Contracts, but excluding any non-cash or deferred interest financing costs, (b) all interest paid or payable with respect to discontinued operations and (c) the portion of rent expense with respect to such period under Capital Lease Obligations that is treated as interest in accordance with GAAP, in each case of or by the Financial Statement Parties for the most recently completed Measurement Period, all as determined on a Combined basis in accordance with GAAP.

"Combined Leverage Ratio" means, at any date of determination, the ratio of (a) all Indebtedness outstanding under this Agreement to (b) Combined EBITDA for such period, all as determined on a Combined basis in accordance with GAAP.

"Combined Net Income" means, as of any date of determination, the net income of the Financial Statement Parties for the most recently completed Measurement Period, all as determined on a Combined basis in accordance with GAAP; provided, however, that there shall be excluded therefrom (a) extraordinary gains and extraordinary losses for such Measurement Period, (b) the income (or loss) of such Person during such Measurement Period in which any other Person has a joint interest, except to the extent of the amount of cash dividends or other distributions actually paid in cash to such Person during such period, (c) the income (or loss) of such Person during such Measurement Period and accrued prior to the date it becomes a Subsidiary of a Person or any of such Person's Subsidiaries or is merged into or consolidated with a Person or any of its Subsidiaries or that Person's assets are acquired by such Person or any of its Subsidiaries, and (d) the income of any direct or indirect Subsidiary of a Person to the extent that the declaration or payment of dividends or similar distributions by that Subsidiary of that income is not at the time permitted by operation of the terms of its Organization Documents or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Subsidiary, except that the Lead Borrower's equity in any net loss of any such Subsidiary for such Measurement Period shall be included in determining Combined Net Income.

"Combined Rental Expense" means, with respect to any Person for any fiscal period, the aggregate fixed and contingent rental obligations of such Person determined in accordance with GAAP which are payable in respect of such period under leases of real property (net of income from subleases thereof, but including taxes, insurance, maintenance and similar expenses which the lessee is obligated to pay under the terms of such leases and excluding amortization of deferred lease inducements and straight line rent), whether or not such obligations are reflected as liabilities or commitments on a balance sheet of such Person or in the notes thereto.

"Commitment" means, as to each Lender, such Lender's Revolving Commitment, Term Loan A Commitment and Term Loan B Commitment, as applicable.

"Committed Loan Notice" means a notice of a Revolving Credit Borrowing, pursuant to Section 2.02, which shall be substantially in the form of Exhibit A.

"Committed Revolving Loan" has the meaning specified in Section 2.01(c).

"Compliance Certificate" means a certificate substantially in the form of Exhibit D.

"Concentration Account" has the meaning provided in Section 6.13(c).

"Consent" means actual consent given by a Lender from whom such consent is sought; or the passage of seven (7) Business Days from receipt of written notice to a Lender from the Agent of a proposed course of action to be followed by the Agent without such Lender giving the Agent written notice of that Lender's objection to such course of action.

"Consultant Costs" means the costs and expenses associated with the appointment of the consultant referenced in Section 6.10(a), together with any other third party costs associated with business evaluations conducted on behalf of the Borrowers to determine the Borrowing Base from time to time.

"Contractual Obligation" means, as to any Person, any provision of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto.

"Cost" means the lower of cost or market value of Inventory, based upon the Borrowers' accounting practices, known to the Agent, which practices are in effect on the Closing Date as such calculated cost is determined from invoices received by the Borrowers, the Borrowers' purchase journals or the Borrowers' stock ledger. "Cost" does not include inventory capitalization costs or other non purchase price charges (such as freight) used in the Borrowers' calculation of cost of goods sold.

"Credit Card Issuer" shall mean any person (other than a Borrower or other Loan Party) who issues or whose members issue credit cards, including, without limitation, MasterCard or VISA bank credit or debit cards or other bank credit or debit cards issued through MasterCard International, Inc., Visa Canada Inc. Visa, U.S.A., Inc. or Visa International and American Express, Discover, Diners Club, Carte Blanche and other non-bank credit or debit cards, including, without limitation, credit or debit cards issued by or through American Express Travel Related Services Company, Inc., and Novus Services, Inc. and other issuers approved by the Agent.

"Credit Card Processor" shall mean any servicing or processing agent or any factor or financial intermediary who facilitates, services, processes or manages the credit authorization, billing transfer and/or payment procedures with respect to any Borrower's sales transactions involving credit card or debit card purchases by customers using credit cards or debit cards issued by any Credit Card Issuer.

"Credit Card Notifications" has the meaning provided in Section 6.13(a)(i).

"Credit Card Receivables" means each "account" (as defined in the PPSA) together with all income, payments and proceeds thereof, owed by a Credit Card Issuer or Credit Card Processor to a Loan Party resulting from charges by a customer of a Loan Party on credit or debit cards issued by such issuer in connection with the sale of goods by a Loan Party, or services performed by a Loan Party, in each case in the ordinary course of its business.

"Credit Party" or "Credit Parties" means (a) individually, (i) each Lender and its Affiliates, (ii) the Agent, (iii) the Arranger, (iv) each beneficiary of each indemnification obligation undertaken by any Loan Party under any Loan Document, (v) any other Person to whom Obligations under this Agreement and other Loan Documents are owing, and (vi) the successors and assigns of each of the foregoing, and (b) collectively, all of the foregoing.

"Credit Party Expenses" means, without limitation, (a) all reasonable out-of-pocket expenses incurred by the Agent and its Affiliates, in connection with this Agreement and the other Loan

Documents, including without limitation (i) the reasonable fees, charges and disbursements of (A) counsel for the Agent, (B) outside consultants for the Agent, (C) appraisers, (D) commercial finance examinations, and (E) all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of the Obligations, (ii) in connection with (A) the syndication or financing of the credit facilities provided for herein, (B) the preparation, negotiation, administration, management, execution and delivery of this Agreement and the other Loan Documents or any amendments, modifications or waivers of the provisions thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (C) the enforcement or protection of the rights of the Credit Parties in connection with this Agreement or the Loan Documents or efforts to monitor, preserve, protect, collect, or enforce the Collateral, or (D) any workout, restructuring or negotiations in respect of any obligations; (b) all customary fees and charges (as adjusted from time to time) of the Agent with respect to access to online Loan information, the disbursement of funds (or the receipt of funds) to or for the account of Loan Parties (whether by wire transfer or otherwise), together with any out-of-pocket costs and expenses incurred in connection therewith; and (c) upon the occurrence and during the continuance of an Event of Default or upon any increase in the amount of Aggregate Revolving Commitments after the Closing Date, all reasonable out-of-pocket expenses incurred by the Credit Parties who are not the Agent or an Affiliate of the Agent, provided that such Credit Parties shall be entitled to reimbursement for no more than one counsel in each relevant jurisdiction representing all such Credit Parties (absent a conflict of interest in which case the Credit Parties may engage and be reimbursed for additional counsel).

"Customer Credit Liabilities" means at any time, the aggregate remaining value at such time of (a) outstanding gift certificates and gift cards of the Borrowers entitling the holder thereof to use all or a portion of the certificate or gift card to pay all or a portion of the purchase price for any Inventory, (b) outstanding merchandise credits of the Borrowers, and (c) liabilities in connection with frequent shopping programs of the Borrowers.

"Customer Deposits" means at any time, the aggregate amount at such time of (a) deposits made by customers with respect to the purchase of goods or the performance of services and (b) layaway obligations of the Borrowers.

"Customs Broker/Carrier Agreement" means an agreement in form and substance satisfactory to the Agent among a Borrower, a customs broker, freight forwarder, consolidator or carrier, and the Agent, in which the customs broker, freight forwarder, consolidator or carrier acknowledges that it has control over and holds the documents evidencing ownership of the subject Inventory for the benefit of the Agent and agrees, upon notice from the Agent, to hold and dispose of the subject Inventory solely as directed by the Agent.

"DDA" means each chequing, savings or other demand deposit account maintained by any of the Loan Parties. All funds in each DDA shall be conclusively presumed to be Collateral and proceeds of Collateral and the Agent and the Lenders shall have no duty to inquire as to the source of the amounts on deposit in any DDA.

"DDA Notification" has the meaning provided therefor in Section 6.13(a)(lii).

"Debt Service Charges" means for any Measurement Period, the sum of (a) Combined Interest Charges paid or required to be paid for such Measurement Period, plus (b) principal payments made or required to be made on account of Indebtedness (excluding the Obligations and any Synthetic Lease Obligations but including, without limitation, Capital Lease Obligations) for such Measurement Period, in each case determined on a Combined basis in accordance with GAAP.

"Debtor Relief Laws" means the *Companies Creditors Arrangement Act* (Canada), the *Bankruptcy and Insolvency Act* (Canada), the *Winding-up and Restructuring Act* (Canada), and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium,

rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of Canada (or any provincial or territorial subdivision thereof) or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

"Default" means any event or condition that constitutes an Event of Default or that, with the giving of any notice, the passage of time, or both, would be an Event of Default.

"Default Rate" means (a) when used with respect to Obligations other than the Term Loans, an interest rate equal to (i) the U.S. Base Rate or the Canadian Prime Rate as the case may be plus (ii) the Applicable Margin, if any, applicable to U.S. Base Rate Loans or Canadian Prime Rate Loans as the case may be plus (iii) three percent (3%) per annum; and (b) when used with respect to the Term Loans, an interest rate equal to the applicable Term Loan Interest Rate plus three percent (3%) per annum.

"Defaulting Lender" means any Revolving Lender that (a) has failed to fund any portion of the Committed Revolving Loans required to be funded by it hereunder within one (1) Business Day of the date required to be funded by it hereunder, (b) has otherwise failed to pay over to the Agent or any other Revolving Lender any other amount required to be paid by it hereunder within one (1) Business Day of the date when due, (c) has failed or refused to abide by any of its obligations under this Agreement, or (d) has been deemed insolvent or become the subject of a bankruptcy or insolvency proceeding.

"Deteriorating Lender" means any Defaulting Lender or any Revolving Lender as to which (a) the Agent has a good faith belief that such Revolving Lender has defaulted in fulfilling its obligations under one or more other syndicated credit facilities, or (b) a Person that Controls such Revolving Lender has been deemed insolvent or become the subject of a bankruptcy, insolvency or similar proceeding.

"Disposition" or "Dispose" means the sale, transfer, license, lease or other disposition (whether in one transaction or in a series of transactions, and including any sale and leaseback transaction and any sale, transfer, license or other disposition) of any property (including, without limitation, any Equity Interests) by any Person (or the granting of any option or other right to do any of the foregoing), including any sale, assignment, transfer or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith.

"Eligible Inventory" means, as of the date of determination thereof, without duplication, items of jewellery Inventory of a Borrower that are finished goods, merchantable and readily saleable to the public in the ordinary course of the Borrowers' business and deemed by the Agent in its Permitted Discretion to be eligible for inclusion in the calculation of the Borrowing Base – Revolving Credit, and Approved Precious Metals/Stones Inventory, in each case that, except as otherwise agreed by the Agent, (A) complies with each of the representations and warranties respecting Inventory made by the Borrowers in the Loan Documents, and (B) is not excluded as ineligible by virtue of one or more of the criteria set forth below. Except as otherwise agreed by the Agent, in its Permitted Discretion, the following items of Inventory shall not be included in Eligible Inventory:

- (a) Inventory that is not solely owned by a Borrower or a Borrower does not have good and valid title thereto;
- (b) Inventory that is leased by or is on consignment to a Borrower or which is consigned by a Borrower to a Person which is not a Loan Party;
- (c) Inventory that is not located at a location that is owned or leased by a Borrower, except (i) Inventory in transit between such owned or leased locations or locations which meet the criteria set forth in clause (ii) below, or (ii) to the extent that the Borrowers

have furnished the Agent with (A) any PPSA or UCC financing statements or other documents that the Agent may determine to be necessary to perfect its security interest in such Inventory at such location, and (B) a Collateral Access Agreement executed by the Person owning any such location on terms reasonably acceptable to the Agent;

(d) Inventory that is located in a distribution centre leased by a Borrower unless the applicable lessor and any financier or Person holding a Lien in respect of such location (if applicable) has delivered to the Agent a Collateral Access Agreement, or the Agent has implemented Reserves for such location;

(e) Inventory that is comprised of goods which are (i) damaged, defective, "seconds," or otherwise unmerchantable, (ii) to be returned to the vendor, (iii) work in process (other than Approved Precious Metals/Stones Inventory), raw materials (other than Approved Precious Metals/Stones Inventory), or that constitute samples, spare parts, promotional, marketing, labels, bags and other packaging and shipping materials or supplies used or consumed in a Borrower's business, (iv) seasonal in nature and which have been ~~packed away for sale in the subsequent season,~~ (v) ~~not in compliance with all standards imposed by any Governmental Authority having regulatory authority over such Inventory, its use or sale,~~ (vi) bill and hold goods, or (vii) otherwise not salable above cost;

(f) Inventory that is not subject to a perfected first priority security interest in favour of the Agent;

(g) Inventory that is not insured in compliance with the provisions of Section 5.10 hereof;

(h) Inventory that has been sold but not yet delivered or as to which a Borrower has accepted a deposit;

(i) Inventory that is subject to any licensing, patent, royalty, trademark, trade name or copyright agreement with any third party from which any Borrower or any of its Subsidiaries has received notice of a dispute in respect of any such agreement.

"Eligible Trade Receivables" means Accounts deemed by the Agent in its Permitted Discretion to be eligible for inclusion in the calculation of the Borrowing Base – Revolving Credit arising from the sale of the Borrowers' Inventory (other than those consisting of Credit Card Receivables) that satisfies the following criteria at the time of creation and continues to meet the same at the time of such determination: such Account (i) has been earned by performance and represents the bona fide amounts due to a Borrower from an account debtor, and in each case originated in the ordinary course of business of such Borrower, and (ii) in each case is acceptable to the Agent in its Permitted Discretion, and is not ineligible for inclusion in the calculation of the Borrowing Base – Revolving Credit pursuant to any of clauses (a) through (t) below. Without limiting the foregoing, to qualify as an Eligible Trade Receivable, an Account shall indicate no Person other than a Borrower as payee or remittance party. In determining the amount to be so included, the face amount of an Account shall be reduced by, without duplication, to the extent not reflected in such face amount, (i) the amount of all accrued and actual discounts, claims, credits or credits pending, promotional program allowances, price adjustments, finance charges or other allowances (including any amount that a Borrower may be obligated to rebate to a customer pursuant to the terms of any agreement or understanding (written or oral)) and (ii) the aggregate amount of all cash received in respect of such Account but not yet applied by the Borrowers to reduce the amount of such Eligible Trade Receivable. Except as otherwise agreed by the Agent, any Account included within any of the following categories shall not constitute an Eligible Trade Receivable:

- (a) Accounts that are not evidenced by an invoice;
- (b) Accounts which have extended payment terms which are not Approved Extended Payment Terms;
- (c) Accounts (other than Accounts having Approved Extended Payment Terms) due from any account debtor that has more than 50% of the total amounts of its Accounts outstanding 120 days past the invoice date;
- (d) All Accounts owed by an account debtor and/or its Affiliates which together exceeding seventy-five percent (75%) of the amount of all Accounts at any one time (but the portion of the Accounts not in excess of the applicable percentages may be deemed Eligible Trade Receivables, in the Agent's Permitted Discretion);
- (e) Accounts (i) that are not subject to a perfected first priority security interest in favour of the Agent, or (ii) with respect to which a Borrower does not have good, valid and marketable title thereto, free and clear of any Lien (other than Liens granted to the Agent pursuant to the Security Documents);
- (f) Accounts which are disputed or with respect to which a claim, counterclaim, offset or chargeback has been asserted, but only to the extent of such dispute, counterclaim, offset or chargeback;
- (g) Accounts which arise out of any sale made not in the ordinary course of business, made on a basis other than upon credit terms usual to the business of the Borrowers/Loan Parties or are not payable in Canadian Dollars, U.S. Dollars or Pounds Sterling;
- (h) Accounts which are owed by any account debtor whose principal place of business is not within Canada, the continental United States or the United Kingdom;
- (i) Accounts which are owed by any Affiliate or any employee of a Loan Party (other than accounts owed by Forever Jewellery Inc. that otherwise meet the requirements of "Eligible Trade Receivables");
- (j) Accounts for which all consents, approvals or authorizations of, or registrations or declarations with any Governmental Authority required to be obtained, effected or given in connection with the performance of such Account by the account debtor or in connection with the enforcement of such Account by the Agent have been duly obtained, effected or given and are in full force and effect;
- (k) Accounts due from an account debtor which is the subject of any proceeding under Debtor Relief Laws, has had a trustee, custodian, receiver and manager trustee, conservator, liquidator, sequestrator or receiver appointed for all or a substantial part of its property, has made an assignment or petition for the benefit of creditors or has suspended its business;
- (l) Accounts due from any Governmental Authority except to the extent that the subject account debtor is the federal government of Canada or the United States and has complied with the *Financial Administration Act* (Canada) (if owing by the Government of Canada) or the Federal Assignment of Claims Act of 1940 (if owing by the government of the United States of America) and any applicable provincial, territorial, state, local or foreign legislation restricting the assignment thereof;

(m) Accounts (I) owing from any Person that is also a supplier to or creditor of a Loan Party or any of its Subsidiaries or (II) representing any manufacturer's or supplier's credits, discounts, incentive plans or similar arrangements entitling a Loan Party or any of its Subsidiaries to discounts on future purchase therefrom;

(n) Accounts arising out of sales on a bill-and-hold, guaranteed sale, sale-or-return, sale on approval or consignment basis or subject to any right of return, set off or charge back;

(o) Accounts evidenced by a promissory note or other instrument unless the promissory note or other instrument has been pledged to, and is in the possession of, the Agent;

(p) Accounts in respect of royalties, services, pre-bill or progress payments, licensing fees or lease payments;

(q) Accounts consisting of amounts due from vendors as rebates or allowances;

(r) Accounts which are in excess of the credit limit for such account debtor established by the Loan Parties in the ordinary course of business and consistent with past practices;

(s) Accounts which constitute Credit Card Receivables; or

(t) Accounts which the Agent determines in its Permitted Discretion to be unacceptable for borrowing.

"Environmental Laws" means any and all Federal, provincial, territorial, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of human health, safety, the workplace, the environment or natural resources or the release of any materials into the environment, including those related to hazardous substances or wastes, air emissions and discharges to waste or public systems.

"Environmental Liability" means any liability, obligation, damage, loss, claim, action, suit, judgment, order, fine, penalty, fee, expense, or cost, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of any Borrower, any other Loan Party or any of their respective Subsidiaries directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal or presence of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"Equipment" has the meaning set forth in the PPSA.

"Equity Interests" means, with respect to any Person, all of the shares of capital stock of (or other ownership or profit interests in) such Person, all of the warrants, options or other rights for the purchase or acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, all of the securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or acquisition from such Person of such shares (or such other interests), and all of the other ownership or profit interests in such Person (including partnership, member or trust interests

therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination.

"Equivalent Amount" means, on any date of determination, with respect to obligations or valuations denominated in one currency (the "first currency"), the amount of another currency (the "second currency") which would result from the Agent converting the first currency into the second currency at approximately 12:00 noon on such day in accordance with Agent's customary practice for commercial loans being administered by it or at such other rate as may have been agreed in writing between Lead Borrower and Agent.

"Event of Default" has the meaning specified in Section 8.01. An Event of Default shall be deemed to be continuing unless and until that Event of Default has been duly waived as provided in Section 10.01 hereof.

"Exceeding Amount" has the meaning specified in Section 2.05(e).

"Excluded Taxes" means, with respect to the Agent, any Lender or any other recipient (in this definition, a "recipient") of any payment to be made by or on account of any obligation of the Loan Parties hereunder, income or franchise Taxes imposed on (or measured by) such recipient's taxable income or capital Taxes imposed on (or measured by) such recipient's taxable capital, in each case by Canada, or by the jurisdiction under the applicable Laws of which such recipient is organized or in which its principal office is located.

"Executive Order" has the meaning set forth in Section 10.18.

"Existing Credit Agreements" means (a) the credit agreement dated August 26, 2011 between Lead Borrower and Royal Bank of Canada, (b) the group of accounts agreement dated as of December 8, 2008 among J.S.N. Jewellery UK Limited, as borrower, and National Westminster Bank PLC, as lender, and (c) the fixed and floating charge created July 8, 2002 among J.S.N. Jewellery UK Limited, as borrower and Royal Bank of Scotland Commercial Services Limited, as lender.

"Existing Target Credit Agreement" means the credit agreement September 17, 2009 between Target and Royal Bank of Canada.

"Extraordinary Receipt" means any cash received by or paid to or for the account of any Person not in the ordinary course of business, including (i) payments received by the Loan Parties pursuant to the Acquisition Documents after the Closing Date, including any deferred payment, any purchase price adjustments that result in a payment by the Seller to the Lead Borrower, and any indemnity payments made by the Sellers), and (ii) tax refunds, pension plan reversions, proceeds of insurance (other than proceeds of business interruption insurance to the extent such proceeds constitute compensation for lost earnings), expropriation and condemnation awards (and payments in lieu thereof), indemnity payments and any purchase price adjustments related to any Acquisition.

"Facility Guarantee" means any Guarantee made by a Guarantor in favour of the Agent and the other Credit Parties, in form and substance reasonably satisfactory to the Agent, as the same now exists or may hereafter be amended, modified, supplemented, renewed, restated or replaced.

"Family Group" means (i) Mr. Joseph Shilon and his spouse, parents, siblings, children, grandchildren, nephews, nieces, heirs, legatees, lineal descendants, executors, administrators, and other representatives, and (ii) any trust, family partnership or similar investment entity of which any of the foregoing Persons are trustee(s), managing member(s), managing partner(s) or similar officer(s) and/or that is for the benefit of any of the foregoing Persons as long as one or more of such Persons has the exclusive or joint right to control the voting and disposition of securities held by such trust, family partnership or similar investment entity.

12628026.11

"Federal Funds Rate" means, for any day, the rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided, that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of 1/100 of 1%) charged to money center banks on such day on such transactions as determined by the Agent.

"Financial Statement Parties" means the Borrowers and each of their Subsidiaries. For greater certainty, (i) prior to the completion of the Target Acquisition, the Financial Statement Parties will be J.S.N. Jewellery Inc., J.S.N. Jewellery UK Limited, GMJ Corp and Utopia Jewellery Co. Ltd., and (ii) after the completion of the Target Acquisition, the Financial Statement Parties will be the Persons listed in paragraph (i) above plus the Target and its Subsidiaries.

"Fiscal Month" means any fiscal month of any Fiscal Year, which month shall generally end on the last day of each calendar month in accordance with the fiscal accounting calendar of the Loan Parties.

"Fiscal Year" means any period of twelve (12) consecutive months ending on March 31 of any calendar year.

"Fund" means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

"GAAP" means in relation to any Person at any time, (a) until such time as such Person adopts the International Financial Reporting Standards, accounting principles generally accepted in Canada as recommended in the Handbook of the Canadian Institute of Chartered Accountants or its successor, applied on a basis consistent with the most recent audited financial statements of such Person (except for changes approved by the auditors of such Person), and (b) after such time as such Person adopts the International Financial Reporting Standards, such International Financial Reporting Standards.

"Governmental Authority" means any nation or government, or of any political subdivision thereof, whether provincial, territorial, state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

"Guarantee" means, as to any Person, (a) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation payable or performable by another Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Indebtedness or other obligation of the payment or performance of such Indebtedness or other obligation, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity or level of income or cash flow of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation, or (iv) entered into for the purpose of assuring in any other manner the obligee in respect of such Indebtedness or other obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part), or (b) any Lien on any assets of such Person securing any Indebtedness or other

obligation of any other Person, whether or not such Indebtedness or other obligation is assumed by such Person (or any right, contingent or otherwise, of any holder of such Indebtedness to obtain any such Lien). The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith. The term "Guarantee" as a verb has a corresponding meaning.

"Guarantor" has the meaning specified in the introductory paragraph hereto and any Subsidiary of the Parent that shall be required to execute and deliver a Facility Guarantee pursuant to Section 6.12.

"Hazardous Materials" means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

"Indebtedness" means, as to any Person at a particular time, without duplication, all of the following, whether or not included as indebtedness or liabilities in accordance with GAAP:

- (a) all obligations of such Person for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes, loan agreements or other similar instruments;
- (b) the maximum amount of all direct or contingent obligations of such Person arising under letters of credit (including standby and commercial), bankers' acceptances, bank guarantees, surety bonds and similar instruments;
- (c) net obligations of such Person under any Swap Contract;
- (d) all obligations of such Person to pay the deferred purchase price of property or services (other than trade accounts payable in the ordinary course of business);
- (e) indebtedness (excluding prepaid interest thereon) secured by a Lien on property owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse;
- (f) all Attributable Indebtedness of such Person;
- (g) all obligations of such Person to purchase, redeem, retire, defease or otherwise make any payment in respect of any Equity Interest in such Person or any other Person or any warrant, right or option to acquire such Equity Interest, valued, in the case of a redeemable preferred interest, at the greater of its voluntary or involuntary liquidation preference plus accrued and unpaid dividends; and
- (h) all Guarantees of such Person in respect of any of the foregoing.

For all purposes hereof, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which such Person is a general partner or a joint venturer, unless such Indebtedness is expressly made non-recourse to such Person. The amount of any net obligation under any Swap Contract on any date shall be deemed to be the Swap Termination Value thereof as of such date.

12628026.11

"Indemnified Taxes" means Taxes other than Excluded Taxes.

"Indemnitees" has the meaning specified in Section 10.04(b).

"Information" has the meaning specified in Section 10.07.

"Intellectual Property" means all present and future: trade secrets, know-how and other proprietary information; trademarks, trademark applications, internet domain names, service marks, trade dress, trade names, business names, designs, logos, slogans (and all translations, adaptations, derivations and combinations of the foregoing) indicia and other source and/or business identifiers, and all registrations or applications for registrations which have heretofore been or may hereafter be issued thereon throughout the world; copyrights and copyright applications; (including copyrights for computer programs) and all tangible and intangible property embodying the copyrights, unpatented inventions (whether or not patentable); patents and patent applications; industrial design applications and registered industrial designs; license agreements related to any of the foregoing and income therefrom; books, records, writings, computer tapes or disks, flow diagrams, specification sheets, computer software, source codes, object codes, executable code, data, databases and other physical manifestations, embodiments or incorporations of any of the foregoing; all other intellectual property; and all common law and other rights throughout the world in and to all of the foregoing.

"Interest Payment Date" means the first day after the end of each month and the Maturity Date.

"Internal Control Event" means a material weakness in, or fraud that involves management or other employees who have a significant role in, the Lead Borrower's and/or its Subsidiaries' internal controls over financial reporting.

"Inventory" has the meaning given that term in the PPSA, and shall also include, without limitation, all: (a) goods which (i) are leased by a Person as lessor, (ii) are held by a Person for sale or lease or to be furnished under a contract of service, (iii) are furnished by a Person under a contract of service, or (iv) consist of raw materials, work in process, or materials used or consumed in a business; (b) goods of said description in transit; (c) goods of said description which are returned, repossessed or rejected; and (d) packaging, advertising, and shipping materials related to any of the foregoing.

"Inventory Reserves" means such reserves as may be established from time to time by the Agent in its Permitted Discretion with respect to the determination of the saleability, at retail, of the Eligible Inventory, which reflect such other factors as affect the market value of the Eligible Inventory or which reflect claims and liabilities that the Agent determines will need to be satisfied in connection with the realization upon the Inventory. Without limiting the generality of the foregoing, Inventory Reserves may, in the Agent's Permitted Discretion, include (but are not limited to) reserves based on:

- (a) obsolescence;
- (b) seasonality;
- (c) Shrink;
- (d) imbalance;
- (e) change in Inventory character;

- (f) change in Inventory composition;
- (g) change in Inventory mix;
- (h) markdowns (both permanent and point of sale);
- (i) retail markons and markups inconsistent with prior period practice and performance, industry standards, current business plans or advertising calendar and planned advertising events;
- (j) out-of-date and/or expired Inventory; and
- (k) reductions in precious metal commodity costs.

"Investment" means, as to any Person, any direct or indirect acquisition or investment by such Person, whether by means of (a) the purchase or other acquisition of Equity Interests of another Person, (b) a loan, advance or capital contribution to, Guarantee or assumption of debt of, or purchase or other acquisition of any other debt or interest in, another Person, or (c) any Acquisition, or (d) any other investment of money or capital in order to obtain a profitable return. For purposes of covenant compliance, the amount of any Investment shall be the amount actually invested, without adjustment for subsequent increases or decreases in the value of such Investment.

"Investment Policy" means the complete and accurate list of all Investments held by any Loan Party or any Subsidiary of a Loan Party on the Closing Date (both before and after the Acquisition contemplated by the Acquisition Agreement), showing as of the Closing Date the amount, obligor or issuer and maturity, if any, thereof, as set forth on Schedule 7.02(a).

"ITA" means the *Income Tax Act* (Canada).

"Joinder" means an agreement, in form and substance satisfactory to the Agent pursuant to which, among other things, a Person becomes a party to, and bound by the terms of, this Agreement and/or the other Loan Documents in the same capacity and to the same extent as either a Borrower or a Guarantor, as the Agent may determine.

"Junior Debt" means Indebtedness which is expressly subordinated in right of payment to the prior payment in full of the Obligations and which is in form and on terms approved in writing by the Agent or which is secured by Liens which have been postponed to the Liens granted to secure the Obligations on terms approved by the Agent.

"Laws" means each international, foreign, Federal, provincial, territorial, state and local law, statute, treaty, rule, guideline, regulation, ordinance, code and administrative or judicial precedent or authority, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and each applicable administrative order, directed duty, request, license, authorization and permit of, and agreement with, any Governmental Authority, in each case whether or not having the force of law.

"Lead Borrower" has the meaning assigned to such term in the preamble of this Agreement.

"Lease" means any agreement, whether written or oral, no matter how styled or structured, pursuant to which a Loan Party is entitled to the use or occupancy of any space in a structure, land, improvements or premises for any period of time.

"Lender" means, individually, a Revolving Lender or a Term Lender, and collectively, all such persons.

"Lender Questionnaire" means a questionnaire executed and delivered, or to be executed and delivered as the context may require, by each Lender in form and substance satisfactory to the Agent.

"Lending Office" means, as to any Lender, the office or offices of such Lender described as such in such Lender's Administrative Questionnaire, or such other office or offices as a Lender may from time to time notify the Lead Borrower and the Agent.

"Lien" means (a) any mortgage, deed of trust, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever (including any conditional sale, Capital Lease Obligation, Synthetic Lease Obligation, or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any financing lease having substantially the same economic effect as any of the foregoing) and (b) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities.

"Liquidation" means the exercise by the Agent of those rights and remedies accorded to the Agent under the Loan Documents and applicable Law as a creditor of the Loan Parties with respect to the realization on the Collateral, including (after the occurrence and during the continuation of an Event of Default) the conduct by the Loan Parties acting with the consent of the Agent, of any public, private or "going out of business", "store closing", or other similarly themed sale or other disposition of the Collateral for the purpose of liquidating the Collateral. Derivations of the word "Liquidation" (such as "Liquidate") are used with like meaning in this Agreement.

"Loan" means any extension of credit by a Lender to the Borrowers under Article II in the form of a Committed Revolving Loan, a Term Loan or otherwise.

"Loan Account" has the meaning assigned to such term in Section 2.11(a).

"Loan Documents" means this Agreement, each Note, the Pricing Letter, all Borrowing Base Certificates, the Blocked Account Agreements, the DDA Notifications, the Credit Card Notifications, the Security Documents, each Facility Guarantee, the Shilon Guarantee and any other instrument or agreement now or hereafter executed and delivered in connection herewith, or in connection with any transaction arising out of any Cash Management Services and Bank Products provided by the Agent or any of its Affiliates, each as amended and in effect from time to time.

"Loan Parties" means, collectively, the Borrowers and each Guarantor (but, for greater certainty, excluding the Personal Guarantor). For greater certainty, upon the completion of the Target Acquisition, "Loan Parties" includes the Target and any of its Subsidiaries.

"Material Adverse Effect" means (a) a material adverse change in, or a material adverse effect upon, the operations, business, properties, liabilities (actual or contingent), condition (financial or otherwise) or prospects of any Loan Party or the Borrowers and their Subsidiaries taken as a whole; (b) a material impairment of the ability of any Loan Party to perform its obligations under any Loan Document to which it is a party; or (c) a material impairment of the rights and remedies of the Agent or any Lender under any Loan Document or a material adverse effect upon the legality, validity, binding effect or enforceability against any Loan Party of any Loan Document to which it is a party. In determining whether any individual event would result in a Material Adverse Effect, notwithstanding that such event in and of itself does not have such effect, a Material Adverse Effect shall be deemed to have occurred if the cumulative effect of such event and all other then existing events would result in a Material Adverse Effect.

"Material Contract" means (i) the Acquisition Agreement and (ii) with respect to any Person, each contract to which such Person is a party involving aggregate consideration payable to or by such Person of C\$500,000 or more in any Fiscal Year or otherwise material to the business, condition (financial or otherwise), operations, performance, properties or prospects of such Person.

"Material Indebtedness" means Indebtedness (other than the Obligations) of the Loan Parties in an aggregate principal amount exceeding C\$500,000. For purposes of determining the amount of Material Indebtedness at any time, (a) the amount of the obligations in respect of any Swap Contract at such time shall be calculated at the Swap Termination Value thereof, (b) undrawn committed or available amounts shall be included, and (c) all amounts owing to all creditors under any combined or syndicated credit arrangement shall be included.

"Maturity Date" means the third anniversary of the Closing Date.

"Maximum Rate" has the meaning provided therefor in Section 10.09.

"Maximum Revolving Loan Amount" means, at any time of determination, the lesser of (a) the Aggregate Revolving Commitments, and (b) the Borrowing Base – Revolving Credit.

"Maximum Term Loan A Amount" means, at any time of determination, the lesser of (a) the Aggregate Term Loan A Commitments, and (b) the Borrowing Base – Term Loan A.

"Maximum Term Loan B Amount" means, at any time of determination, the lesser of (a) the Aggregate Term Loan B Commitments, and (b) the Borrowing Base – Term Loan B.

"Measurement Period" means, at any date of determination, the most recently completed twelve (12) Fiscal Months.

"Moody's" means Moody's Investors Service, Inc. and any successor thereto.

"Net Proceeds" means:

(a) with respect to any Disposition by any Loan Party or any of its Subsidiaries, or any Extraordinary Receipt received or paid to the account of any Loan Party or any of its Subsidiaries, the excess, if any, of (i) the sum of cash and cash equivalents received in connection with such transaction (including any cash or cash equivalents received by way of deferred payment pursuant to, or by monetization of, a note receivable or otherwise, but only as and when so received) over (ii) the sum of (A) the principal amount of any Indebtedness that is secured by the applicable asset by a Lien permitted hereunder which is senior to the Agent's Lien on such asset and that is required to be repaid (or to establish an escrow for the future repayment thereof) in connection with such transaction (other than Indebtedness under the Loan Documents), and (B) the reasonable and customary out-of-pocket expenses incurred by such Loan Party or such Subsidiary in connection with such transaction (including, without limitation, appraisals, and brokerage, legal, title and recording or transfer tax expenses and commissions) paid by any Loan Party to third parties (other than Affiliates)); and

(b) with respect to the sale or issuance of any Equity Interest by any Loan Party or any of its Subsidiaries, or the incurrence or issuance of any Indebtedness by any Loan Party or any of its Subsidiaries, the excess of (i) the sum of the cash and cash equivalents received in connection with such transaction over (ii) the underwriting discounts and commissions, and other reasonable and customary out-of-pocket expenses, incurred by such Loan Party or such Subsidiary in connection therewith.

"Note" means (a) a Revolving Note or (b) a Term Note, as each may be amended, restated, supplemented or modified from time to time.

"Obligations" means (a) all advances to, and debts (including principal, interest, fees, costs, and expenses), liabilities, obligations, covenants, indemnities, and duties of, any Loan Party and the Parent arising under any Loan Document, whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest, fees, costs, expenses and indemnities that accrue after the commencement by or against any Loan Party, the Parent or any Affiliate thereof of any proceeding under any Debtor Relief Laws naming such Person as the debtor in such proceeding, regardless of whether such interest, fees, costs, expenses and indemnities are allowed claims in such proceeding, and (b) any Other Liabilities.

"Organization Documents" means, (a) with respect to any corporation, the certificate or articles of incorporation, amalgamation or continuation, as applicable (or equivalent thereof) and the bylaws (or equivalent thereof); (b) with respect to any limited liability company, the certificate or articles of formation or organization and operating agreement; (c) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization and any agreement, Instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization and, if applicable, any certificate or articles of formation or organization of such entity, and (d) in each case, all shareholder or other equity holder agreements, voting trusts and similar arrangements to which such Person is a party or which is applicable to its Equity Interests and all other arrangements relating to the Control or management of such Person.

"Other Liabilities" means (a) any obligation on account of (i) any Cash Management Services furnished to any of the Loan Parties or any of their Subsidiaries and/or (ii) any transaction with the Agent or any of its Affiliates that arises out of any Bank Product entered into with any Loan Party and any such Person, as each may be amended from time to time.

"Other Taxes" means all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or under any other Loan Document or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any other Loan Document.

"Outstanding Amount" means with respect to Committed Revolving Loans and Term Loans on any date, the aggregate outstanding principal amount thereof after giving effect to any borrowings and prepayments or repayments of Committed Revolving Loans and Term Loans occurring on such date.

"Overadvance" means a Borrowing to the extent that, immediately after its having been made, Availability is less than zero.

"Parent" means Personal Guarantor.

"Participant" has the meaning specified in Section 10.06(d).

"Participation Register" has the meaning provided therefor in Section 10.06(d).

"Patriot Act" shall have the meaning provided in Section 10.17.

"Payment Conditions" means, at the time of determination with respect to any specified transaction or payment, that (a) no Default or Event of Default then exists or would arise as a result of entering into such transaction or the making of such payment, (b) either (i) after giving effect to

such transaction or payment, the Pro Forma Availability Condition has been satisfied and the Combined Fixed Charge Coverage Ratio, as projected on a pro-forma basis for the twelve months following such transaction or payment, will be equal to or greater than 1.1:1.0, or (ii) the Loan Parties shall have provided the Agent with a solvency opinion (including an analysis of future Availability demonstrating that the Pro Forma Availability Condition will be satisfied) from an unaffiliated third party valuation firm reasonably satisfactory to the Agent. Prior to undertaking any transaction or payment which is subject to the Payment Conditions, the Loan Parties shall deliver to the Agent either (i) evidence of satisfaction of the conditions contained in clause (b) (i) above on a basis (including, without limitation, giving due consideration to results for prior periods) reasonably satisfactory to the Agent or (ii) the solvency opinion referred to in clause (b)(ii).

"PCMLTFA" has the meaning given in Section 5.30.

"Pension Plan" means each pension plan required to be registered under applicable law that is maintained or contributed to by a Credit Party for its employees or former employees, but does not include the Canada Pension Plan or the Quebec Pension Plan as maintained by the Government of Canada or the Province of Quebec, respectively.

"Perfection Certificate" means that certain perfection certificate dated as of the date hereof, executed and delivered by the Loan Parties in favour of the Agent, for the benefit of the Credit Parties, and each other Perfection Certificate (which shall be in form and substance reasonably acceptable to the Agent) executed and delivered by the applicable Borrower or Guarantor in favour of the Agent for the benefit of the Credit Parties contemporaneously with the execution and delivery of Joinder executed in accordance with Section 6.12, in each case, as the same may be amended, restated, supplemented or otherwise modified from time to time in accordance herewith.

"Permitted Acquisition" means the Target Acquisition.

"Permitted Discretion" means a determination made in good faith and in the exercise of reasonable business judgment from the perspective of a secured, asset-based commercial lender.

"Permitted Disposition" means any of the following:

- (a) Dispositions of inventory in the ordinary course of business;
- (b) non-exclusive licenses of Intellectual Property of a Loan Party or any of its Subsidiaries in the ordinary course of business;
- (c) licenses for the conduct of licensed departments within the Loan Parties' Stores in the ordinary course of business; provided that, if requested by the Agent, the Agent shall have entered into an intercreditor agreement with the Person operating such licensed department on terms and conditions reasonably satisfactory to the Agent;
- (d) Dispositions of Equipment in the ordinary course of business that is substantially worn, damaged, obsolete or, in the judgment of a Loan Party, no longer useful or necessary in its business or that of any Subsidiary and is replaced with similar property having at least equivalent value;
- (e) sales, transfers and Dispositions among the Loan Parties or by any Subsidiary to a Loan Party;
- (f) sales, transfers and Dispositions by any Subsidiary which is not a Loan Party to another Subsidiary that is not a Loan Party.

"Permitted Encumbrances" means:

(g) Liens imposed by law for Taxes that are not yet due or are being contested in compliance with Section 6.04;

(h) carriers', warehousemen's, mechanics', materialmen's, repairmen's and other like Liens imposed by applicable Law, arising in the ordinary course of business and securing obligations that are not overdue or are being contested in compliance with Section 6.04;

(i) pledges and deposits made in the ordinary course of business in compliance with workers' compensation, employment insurance and other social security laws or regulations;

(j) deposits to secure the performance of bids, trade contracts and leases (other than indebtedness), statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;

(k) Liens in respect of judgments that would not constitute an Event of Default hereunder;

(l) easements, covenants, conditions, restrictions, building code laws, zoning restrictions, rights-of-way and similar encumbrances on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the affected property or materially interfere with the ordinary conduct of business of a Loan Party and such other minor title defects or survey matters that are disclosed by current surveys that, in each case, do not materially interfere with the current use of the real property;

(m) Liens existing on the Closing Date and listed on Schedule 7.01 and any Permitted Refinancings thereof;

(n) Liens on fixed or capital assets acquired by any Loan Party which are permitted under clause (c) of the definition of Permitted Indebtedness so long as (i) such Liens and the Indebtedness secured thereby are incurred prior to or within ninety (90) days after such acquisition, (ii) the Indebtedness secured thereby does not exceed the cost of acquisition of such fixed or capital assets and (iii) such Liens shall not extend to any other property or assets of the Loan Parties;

(o) Liens in favour of the Agent;

(p) statutory Liens of landlords and lessors in respect of rent not in default;

(q) possessory Liens in favour of brokers and dealers arising in connection with the acquisition or disposition of Investments owned as of the Closing Date and Permitted investments, provided that such liens (a) attach only to such Investments and (b) secure only obligations incurred in the ordinary course and arising in connection with the acquisition or disposition of such Investments and not any obligation in connection with margin financing;

(r) Liens arising solely by virtue of any statutory or common law provisions relating to banker's liens, liens in favour of securities intermediaries, rights of setoff or similar rights and remedies as to deposit accounts or securities accounts or other funds maintained with depository institutions or securities intermediaries;

(s) Liens arising from precautionary PPSA filings regarding "true" operating leases or, to the extent permitted under the Loan Documents, the consignment of goods to a Loan Party; and

(t) Liens in favour of customs and revenues authorities imposed by applicable Law arising in the ordinary course of business in connection with the importation of goods and securing obligations that are (A) being contested in good faith by appropriate proceedings, (B) the applicable Loan Party or Subsidiary has set aside on its books adequate reserves with respect thereto in accordance with GAAP and (C) such contest effectively suspends collection of the contested obligation and enforcement of any Lien securing such obligation.

"Permitted Indebtedness" means each of the following as long as no Default or Event of Default exists or would arise from the incurrence thereof:

(a) Indebtedness outstanding on the Closing Date and listed on Schedule 7.03 and any Permitted Refinancing thereof;

(b) Indebtedness of any Loan Party to any other Loan Party;

(c) purchase money Indebtedness of any Loan Party to finance the acquisition of any personal property consisting solely of fixed or capital assets, including Capital Lease Obligations, and any Indebtedness assumed in connection with the acquisition of any such assets or secured by a Lien on any such assets prior to the acquisition thereof, and Permitted Refinancings thereof; provided, however, that the aggregate principal amount of Indebtedness permitted by this clause (c) shall not exceed C\$250,000 at any time outstanding (excluding those amounts in respect of the three capital leases set forth in Schedule 5.05 and those capital leases referenced in the Business Plan delivered to Agent hereunder that are approved by Agent in writing); provided further that, if requested by the Agent, the Loan Parties shall cause the holders of such Indebtedness to enter into a Collateral Access Agreement on terms reasonably satisfactory to the Agent;

(d) contingent liabilities under surety bonds or similar instruments incurred in the ordinary course of business in connection with the construction or improvement of Stores;

(e) the Obligations; and

(f) Indebtedness of the Loan Parties not otherwise specifically described herein in an aggregate principal amount not to exceed C\$150,000 at any time outstanding.

"Permitted Investments" means each of the following as long as no Default or Event of Default exists or would arise from the making of such Investment:

(a) readily marketable obligations issued or directly and fully guaranteed or insured by the federal government of Canada or the United States or any agency or instrumentality thereof having maturities of not more than 360 days from the date of acquisition thereof; provided that the full faith and credit of the federal government of Canada or the United States (as applicable) is pledged in support thereof;

(b) commercial paper issued by any Person organized under the laws of Canada or any province or territory thereof or any state of the United States and rated at least "Prime-1" (or the then equivalent grade) by Moody's or at least "A-1" (or the then equivalent

grade) by S&P, in each case with maturities of not more than 180 days from the date of acquisition thereof;

(c) time deposits with, or insured certificates of deposit or bankers' acceptances of, any commercial bank that (i) (A) is a Lender or (B) is organized under the laws of Canada, the United States, any state thereof or the District of Columbia or is the principal banking subsidiary of a bank holding company organized under the laws of Canada, the United States, any state thereof or the District of Columbia, and is a Schedule I bank under the *Bank Act* (Canada) or a member of the Federal Reserve System of the United States, (ii) issues (or the parent of which issues) commercial paper rated as described in clause (c) of this definition and (iii) has combined capital and surplus of at least C\$1,000,000,000, in each case with maturities of not more than 180 days from the date of acquisition thereof;

(d) fully collateralized repurchase agreements with a term of not more than thirty (30) days for securities described in clause (a) above (without regard to the limitation on maturity contained in such clause) and entered into with a financial institution satisfying the criteria described in clause (c) above or with any primary dealer and having a market value at the time that such repurchase agreement is entered into of not less than one hundred percent (100%) of the repurchase obligation of such counterparty entity with whom such repurchase agreement has been entered into;

(e) Investments, classified in accordance with GAAP as current assets of the Loan Parties, in any money market fund or mutual fund that has the highest rating obtainable from either Moody's or S&P, and which invest solely in one or more of the types of securities described in clauses (a) through (d) above;

(f) Investments existing on the Closing Date, and set forth on Schedule 7.02, but not any increase in the amount thereof or any other modification of the terms thereof;

(g) (i) Investments by any Loan Party and its Subsidiaries in their respective Subsidiaries outstanding on the Closing Date, and (ii) additional Investments by any Loan Party and its Subsidiaries in Loan Parties;

(h) Investments consisting of extensions of credit in the nature of accounts receivable or notes receivable arising from the grant of trade credit in the ordinary course of business, and Investments received in satisfaction or partial satisfaction thereof from financially troubled account debtors to the extent reasonably necessary in order to prevent or limit loss;

(i) Guarantees constituting Permitted Indebtedness;

(j) Investments received in connection with the bankruptcy or reorganization of, or settlement of delinquent accounts and disputes with, customers and suppliers, in each case in the ordinary course of business;

(k) advances to officers, directors and employees of the Loan Parties and Subsidiaries in the ordinary course of business in an amount not to exceed C\$50,000 to any individual at any time or in an aggregate amount not to exceed C\$200,000 at any time outstanding, for travel, entertainment, relocation and analogous ordinary business purposes;

(l) capital contributions made by any Loan Party to another Loan Party; and

(m) other Investments not otherwise specifically described herein and not exceeding C\$100,000 in the aggregate at any time outstanding.

provided, however, that notwithstanding the foregoing, no such Investments specified in clauses (a) through (e) and clause (m) shall be permitted unless (i) no Loans are then outstanding, and (ii) such Investments shall be pledged and hypothecated to the Agent as additional collateral for the Obligations pursuant to such agreements as may be reasonably required by the Agent.

"Permitted Overadvance" means an Overadvance made by the Agent, in its Permitted Discretion, which is made:

- (a) to maintain, protect or preserve the Collateral and/or the Credit Parties' rights under the Loan Documents or which is otherwise for the benefit of the Credit Parties;
- (b) to enhance the likelihood of, or to maximize the amount of, repayment of any Obligation;
- (c) to pay any other amount chargeable to any Loan Party hereunder; or
- (d) at the request of Lead Borrower, an amount of up to 5% of the then applicable Borrowing Base – Revolving Credit, such amount to be repaid by the Borrowers within 45 days of the applicable Borrowing (provided that no such request may be made more than twice during the term of this Agreement),

provided however, that the foregoing shall not result in any claim or liability against the Agent (regardless of the amount of any Overadvance) for Unintentional Overadvances and such Unintentional Overadvances shall not reduce the amount of Permitted Overadvances allowed hereunder; provided further that in no event shall the Agent make an Overadvance, if after giving effect thereto, the principal amount of the Borrowings would exceed the Aggregate Revolving Commitments (as in effect prior to any termination of the Revolving Commitments pursuant to Section 2.06 hereof).

"Permitted Refinancing" means, with respect to any Person, any Indebtedness issued in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund (collectively, to "Refinance"), the Indebtedness being Refinanced (or previous refinancings thereof constituting a Permitted Refinancing); provided, that (a) the principal amount (or accreted value, if applicable) of such Permitted Refinancing does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness so Refinanced (plus unpaid accrued interest and premiums thereon and underwriting discounts, defeasance costs, fees, commissions and expenses), (b) the weighted average life to maturity of such Permitted Refinancing is greater than or equal to the weighted average life to maturity of the Indebtedness being Refinanced, (c) such Permitted Refinancing shall not require any scheduled principal payments due prior to the Maturity Date, (d) if the Indebtedness being Refinanced is subordinated in right of payment to the Obligations under this Agreement, such Permitted Refinancing shall be subordinated in right of payment to such Obligations on terms at least as favourable to the Credit Parties as those contained in the documentation governing the Indebtedness being Refinanced, (e) no Permitted Refinancing shall have direct or indirect obligors who were not also obligors of the Indebtedness being Refinanced, or greater guarantees or security, than the Indebtedness being Refinanced, (f) such Permitted Refinancing shall be otherwise on terms not materially less favourable to the Credit Parties than those contained in the documentation governing the Indebtedness being Refinanced, including, without limitation, with respect to financial and other covenants and events of default, (g) the interest rate applicable to any such Permitted Refinancing shall not exceed the then applicable market

interest rate, and (h) at the time thereof, no Default or Event of Default shall have occurred and be continuing.

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, limited partnership, Governmental Authority or other entity.

"Personal Guarantor" means Mr. Joseph Shilon of 33 Thornbank Road, Thornhill, Ontario L4J 2A1.

"PPSA" means the *Personal Property Security Act* (Ontario) and the regulations thereunder, as from time to time in effect, provided, however, if attachment, perfection or priority of Agent's security interests in any Collateral are governed by the personal property security laws of any jurisdiction other than Ontario, PPSA shall mean those personal property security laws in such other jurisdiction for the purposes of the provisions hereof relating to such attachment, perfection or priority and for the definitions related to such provisions.

"Prepayment Event" means:

(a) any Disposition (including pursuant to a sale and leaseback transaction) of any property or asset of a Loan Party, other than any Disposition of Inventory in the ordinary course of business;

(b) any casualty or other insured damage to, or any taking under power of eminent domain or by condemnation or similar proceeding of (and payments in lieu thereof), any property or asset of a Loan Party, unless (i) the proceeds therefrom are required to be paid to the holder of a Lien on such property or asset having priority over the Lien of the Agent or (ii) the proceeds therefrom are utilized for purposes of replacing or repairing the assets in respect of which such proceeds, awards or payments were received within 180 days of the occurrence of the damage to or loss of the assets being repaired or replaced;

(c) the issuance by a Loan Party of any Equity Interests, other than any such issuance of Equity Interests (i) to a Loan Party, (ii) as consideration for a Permitted Acquisition or (iii) as a compensatory issuance to any employee, director, or consultant (including under any option plan);

(d) the incurrence by a Loan Party of any Indebtedness for borrowed money other than Permitted Indebtedness; or

(e) the receipt by any Loan Party of any Extraordinary Receipts.

"Prepayment Fee" has the meaning given in the Pricing Letter.

"Pricing Letter" means the letter agreement, dated as of the date hereof, among the Lead Borrower, the Agent and the Arranger.

"Pro Forma Availability Condition" shall mean, for any date of calculation with respect to any transaction or payment, the Pro Forma Excess Availability following, and after giving effect to, such transaction or payment, will be equal to or greater than \$2,000,000.

"Pro Forma Excess Availability" shall mean, for any date of calculation, after giving pro forma effect to the transaction then to be consummated the projected Availability as of the end of each Fiscal Month during any subsequent projected twelve (12) Fiscal Months.

"Quebec Security Documents" means the following documents dated as of the Closing Date among the applicable Loan Parties and the Agent: (i) a Deed of Hypothec and Issue of Bonds, (ii) a Bond, (iii) a Delivery Order, and (iv) a Pledge of Bond, in each case as the same now exists or may hereafter be amended, modified, supplemented, renewed, restated or replaced.

"Real Estate" means all Leases and all land, together with the buildings, structures, parking areas, and other improvements thereon, now or hereafter owned by any Loan Party, including all easements, rights-of-way, and similar rights relating thereto and all leases, tenancies, and occupancies thereof.

"Receipts and Collections" has the meaning specified in Section 6.13(c).

"Register" has the meaning specified in Section 10.06(c).

"Regulation" has the meaning specified in Section 5.30.

"Related Parties" means, with respect to any Person, such Person's Affiliates and the partners, directors, officers, employees, agents and advisors of such Person and of such Person's Affiliates.

"Rent Reserve" means an amount as the Agent may from time to time determine in its discretion as being appropriate as reserves for the payment of rent at any leased business location of any Loan Party for which a Collateral Access Agreement has not been obtained.

"Reports" has the meaning provided in Section 9.12(b).

"Request for Borrowing" means, with respect to a Borrowing or conversion of Committed Revolving Loans or a Term Loan, a Committed Loan Notice.

"Required Lenders" means, as of any date of determination, Lenders holding more than fifty percent (50%) of the sum of the Aggregate Revolving Commitments and the then aggregate outstanding principal balance of the Term Loans or, if the Aggregate Revolving Commitments have been terminated pursuant to Section 8.02, Lenders holding in the aggregate more than fifty percent (50%) of the Total Outstandings; provided that the Revolving Commitment of, and the portion in the aggregate of the Total Outstandings held or deemed held by, any Defaulting Lender or Deteriorating Lender shall be excluded for purposes of making a determination of Required Lenders.

"Required Revolving Lenders" means, as of any date of determination, Lenders holding more than fifty percent (50%) of the Aggregate Revolving Commitments or, if the commitment of each Revolving Lender to make Committed Revolving Loans have been terminated pursuant to Section 8.02, Lenders holding in the aggregate more than fifty percent (50%) of the Total Revolver Outstandings; provided, that the Revolving Commitment of, and the portion of the Total Revolver Outstandings held or deemed held by, any Defaulting Lender or Deteriorating Lender shall be excluded for purposes of making a determination of Required Revolving Lenders.

"Required Term Loan A Lenders" means, as of any date of determination, Lenders holding more than fifty percent (50%) of the then outstanding principal balance of the Term Loan A.

"Required Term Loan B Lenders" means, as of any date of determination, Lenders holding more than fifty percent (50%) of the then outstanding principal balance of the Term Loan B.

"Reserves" means all Inventory Reserves and Availability Reserves.

"Responsible Officer" means the chief executive officer, president, chief financial officer, treasurer or assistant treasurer of a Loan Party or any of the other Individuals designated in writing

to the Agent by an existing Responsible Officer of a Loan Party as an authorized signatory of any certificate or other document to be delivered hereunder and for whom the Agent has received satisfactory background checks. Any document delivered hereunder that is signed by a Responsible Officer of a Loan Party shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of such Loan Party and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Loan Party.

"Restricted Payment" shall mean, with respect to any Person, any payment by such Person (i) of any dividend or other distribution (whether in cash, securities or other property) with respect to any capital stock or other Equity Interest of such Person or any of its Subsidiaries, (ii) on account of, or for the purpose of setting apart any property for a sinking or other analogous fund for, the purchase, redemption, retirement, defeasance, cancellation, termination or other acquisition of any of any such capital stock or Equity Interest of such Person or any warrants, options or rights to acquire any such capital stock or Equity Interests of such Person, or the making by such Person of any other distribution in respect of any such stock or Equity Interests, (iii) of any principal of or interest or premium on or of any amount in respect of a sinking or analogous fund or defeasance fund for any Indebtedness of such Person ranking in right of payment subordinate to any liability of such Person under the Loan Documents, (iv) of any principal of or interest or premium on or of any amount in respect of a sinking or analogous fund or defeasance fund for any Indebtedness of such Person to a shareholder of such Person or to an Affiliate of a shareholder of such Person, (v) in respect of an Investment, or (vi) of any management, consulting or similar fee or any bonus payment or comparable payment, or by way of gift or other gratuity, to any Affiliate of such Person or to any director or officer thereof, other than those made in the ordinary course of business at a time when no Default has occurred and is continuing hereunder and which are disclosed in a Business Plan delivered to the Agent in accordance with Section 6.01(d) and which are expressly approved by the Agent in writing.

"Revolving Commitment" means, as to each Revolving Lender, its obligation to make Committed Revolving Loans to the Borrowers pursuant to Section 2.01 in an aggregate principal amount at any one time outstanding not to exceed the amount set forth opposite such Revolving Lender's name on Schedule 2.01 or in the Assignment and Assumption pursuant to which the Revolving Lender becomes a party hereto, as applicable, as such amount may be adjusted from time to time in accordance with this Agreement.

"Revolving Commitment Increase" shall have the meaning provided in Section 2.15(a)(i).

"Revolving Credit Borrowing" means a borrowing consisting of simultaneous Committed Revolving Loans made by each of the Revolving Lenders pursuant to Section 2.01.

"Revolving Lender" means each Lender having a Revolving Commitment as set forth on Schedule 2.01 hereto or in the Assignment and Assumption by which such Person becomes a Revolving Lender.

"Revolving Loan Increase Effective Date" shall have the meaning provided therefor in Section 2.15(a)(iv).

"Revolving Note" means a promissory note made by the Borrowers in favour of a Revolving Lender evidencing the Committed Revolving Loans made by such Revolving Lender, substantially in the form of Exhibit C-1.

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. and any successor thereto.

"Salus" means Salus Capital Partners, LLC and its successors.

"Securities Laws" means any applicable provincial securities legislation (including regulations, guidelines and "national policies"), and the applicable accounting and auditing principles, rules, standards and practices promulgated, approved or incorporated by the applicable securities regulators or the Canadian Institute of Chartered Accountants.

"Security Agreement" means the Security Agreement dated as of the Closing Date among the Loan Parties and the Agent, as the same now exists or may hereafter be amended, modified, supplemented, renewed, restated or replaced.

"Security Documents" means the Security Agreement, the Collateral Assignment of Acquisition Documents, the Blocked Account Agreements, the DDA Notifications, the Credit Card Notifications, Quebec Security Documents and each other security agreement or other Instrument or document executed and delivered to the Agent pursuant to this Agreement or any other Loan Document granting a Lien to secure any of the Obligations.

"Settlement Date" has the meaning provided in Section 2.14(a).

"Shilon Guarantee" means a guarantee by the Personal Guarantor of the Obligations, with recourse under such guarantee limited to \$3,000,000.

"Shrink" means Inventory which has been lost, misplaced, stolen, or is otherwise unaccounted for.

"Solvent" and "Solvency" means, with respect to any Person on a particular date, that such Person is not an "insolvent person" within the meaning of the *Bankruptcy and Insolvency Act* (Canada).

"Spot Rate" has the meaning given to such term in Section 1.07 hereof.

"Steps Memo" has the meaning given to such term in the Acquisition Agreement.

"Store" means any retail store (which may include any real property, fixtures, equipment, inventory and other property related thereto) operated, or to be operated, by any Loan Party.

"Subordinated Indebtedness" means Indebtedness which is expressly subordinated in right of payment to the prior payment in full of the Obligations and which is in form and on terms approved in writing by the Agent.

"Subsidiary" of a Person means a corporation, partnership, joint venture, limited liability company or other business entity of which a majority of the Equity Interests having ordinary voting power for the election of directors or other governing body are at the time beneficially owned, or the management of which is otherwise controlled, directly, or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise specified, all references herein to a "Subsidiary" or to "Subsidiaries" shall refer to a Subsidiary or Subsidiaries of a Loan Party.

"Swap Contract" means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master

agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a "Master Agreement"), including any such obligations or liabilities under any Master Agreement.

"Swap Termination Value" means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark-to-market value(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts (which may include a Lender or any Affiliate of a Lender).

"Synthetic Lease Obligation" means the monetary obligation of a Person under (a) a so-called synthetic, off-balance sheet or tax retention lease, or (b) an agreement for the use or possession of property (including sale and leaseback transactions), in each case, creating obligations that do not appear on the balance sheet of such Person but which, upon the application of any Debtor Relief Laws to such Person, would be characterized as the indebtedness of such Person (without regard to accounting treatment).

"Target" means Ben Moss Jewellers Western Canada Ltd.

"Target Acquisition" means the direct or indirect acquisition by the Lead Borrower (or a newly-created wholly-owned Subsidiary of the Lead Borrower) on the Closing Date of all of the issued and outstanding equity securities of the Target and all shareholder loans owed by the Target or any of its Subsidiaries.

"Taxes" means all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"Term Borrowing" means, collectively, the Term Loan A Borrowings and the Term Loan B Borrowings.

"Term Commitments" means, collectively, the Term Loan A Commitments and the Term Loan B Commitments.

"Term Lenders" means, collectively, the Term Loan A Lenders and the Term Loan B Lenders.

"Term Loan A" means any term loan made by the Term Loan A Lenders pursuant to Section 2.01(a).

"Term Loan A Applicable Margin" has the meaning given in the Pricing Letter.

"Term Loan A Borrowing" means the borrowing of the Term Loan A made by each of the Term Lenders on the Closing Date pursuant to Section 2.01(a).

"Term Loan A Commitment" means, as to each Term Loan A Lender, its obligation to make a portion of the Term Loan A pursuant to Section 2.01(a) in an aggregate principal amount not to exceed the amount set forth opposite such Term Loan A Lender's name on Schedule 2.01 or in the Assignment and Assumption pursuant to which such Term Loan A Lender becomes a party hereto, as applicable. As of the Closing Date, the aggregate amount of Term Loan A Commitments is C\$7,000,000.

"Term Loan A Interest Rate" means a per annum rate equal to (a) with respect to Loans made in Canadian Dollars, the Canadian Prime Rate plus the Term Loan A Applicable Margin or (b) with respect to Loans made in U.S. Dollars, the U.S. Base Rate plus the Term Loan A Applicable Margin.

"Term Loan A Lender" means each Lender having a Loan A Term Commitment as set forth on Schedule 2.01 hereto or in the Assignment and Assumption by which such Person becomes a Term Loan A Lender, or after the making of the Term Loan A, each Lender holding any portion of the Term Loan A.

"Term Loan A Margin Shortfall" means, at any time, the amount by which the aggregate principal amount of Term Loan A exceeds the aggregate amount of the Borrowing Base – Term Loan A as then in effect.

"Term Loan A Note" means a promissory note made by the Borrowers in favour of a Term Loan A Lender evidencing the Term Loan A made by such Term Loan A Lender, substantially in the form of Exhibit C-2.

"Term Loan B" means any term loan made by the Term Loan B Lenders pursuant to Section 2.01(b).

"Term Loan B Applicable Margin" has the meaning given in the Pricing Letter.

"Term Loan B Borrowing" means the borrowing of the Term Loan B made by each of the Term Lenders on the Closing Date pursuant to Section 2.01(b).

"Term Loan B Commitment" means, as to each Term Loan B Lender, its obligation to make a portion of the Term Loan B pursuant to Section 2.01(b) in an aggregate principal amount not to exceed the amount set forth opposite such Term Loan B Lender's name on Schedule 2.01 or in the Assignment and Assumption pursuant to which such Term Loan B Lender becomes a party hereto, as applicable. As of the Closing Date, the aggregate amount of Term Loan B Commitments is C\$13,000,000.

"Term Loan B Interest Rate" means a per annum rate equal to (a) with respect to Loans made in Canadian Dollars, the Canadian Prime Rate plus the Term Loan B Applicable Margin or (b) with respect to Loans made in U.S. Dollars, the U.S. Base Rate plus the Term Loan B Applicable Margin.

"Term Loan B Lender" means each Lender having a Loan B Term Commitment as set forth on Schedule 2.01 hereto or in the Assignment and Assumption by which such Person becomes a Term Loan B Lender, or after the making of the Term Loan B, each Lender holding any portion of the Term Loan B.

"Term Loan B Margin Shortfall" means, at any time, the amount by which the aggregate principal amount of Term Loan A and Term Loan B exceeds the aggregate amount of the Borrowing Base – Term Loan B as then in effect.

"Term Loan B Note" means a promissory note made by the Borrowers in favour of a Term Loan B Lender evidencing the Term Loan B made by such Term Loan B Lender, substantially in the form of Exhibit C-2.

"Term Loan Interest Rate" means either of the Term Loan A Interest Rate or the Term Loan B Interest Rate, as the context may require.

"Term Loans" means, collectively, the Term Loan A Loans and the Term Loan B Loans.

"Term Note" means, collectively, the Term Loan A Notes and the Term Loan B Notes.

"Termination Date" means the earliest to occur of (i) the Maturity Date, (ii) the date on which the maturity of the Obligations is accelerated (or deemed accelerated) and the Revolving Commitments are irrevocably terminated (or deemed terminated) in accordance with Article VIII, or (iii) the termination of the Revolving Commitments in accordance with the provisions of Section 2.06(a) hereof.

"Total Outstandings" means the outstanding principal balance of the Term Loans plus the Total Revolver Outstandings.

"Total Revolver Outstandings" means the aggregate Outstanding Amount of all Committed Revolving Loans.

"Trading with the Enemy Act" has the meaning set forth in Section 10.18.

"Transactions" means the acquisition of the Target by Lead Borrower as more particularly described in the Acquisition Documents.

"Type" means, with respect to a Committed Revolving Loan, its character as a Canadian Prime Rate Loan or a U.S. Base Rate Loan.

"Unintentional Overadvance" means an Overadvance which, to the Agent's knowledge, did not constitute an Overadvance when made but which has become an Overadvance resulting from changed circumstances beyond the control of the Credit Parties, including, without limitation, a reduction in the Appraised Value of property or assets included in the Borrowing Base – Revolving Credit, Borrowing Base – Term Loan A, Borrowing Base – Term Loan B or misrepresentation by the Loan Parties.

"United States" and "U.S." mean the United States of America.

"U.S. Base Rate" means, for any day, a rate per annum equal to the annual rate of interest announced by Royal Bank of Canada (or its successor) from time to time as its base rate for U.S. Dollar commercial loans in Canada. Any change in any interest rate provided for in the Agreement based upon the U.S. Base Rate shall take effect at the time of such change in the U.S. Base Rate.

"U.S. Base Rate Loan" means a Loan that bears interest based on the U.S. Base Rate.

"U.S. Dollars" and "US\$" mean lawful money of the United States.

"Yield Revenue" means (i) all amounts which are (or would be) payable on account of interest on the principal portion of a Term Loan to be prepaid through twelve months after the Closing Date (assuming that the applicable portion of a Term Loan had not been prepaid and that interest accrued at the rate in effect on the date of prepayment), less (ii) any interest on the applicable portion of the Term Loans amount paid in cash from and after the Closing Date through the date of prepayment.

1.02 Other Interpretive Provisions. With reference to this Agreement and each other Loan Document, unless otherwise specified herein or in such other Loan Document:

(a) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The word "will" shall be construed to have the same meaning and effect as the word "shall." Unless

the context requires otherwise, (i) any definition of or reference to any agreement, instrument or other document (including any Organization Document) shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein or in any other Loan Document), (ii) any reference herein to any Person shall be construed to include such Person's successors and assigns, (iii) the words "herein," "hereof" and "hereunder," and words of similar import when used in any Loan Document, shall be construed to refer to such Loan Document in its entirety and not to any particular provision thereof, (iv) all references in a Loan Document to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, the Loan Document in which such references appear, (v) any reference to any law shall include all statutory and regulatory provisions consolidating, amending replacing or interpreting such law and any reference to any law or regulation shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time, and (vi) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

(b) In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including;" the words "to" and "until" each mean "to but excluding;" and the word "through" means "to and including."

(c) Section headings herein and in the other Loan Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Loan Document.

(d) Any reference herein or in any other Loan Document to the satisfaction, repayment, or payment in full of the Obligations shall mean the repayment in the relevant currency in full in cash or immediately available funds (or, in the case of contingent reimbursement obligations with respect to Bank Products and any other contingent Obligations, providing Cash Collateralization or other collateral as may be requested by the Agent) of all of the Obligations other than (i) unasserted contingent indemnification Obligations, and (ii) any Obligations relating to Bank Products (other than Swap Contracts) that, at such time, are allowed by the applicable Bank Product provider to remain outstanding without being required to be repaid or Cash Collateralized or otherwise collateralized as may be requested by the Agent.

1.03 Accounting Terms Generally.

(a) Generally. All accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with GAAP, applied on a consistent basis, as in effect from time to time, except as otherwise specifically prescribed herein.

(b) Changes in GAAP. If at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth in any Loan Document, and either the Lead Borrower or the Required Lenders shall so request, the Agent, the Lenders and the Lead Borrower shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Required Lenders); provided that, until so amended, (i) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (ii) the Lead Borrower shall provide to the Agent and the Lenders financial statements and other

documents required under this Agreement or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP.

1.04 Rounding. Any financial ratios required to be maintained by the Borrowers pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

1.05 Times of Day. Unless otherwise specified, all references herein to times of day shall be references to Eastern time (daylight or standard, as applicable).

1.06 English Language. The parties hereto confirm that it is their wish that this Agreement and any other document executed in connection with the transactions contemplated herein be drawn up in the English language only and that all other documents contemplated thereunder or relating thereto, including notices, may also be drawn up in the English language only. Les parties aux présentes confirment que c'est leur volonté que cette convention et les autres documents de crédit y afférents soient rédigés en anglais seulement et que tous les documents, y compris tous avis, envisagés par cette convention soient rédigés en anglais seulement.

1.07 Currency Equivalents Generally. Any amount specified in this Agreement (other than in Article II, Article IX and Article X) or any of the other Loan Documents to be in Canadian Dollars or U.S. Dollars (as applicable) shall also include the equivalent of such amount in any currency other than that in which it is expressed, such equivalent amount thereof in the applicable currency to be determined by the Agent at such time on the basis of the Spot Rate (as defined below) for the purchase of such currency with U.S. Dollars (as applicable). For purposes of this Section 1.07, the "Spot Rate" for a currency means, at any time, the rate determined by the Agent to be the rate quoted to the Agent as the spot rate for the purchase by the Agent of such currency with another currency through its principal foreign exchange trading office at such time.

1.08 Currency Matters. Principal, interest, reimbursement obligations, fees, and all other amounts payable under this Agreement and the other Loan Documents to the Credit Parties shall be payable in the currency in which such Obligations are denominated. Unless stated otherwise, all calculations, comparisons, measurements or determinations under this Agreement shall be made in Canadian Dollars. For the purpose of such calculations, comparisons, measurements or determinations, amounts denominated in other currencies shall be converted in the Equivalent Amount of Canadian Dollars on the date of calculation, comparison, measurement or determination.

1.09 Judgment Currency.

(a) If, for the purpose of obtaining or enforcing judgment against any Loan Party in any court in any jurisdiction, it becomes necessary to convert into any other currency (such other currency being hereinafter in this Section 1.09 referred to as the "Judgment Currency") an amount due under any Loan Document in any currency (the "Obligation Currency") other than the Judgment Currency, the conversion shall be made at the rate of exchange prevailing on the Business Day immediately preceding the date of actual payment of the amount due, in the case of any proceeding in the courts of the Province of Ontario or in the courts of any other jurisdiction that will give effect to such conversion being made on such date, or the date on which the judgment is given, in the case of any proceeding in the courts of any other jurisdiction (the applicable date as of which such conversion is made pursuant to this Section 1.09 being hereinafter in this Section 1.09 referred to as the "Judgment Conversion Date").

(b) If, in the case of any proceeding in the court of any jurisdiction referred to in Section 1.09(a), there is a change in the rate of exchange prevailing between the Judgment Conversion Date and the date of actual receipt for value of the amount due, the applicable Loan Party shall pay such additional amount (if any, but in any event not a lesser amount) as may be necessary to ensure that the amount actually received in the Judgment Currency, when converted at the rate of exchange prevailing on the date of payment, will produce the amount of the Obligation Currency which could have been purchased with the amount of the Judgment Currency stipulated in the judgment or judicial order at the rate of exchange prevailing on the Judgment Conversion Date. Any amount due from any Loan Party under this Section 1.09(b) shall be due as a separate debt and shall not be affected by judgment being obtained for any other amounts due under or in respect of any of the Loan Documents.

(c) The term "rate of exchange" in this Section 1.09 means the rate of exchange at which Agent, on the relevant date at or about 12:00 noon on the relevant date, would be prepared to sell, in accordance with Agent's normal course foreign currency exchange practices, the Obligation Currency against the Judgment Currency.

(d) Unless otherwise specified, all references to dollar amounts in this Agreement shall mean Canadian Dollars.

1.10 Québec Matters. For purposes of any assets, liabilities or entities located in the Province of Québec and for all other purposes pursuant to which the interpretation or construction of this Agreement may be subject to the laws of the Province of Québec or a court or tribunal exercising jurisdiction in the Province of Québec, (a) "personal property" shall include "movable property", (b) "real property" or "real estate" shall include "immovable property", (c) "tangible property" shall include "corporeal property", (d) "intangible property" shall include "incorporeal property", (e) "security interest", "mortgage" and "lien" shall include a "hypothec", "right of retention", "prior claim" and a resolatory clause, (f) all references to filing, perfection, priority, remedies, registering or recording under the PPSA or UCC shall include publication under the CCQ, (g) all references to "perfection" of or "perfected" liens or security interest shall include a reference to an "opposable" or "set up" lien or security interest as against third parties, (h) any "right of offset", "right of setoff" or similar expression shall include a "right of compensation", (i) "goods" shall include "corporeal movable property" other than chattel paper, documents of title, instruments, money and securities, (j) an "agent" shall include a "mandatary", (k) "construction liens" shall include "legal hypothecs"; (l) "joint and several" shall include "solidary"; (m) "gross negligence or wilful misconduct" shall be deemed to be "intentional or gross fault"; (n) "beneficial ownership" shall include "ownership on behalf of another as mandatary"; (o) "easement" shall include "servitude"; (p) "priority" shall include "prior claim"; (q) "survey" shall include "certificate of location and plan"; (r) "state" shall include "province"; (s) "fee simple title" shall include "absolute ownership"; and (t) "accounts" shall include "claims".

ARTICLE II THE COMMITMENTS AND BORROWINGS

2.01 Term Loans; Committed Revolving Loans; Reserves.

(a) Subject to the terms and conditions set forth herein, each Term Loan A Lender severally agrees to make a loan to the Borrowers on the Closing Date in a principal amount not to exceed the Term Loan A Commitment of such Term Loan A Lender. Amounts repaid in respect of the Term Loan A may not be reborrowed. Any portion of the Term Loan A Commitments which is not borrowed on the Closing Date shall be cancelled.

(b) Subject to the terms and conditions set forth herein, each Term Loan B Lender severally agrees to make a loan to the Borrowers on the Closing Date in a principal amount not to exceed the Term Loan B Commitment of such Term Loan B Lender. Amounts

repaid in respect of the Term Loan B may not be reborrowed. Any portion of the Term Loan B Commitments which is not borrowed on the Closing Date shall be cancelled.

(c) Subject to the terms and conditions set forth herein, each Revolving Lender severally agrees to make loans (each such loan, a "Committed Revolving Loan") to the Borrowers from time to time, on any Business Day during the Availability Period on which the Agent's offices are open to conduct business, in an aggregate amount not to exceed at any time outstanding the lesser of (x) the amount of such Lender's Revolving Commitment, or (y) such Lender's Applicable Percentage of the Borrowing Base – Revolving Credit; subject in each case to the following limitations:

(i) after giving effect to any Revolving Credit Borrowing, the Total Revolver Outstandings shall not exceed the Maximum Revolving Loan Amount; and

(ii) after giving effect to any Revolving Credit Borrowing, the aggregate Outstanding Amount of the Committed Revolving Loans of any Revolving Lender shall not exceed the lesser of (A) such Lender's Revolving Commitment and (B) such Revolving Lender's Applicable Percentage of the Borrowing Base – Revolving Credit.

Within the limits of each Lender's Revolving Commitment, and subject to the other terms and conditions hereof, the Borrowers may borrow under this Section 2.01, prepay under Section 2.05, and reborrow Committed Revolving Loans under this Section 2.01. Committed Revolving Loans may be (i) Canadian Prime Rate Loans if denominated in Canadian Dollars, or (ii) U.S. Base Rate Loans if denominated in U.S. Dollars, as further provided herein.

(d) The Inventory Reserves and Availability Reserves as of the Closing Date are set forth in the Borrowing Base Certificate delivered pursuant to Section 4.01(c) hereof.

(e) The Agent shall have the right, at any time and from time to time after the Closing Date in its Permitted Discretion to establish, modify or eliminate Reserves.

(f) Upon completion of the Target Acquisition, the Target and each of its Subsidiaries will guarantee the obligation of the Borrowers hereunder and will grant to the Agent a first priority perfected Lien over all of its present and future assets, all pursuant to documentation satisfactory to the Agent in its Permitted Discretion.

2.02 Borrowings and Conversions of Committed Revolving Loans.

(a) Committed Revolving Loans and the Term Loans (or any portion thereof) shall be (i) Canadian Prime Rate Loans if denominated in Canadian Dollars, or (ii) U.S. Base Rate Loans if denominated in U.S. Dollars as the Lead Borrower may request subject to and in accordance with this Section 2.02. Subject to the other provisions of this Section 2.02, Revolving Credit Borrowings of more than one Type may be incurred at the same time.

(b) Each Revolving Credit Borrowing and each conversion of Committed Revolving Loans or the Term Loans (or any portion thereof) from one Type to the other shall be made upon the Lead Borrower's irrevocable written notice to the Agent in the form of a Committed Loan Notice, appropriately completed and signed by a Responsible Officer of the Lead Borrower. Each such notice must be received by the Agent not later than 12:00 p.m. one (1) Business Day prior to the requested date of any Borrowing of Canadian Prime Rate Loans or U.S. Base Rate Loans. Except as provided in Sections 2.03(c) and 2.04(c), each Borrowing of or conversion to U.S. Base Rate Loans shall be in a principal amount of

C\$500,000 or US\$500,000, as applicable or a whole multiple of C\$100,000 or US\$100,000, as applicable in excess thereof. Each Committed Loan Notice shall specify (i) whether the Lead Borrower is requesting a Revolving Credit Borrowing or a conversion of Committed Revolving Loans or a Term Loan (or a portion thereof) from one Type to the other, (ii) the requested date of the Borrowing or conversion, as the case may be (which shall be a Business Day), (iii) the principal amount and currency of Committed Revolving Loans to be borrowed, or the principal amount and currency of Committed Revolving Loans or a Term Loan (or portion thereof) to be converted, and (iv) the Type of Committed Revolving Loans to be borrowed or to which existing Committed Revolving Loans or the Term Loans (or portion thereof) are to be converted. If the Lead Borrower fails to specify a Type of Committed Revolving Loan or the Term Loans (or portion thereof) in a Committed Loan Notice, then the applicable Committed Revolving Loans or portion of the Term Loans shall automatically be made as, or converted to, a Canadian Prime Rate Loan (if denominated in Canadian Dollars) or a U.S. Base Rate Loan (if denominated in U.S. Dollars).

(c) Following receipt of a Request for Borrowing, the Agent shall promptly notify each Lender of the amount of its Applicable Percentage of the applicable Committed Revolving Loans or a Term Loan (or portion thereof). In the case of a Committed Revolving Borrowing, each Lender shall make the amount of its Committed Revolving Loan available to the Agent in immediately available funds in the specified currency at the Agent's Office not later than 1:00 p.m. on the Business Day specified in the applicable Committed Loan Notice. Upon satisfaction of the applicable conditions set forth in Section 4.02 (and, if such Borrowing is the initial Borrowing, Section 4.01), the Agent shall use reasonable efforts to make all funds so received available to the Borrowers in like funds by no later than 4:00 p.m. on the day of receipt by the Agent by wire transfer of such funds in accordance with instructions provided to (and reasonably acceptable to) the Agent by the Lead Borrower.

(d) The Agent, without the request of the Lead Borrower, may advance as a Revolving Loan any interest, fee, service charge (including direct wire fees), Credit Party Expenses, or other payment to which any Credit Party is entitled from the Loan Parties pursuant hereto or any other Loan Document and may charge the same to the Loan Account notwithstanding that an Overadvance may result thereby. The Agent shall advise the Lead Borrower of any such advance or charge promptly after the making thereof. Such action on the part of the Agent shall not constitute a waiver of the Agent's rights and the Borrowers' obligations under Section 2.05(c). Any amount which is added to the principal balance of the Loan Accounts as provided in this Section 2.02(d) shall bear interest at the interest rate then and thereafter applicable to U.S. Base Rate Loans, as applicable.

(e) Each Borrowing shall be made by the Lenders pro rata in accordance with their respective Applicable Percentage with respect to the applicable type of Borrowing. The failure of any Lender to make any Loan shall neither relieve any other Lender of its obligation to fund its Loan in accordance with the provisions of this Agreement nor increase the obligation of any such other Lender.

(f) At any time that Canadian Prime Rate Loans or U.S. Base Rate Loans are outstanding, the Agent shall notify the Lead Borrower and the Lenders of any change in Salus's prime rate used in determining the applicable interest rate.

(g) The Agent and the Revolving Lenders shall have no obligation to make any Loan if an Overadvance would result. The Agent may, in its Permitted Discretion, make Permitted Overadvances without the consent of the Borrowers or the Lenders and the Borrowers and each Lender shall be bound thereby. A Permitted Overadvance is for the account of the Borrowers and shall constitute a Canadian Prime Rate Loan or a U.S. Base

Rate Loan (depending on the currency in which it is made) and an Obligation and shall be repaid by the Borrowers in accordance with the provisions of Section 2.05(c). The making of any such Permitted Overadvance on any one occasion shall not obligate the Agent or any Revolving Lender to make or permit any Permitted Overadvance on any other occasion or to permit such Permitted Overadvances to remain outstanding. The Agent shall have no liability for, and no Loan Party or Credit Party shall have the right to, or shall, bring any claim of any kind whatsoever against the Agent with respect to Unintentional Overadvances regardless of the amount of any such Overadvance(s).

2.03 [Reserved.]

2.04 [Reserved.]

2.05 Prepayments.

(a) Subject to the Pricing Letter, the Borrowers may, upon irrevocable notice from the Lead Borrower to the Agent, at any time or from time to time voluntarily prepay Loans in whole or in part; provided that (i) such notice must be received by the Agent not later than 11:00 a.m. on the date of prepayment of U.S. Base Rate Loans; (ii) any prepayment of U.S. Base Rate Loans shall be in a principal amount of US\$500,000 or a whole multiple of US\$100,000 in excess thereof; (iii) any prepayment of Canadian Prime Rate Loans shall be in a principal amount of C\$500,000 or a whole multiple of C\$100,000 in excess thereof; and (iv) any prepayment of a Term Loan shall be in a minimum amount of US\$500,000 (or the Equivalent Amount in Canadian Dollars) or a whole multiple of US\$100,000 (or the Equivalent Amount in Canadian Dollars) in excess thereof, or, in each case, if less, the entire principal amount thereof then outstanding. Each such notice shall specify the date, currency and amount of such prepayment and the Type(s) of Loans to be prepaid. The Agent will promptly notify each Lender of its receipt of each such notice, and of the amount of such Lender's Applicable Percentage of such prepayment. If such notice is given by the Lead Borrower, the Borrowers shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein. Each such prepayment shall be applied to the Loans of the Lenders in accordance with their respective Applicable Percentages.

(b) If for any reason the Total Revolver Outstandings at any time exceed the Maximum Revolving Loan Amount as then in effect, the Borrowers shall immediately prepay the Committed Revolving Loans in an aggregate amount equal to such excess.

(c) The Borrower shall prepay the Loans with proceeds and collections received by the Loan Parties to the extent so required under the provisions of Section 6.13 hereof.

(d) The Borrowers shall prepay the Loans in an amount equal to 100% of the Net Cash Proceeds received by a Loan Party on account of a Prepayment Event.

(e) In the event that the annual Combined EBITDA (commencing with the Fiscal Year ended March 31, 2014) exceeds the projected Combined EBITDA for such Measurement Period in any Business Plan (such excess the "Exceeding Amount"), the Borrower shall prepay the Loans in an amount equal to 50% of the Exceeding Amount.

(f) If for any reason there exists at any time a Term Loan A Margin Shortfall, the Borrowers shall immediately prepay an amount equal to such Term Loan A Margin Shortfall.

(g) If for any reason there exists at any time a Term Loan B Margin Shortfall, the Borrowers shall immediately prepay an amount equal to such Term Loan B Margin Shortfall.

(h) Any prepayment made pursuant to Section (b) or (c) above shall be applied, first, ratably to the outstanding Committed Revolving Loans; next, ratably to the outstanding Term Loan A; next, ratably to the outstanding Term Loan B, and the amount remaining, if any, after the prepayment in full of all Loans outstanding at such time may be retained by the Borrowers for use in the ordinary course of its business. Any prepayment made pursuant to Section (d) or (e) above shall be applied, first, ratably to the outstanding Term Loan A; next, ratably to the outstanding Term Loan B; next, ratably to the outstanding Committed Revolving Loans and the amount remaining, if any, after the prepayment in full of all Loans outstanding at such time may be retained by the Borrowers for use in the ordinary course of its business. Any prepayment made pursuant to Section (f) above shall be applied ratably to the outstanding Term Loan A. Any prepayment made pursuant to Section (g) above shall be applied ratably to the outstanding Term Loan A or the outstanding Term Loan B, as determined by the Agent in its sole discretion.

2.06 Termination or Reduction of Commitments.

(a) Subject to the Pricing Letter, the Borrowers may, upon irrevocable notice from the Lead Borrower to the Agent, terminate the Aggregate Revolving Commitments or the Term Commitments or from time to time permanently reduce the Aggregate Revolving Commitments; provided that (i) any such notice shall be received by the Agent not later than 11:00 a.m. five Business Days prior to the date of termination or reduction, (ii) any such partial reduction shall be in an aggregate amount of C\$10,000,000 or any whole multiple of C\$1,000,000 in excess thereof, (iii) the Borrowers shall not terminate or reduce the Aggregate Revolving Commitments if, after giving effect thereto and to any concurrent prepayments hereunder, the Total Revolver Outstandings would exceed the Aggregate Revolving Commitments.

(b) The Agent will promptly notify the Lenders of any termination or reduction of the Aggregate Revolving Commitments under this Section 2.06. Upon any reduction of the Aggregate Revolving Commitments, the Revolving Commitment of each Revolving Lender shall be reduced by such Revolving Lender's Applicable Percentage of such reduction amount. All fees (including, without limitation, commitment fees and Early Termination Fees) and interest in respect of the Aggregate Revolving Commitments accrued until the effective date of any termination of the Aggregate Revolving Commitments shall be paid on the effective date of such termination.

2.07 Repayment of Loans.

(a) The Borrowers shall repay to the Revolving Lenders on the Termination Date the aggregate principal amount of Committed Revolving Loans outstanding on such date, along with accrued but unpaid interest and all other Obligations outstanding with respect to the Committed Revolving Loans.

(b) The Borrowers shall repay to the Term Lenders the outstanding principal amount of the Term Loans in installments in the amounts and on the dates set forth below and in full on the Termination Date.

Date	Term A Loan Principal Amount	Term B Loan Principal Amount
------	------------------------------	------------------------------

September 30, 2013	\$125,000	\$325,000
December 31, 2013	\$125,000	\$325,000
March 31, 2014	\$125,000	\$325,000
June 30, 2014	\$125,000	\$325,000
September 30, 2014	\$250,000	\$325,000
December 31, 2014	\$250,000	\$325,000
March 31, 2015	\$250,000	\$325,000
June 30, 2015	\$250,000	\$325,000
September 30, 2015	\$250,000	\$487,500
December 31, 2015	\$250,000	\$487,500
March 31, 2014	\$250,000	\$487,500

The Borrowers shall repay to the Term Lenders on the Termination Date the aggregate principal amount of the Terms Loans outstanding on such date, along with accrued but unpaid interest and all other Obligations outstanding with respect to the Term Loans.

(c) Without limiting Section 1.07, if Agent receives any payment from or on behalf of a Loan Party in any currency other than the currency in which the Obligation is denominated, Agent may convert the payment (including the proceeds of realization upon any Collateral) into the currency in which such Obligation is denominated at the "Spot Rate" (as such term is defined in Section 1.07).

2.08 Interest.

(a) Subject to the provisions of Section 2.08(b) and (c) below, (i) each Committed Revolving Loan which is a U.S. Base Rate Loan shall bear interest on the outstanding principal amount thereof at a rate per annum equal to the U.S. Base Rate plus the Applicable Margin; (ii) each Committed Revolving Loan which is a Canadian Prime Rate Loan shall bear interest on the outstanding principal amount thereof at a rate per annum equal to the Canadian Prime Rate plus the Applicable Margin; (iii) each Term Loan A shall bear interest on the outstanding principal amount thereof at the Term Loan A Interest Rate then in effect and (iii) each Term Loan B shall bear interest on the outstanding principal amount thereof at the Term Loan B Interest Rate then in effect.

(b)

(i) If any amount payable under any Loan Document is not paid when due (without regard to any applicable grace periods), whether at stated maturity, by acceleration or otherwise, such amount shall, subject to the *Interest Act* (Canada) and the provisions of this Section, thereafter bear interest at a fluctuating interest rate

per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws.

(ii) If any other Event of Default exists, then the Agent may, and upon the request of the Required Lenders shall, notify the Lead Borrower that all outstanding Obligations shall, subject to the *Interest Act* (Canada) and the provisions of this Section, thereafter bear interest at a fluctuating interest rate per annum at all times equal to the Default Rate and thereafter such Obligations shall bear interest at the Default Rate to the fullest extent permitted by applicable Laws.

(iii) Accrued and unpaid interest on past due amounts (including interest on past due interest) shall be due and payable upon demand.

(c) Interest on each Loan shall be due and payable in arrears on each Interest Payment Date applicable thereto and at such other times as may be specified herein. Interest hereunder shall be due and payable in accordance with the terms hereof before and after judgment, and before and after the commencement of any proceeding under any Debtor Relief Law.

(d) If any provision of this Agreement or of any of the other Loan Documents would obligate the Borrowers or any other Loan Party to make any payment of interest or other amount payable to any Lender in an amount or calculated at a rate which would be prohibited by law or would result in a receipt by such Lender of interest at a criminal rate (as such terms are construed under the *Criminal Code* (Canada)) then, notwithstanding such provisions, such amount or rate shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by law or so result in a receipt by such Lender of interest at a criminal rate, such adjustment to be effected, to the extent necessary, as follows: (1) firstly, by reducing the amount or rate of interest required to be paid to such Lender, and (2) thereafter, by reducing any fees, commissions, premiums and other amounts required to be paid to such Lender which would constitute "interest" for purposes of Section 347 of the *Criminal Code* (Canada). Any amount or rate of interest referred to in this Section shall be determined in accordance with generally accepted actuarial practices and principles as an effective annual rate of interest over the term that the applicable Loan remains outstanding on the assumption that any charges, fees or expenses that fall within the meaning of "interest" (as defined in the *Criminal Code* (Canada)) shall, if they relate to a specific period of time, be pro-rated over that period of time and otherwise be pro-rated over the period from the Closing Date to the Maturity Date and, in the event of a dispute, a certificate of a Fellow of the Canadian Institute of Actuaries appointed by Agent shall be conclusive for the purposes of such determination.

(e) For purposes of disclosure pursuant to the *Interest Act* (Canada), the annual rates of interest or fees to which the rates of interest or fees provided in this Agreement and the other Loan Documents (and stated herein or therein, as applicable, to be computed on the basis of a 360 year or any other period of time less than a calendar year) are equivalent are the rates so determined multiplied by the actual number of days in the applicable calendar year and divided by 360 or such other period of time, respectively.

2.09 Fees. The Borrower shall pay to the Agent the fees stipulated in the Pricing Letter, at the times and in the amounts set forth therein.

2.10 Computation of Interest and Fees. All computations of fees and interest shall be made on the basis of a 360-day year, in each case and actual days elapsed. Interest shall accrue on each Loan for the day on which the Loan is made. For purposes of the calculation of interest on the Loans and the

Outstanding Amount, all payments made by or on account of the Borrowers shall be deemed to have been applied to the Loans one (1) Business Day after receipt of such payments by the Agent (as such receipt is determined pursuant to Section 2.12). Each determination by the Agent of an interest rate or fee hereunder shall be conclusive and binding for all purposes, absent manifest error.

2.11 Evidence of Debt.

(a) The Borrowings made by each Lender shall be evidenced by one or more accounts or records maintained by the Agent (the "Loan Account") in the ordinary course of business. In addition, each Lender may record in such Lender's internal records, an appropriate notation evidencing the date and amount of each Loan from such Lender, each payment and prepayment of principal of any such Loan, and each payment of interest, fees and other amounts due in connection with the Obligations due to such Lender. The accounts or records maintained by the Agent and each Lender shall be conclusive absent manifest error of the amount of the Borrowings made by the Lenders to the Borrowers and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Borrowers hereunder to pay any amount owing with respect to the Obligations. In the event of any conflict between the accounts and records maintained by any Lender and the accounts and records of the Agent in respect of such matters, the accounts and records of the Agent shall control in the absence of manifest error. Upon the request of any Lender made through the Agent, the Borrowers shall execute and deliver to such Lender (through the Agent) a Note, which shall evidence such Lender's Committed Revolving Loans or portion of a Term Loan, as applicable, in addition to such accounts or records. Each Lender may attach schedules to its Note and endorse thereon the date, amount and maturity of its Loans and payments with respect thereto. Upon receipt of an affidavit of a Lender as to the loss, theft, destruction or mutilation of such Lender's Note and upon cancellation of such Note, the Borrowers will issue, in lieu thereof, a replacement Note in favour of such Lender, in the same principal amount thereof and otherwise of like tenor.

(b) Agent shall render monthly statements regarding the Loan Account to the Lead Borrower including principal, interest, fees, and including an itemization of all charges and expenses constituting Credit Party Expenses owing, and such statements, absent manifest error, shall be conclusively presumed to be correct and accurate and constitute an account stated between Borrowers and the Credit Parties unless, within thirty (30) days after receipt thereof by the Lead Borrower, the Lead Borrower shall deliver to Agent written objection thereto describing the error or errors contained in any such statements.

2.12 Payments Generally; Agent's Clawback.

(a) General. All payments to be made by the Borrowers shall be made without condition or deduction for any counterclaim, defence, recoupment or setoff. Except as otherwise expressly provided herein, all payments by the Borrowers hereunder shall be made to the Agent, for the account of the respective Lenders to which such payment is owed, at the Agent's Office in Dollars and in immediately available funds not later than 2:00 p.m. on the date specified herein. The Agent will promptly distribute to each Lender its Applicable Percentage (or other applicable share as provided herein) of such payment in like funds as received by wire transfer to such Lender's Lending Office. All payments received by the Agent shall be deemed received on the next succeeding Business Day (if received before 2:00 p.m.) or the second succeeding Business Day (if received after 2:00 p.m.) and any applicable interest or fee shall continue to accrue and shall be calculated pursuant to Section 2.10. If any payment to be made by the Borrowers shall come due on a day other

than a Business Day, payment shall be made on the next following Business Day, and such extension of time shall be reflected in computing interest or fees, as the case may be.

(b) (i) Funding by Lenders; Presumption by Agent. Unless the Agent shall have received notice from a Revolving Lender prior to 12:00 noon on the date of such Borrowing that Lender will not make available to the Agent such Lender's share of such Borrowing, the Agent may assume that such Lender has made such share available on such date in accordance with Section 2.02 (or in the case of a Borrowing of U.S. Base Rate Loans, that such Lender has made such share available in accordance with and at the time required by Section 2.02) and may, in reliance upon such assumption, make available to the Borrowers a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Agent, then the applicable Lender and the Borrowers severally agree to pay to the Agent forthwith on demand such corresponding amount in immediately available funds with interest thereon, for each day from and including the date such amount is made available to the Borrowers to but excluding the date of payment to the Agent, at (A) in the case of a payment to be made by such Lender, the greater of the Federal Funds Rate and a rate determined by the Agent in accordance with banking industry rules on interbank compensation plus any administrative processing or similar fees customarily charged by the Agent in connection with the foregoing, and (B) in the case of a payment to be made by the Borrowers, the interest rate applicable to Committed Revolving Loans. If the Borrowers and such Lender shall pay such interest to the Agent for the same or an overlapping period, the Agent shall promptly credit to the Borrowers the amount of such interest paid by the Borrowers for such period. If such Lender pays its share of the applicable Borrowing to the Agent, then the amount so paid shall constitute such Lender's portion of such Borrowing. Any payment by the Borrowers shall be without prejudice to any claim the Borrowers may have against a Lender that shall have failed to make such payment to the Agent.

(ii) Payments by Borrowers; Presumptions by Agent. Unless the Agent shall have received notice from the Lead Borrower prior to the time at which any payment is due to the Agent for the account of the Lenders hereunder that the Borrowers will not make such payment, the Agent may assume that the Borrowers have made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders, the amount due. In such event, if the Borrowers have not in fact made such payment, then each of the Lenders severally agrees to repay to the Agent forthwith on demand the amount so distributed to such Lender, in immediately available funds with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Agent, at the greater of the Federal Funds Rate and a rate determined by the Agent in accordance with banking industry rules on interbank compensation.

A notice of the Agent to any Lender or the Lead Borrower with respect to any amount owing under this subsection (b) shall be conclusive, absent manifest error.

(c) Failure to Satisfy Conditions Precedent. If any Lender makes available to the Agent funds for any Loan to be made by such Lender as provided in the foregoing provisions of this Article II, and such funds are not made available to the Borrowers by the Agent because the conditions to the applicable Borrowing set forth in Article IV are not satisfied or waived in accordance with the terms hereof (subject to the provisions of the last paragraph of Section 4.02 hereof), the Agent shall return such funds (in like funds as received from such Lender) to such Lender, without interest.

(d) Obligations of Lenders Several. The obligations of the Revolving Lenders hereunder to make Committed Revolving Loans, and the obligations of the Term Lenders hereunder to make Term Loans are several and not joint. The failure of any Term Lender to make its portion of a Term Loan, or of any Revolving Lender to make any Committed Revolving Loan, on any date required hereunder shall not relieve any other Term Lender or Revolving Lender (as applicable) of its corresponding obligation to do so on such date, and no Term Lender or Revolving Lender (as applicable) shall be responsible for the failure of any other Term Lender or Revolving Lender (as applicable) to so make its portion of a Term Loan or its Committed Revolving Loan (as applicable), to purchase its participation or to make its payment hereunder.

(e) Funding Source. Nothing herein shall be deemed to obligate any Lender to obtain the funds for any Loan in any particular place or manner or to constitute a representation by any Lender that it has obtained or will obtain the funds for any Loan in any particular place or manner.

2.13 Sharing of Payments by Lenders. If any Credit Party shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of any principal of, interest on, or other amounts with respect to, any of the Obligations resulting in (a) any Revolving Lender's receiving payment of a proportion of the aggregate amount of Obligations in respect of Committed Revolving Loans greater than its pro rata share thereof as provided herein, or (b) a Term Lender receiving payment of a portion of the aggregate amount of Obligations in respect of a Term Loan greater than its pro rata share thereof as provided herein (including, in each case, as in contravention of the priorities of payment set forth in Section 8.03), then the Credit Party receiving such greater proportion shall (a) notify the Agent of such fact, and (b) purchase (for cash at face value) participations in the Obligations of the other Revolving Lenders or Term Lenders, as applicable, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the Credit Parties ratably and in the priorities set forth in Section 8.03, provided that:

(i) if any such participations or subparticipations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations or subparticipations shall be rescinded and the purchase price restored to the extent of such recovery, without interest; and

(ii) the provisions of this Section shall not be construed to apply to (x) any payment made by the Loan Parties pursuant to and in accordance with the express terms of this Agreement or (y) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its portion of the Term Loan or its Committed Revolving Loans to any assignee or participant, other than to the Borrowers or any Subsidiary thereof (as to which the provisions of this Section shall apply).

Each Loan Party consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against such Loan Party rights of setoff and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of such Loan Party in the amount of such participation.

2.14 Settlement Amongst Lenders.

(a) The amount of each Revolving Lender's Applicable Percentage of outstanding Committed Revolving Loans shall be computed weekly (or more frequently in the Agent's Permitted Discretion) and shall be adjusted upward or downward based on all

Committed Revolving Loans and repayments of Committed Revolving Loans received by the Agent as of 3:00 p.m. on the first Business Day (such date, the "Settlement Date") following the end of the period specified by the Agent.

(b) The Agent shall deliver to each of the Revolving Lenders promptly after a Settlement Date a summary statement of the amount of outstanding Committed Revolving Loans for the period and the amount of repayments received for the period. As reflected on the summary statement, (i) the Agent shall transfer to each Revolving Lender its Applicable Percentage of repayments, and (ii) each Revolving Lender shall transfer to the Agent (as provided below) or the Agent shall transfer to each Revolving Lender, such amounts as are necessary to insure that, after giving effect to all such transfers, the amount of Committed Revolving Loans made by each Revolving Lender shall be equal to such Revolving Lender's Applicable Percentage of all Committed Revolving Loans outstanding as of such Settlement Date. If the summary statement requires transfers to be made to the Agent by the Revolving Lenders and is received prior to 1:00 p.m. on a Business Day, such transfers shall be made in immediately available funds no later than 3:00 p.m. that day; and, if received after 1:00 p.m., then no later than 3:00 p.m. on the next Business Day. The obligation of each Revolving Lender to transfer such funds is irrevocable, unconditional and without recourse to or warranty by the Agent. If and to the extent any Revolving Lender shall not have so made its transfer to the Agent, such Revolving Lender agrees to pay to the Agent, forthwith on demand such amount, together with interest thereon, for each day from such date until the date such amount is paid to the Agent, equal to the greater of the Federal Funds Rate and a rate determined by the Agent in accordance with banking industry rules on interbank compensation plus any administrative, processing, or similar fees customarily charged by the Agent in connection with the foregoing.

2.15 Increase in Commitments.

(a) Uncommitted Increase

(i) Request for Increase. Provided no Default or Event of Default then exists or would arise therefrom, upon notice to the Agent (which shall promptly notify the Lenders), the Lead Borrower may from time to time, request an increase in the Aggregate Revolving Commitments by an amount not exceeding C\$5,000,000 in the aggregate (the "Revolving Commitment Increase"); provided that (i) any such request for an increase shall be in a minimum amount of C\$1,000,000, and (ii) the Lead Borrower may make a maximum of five such requests. At the time of sending such notice, the Lead Borrower (in consultation with the Agent) shall specify the time period within which each Lender is requested to respond (which shall in no event be less than ten Business Days from the date of delivery of such notice to the Lenders).

(ii) Lender Elections to increase. Each Revolving Lender shall notify the Agent within such time period whether or not it agrees to increase its Revolving Commitment and, if so, whether by an amount equal to, greater than, or less than its Applicable Percentage of such requested increase. Any Revolving Lender not responding within such time period shall be deemed to have declined to increase its Revolving Commitment. For greater certainty, no Lender shall have any obligation to agree to commit to any such Revolving Commitment Increase without its express consent, to be provided in its sole discretion

(iii) Notification by Agent; Additional Lenders. The Agent shall notify the Lead Borrower and each Revolving Lender of the Revolving Lenders' responses to each request made hereunder. To achieve the full amount of a requested increase

and subject to the approval of the Agent, to the extent that the existing Revolving Lenders decline to increase their Revolving Commitments, or decline to increase their Revolving Commitments to the amount requested by the Lead Borrower, the Agent, in consultation with the Lead Borrower, will use its reasonable efforts to arrange for other assignees to become a Revolving Lender hereunder and to issue commitments in an amount equal to the amount of the increase in the Aggregate Revolving Commitments requested by the Lead Borrower and not accepted by the existing Revolving Lenders (and the Lead Borrower may also invite additional assignees to become Revolving Lenders)(each, and "Additional Commitment Lender"), provided, however, that without the consent of the Agent, at no time shall the Commitment of any Additional Commitment Lender be less than C\$1,000,000.

(iv) Effective Date and Allocations. If the Aggregate Revolving Commitments are increased in accordance with this Section 2.15, the Agent, in consultation with the Lead Borrower, shall determine the effective date (the "Revolving Loan Increase Effective Date") and the final allocation of such increase. The Agent shall promptly notify the Lead Borrower and the Lenders of the final allocation of such increase and the Revolving Loan Increase Effective Date and on the Revolving Loan Increase Effective Date (i) the Aggregate Revolving Commitments under, and for all purposes of, this Agreement shall be increased by the aggregate amount of such Revolving Commitment increases, and (ii) Schedule 2.01 shall be deemed modified, without further action, to reflect the revised Revolving Commitments and Applicable Percentages of the Revolving Lenders. Any Revolving Commitment Increase shall be provided on the same terms as the existing Aggregate Revolving Commitments made hereunder.

(b) Conditions to Effectiveness of Commitment Increase. As a condition precedent to such Revolving Commitment Increase, (i) the Lead Borrower shall deliver to the Agent a certificate of each Loan Party dated as of the Revolving Loan Increase Effective Date (in sufficient copies for each Lender) signed by a Responsible Officer of such Loan Party (A) certifying and attaching the resolutions adopted by such Loan Party approving or consenting to such Revolving Commitment Increase, and (B) in the case of the Borrowers, certifying that, before and after giving effect to such Revolving Commitment Increase, (1) the representations and warranties contained in Article V and the other Loan Documents are true and correct on and as of the Revolving Loan Increase Effective Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they are true and correct as of such earlier date, and except that for purposes of this Section 2.15, the representations and warranties contained in subsections (a) and (b) of Section 5.05 shall be deemed to refer to the most recent statements furnished pursuant to clauses (a) and (b), respectively, of Section 6.01, and (2) no Default or Event of Default exists or would arise therefrom, (ii) the Borrowers, the Agent, and any Additional Commitment Lender shall have executed and delivered a Joinder to the Loan Documents in such form as the Agent shall reasonably require; (iii) the Borrowers shall have paid such fees and other Commitment to the Additional Commitment Lenders as the Lead Borrower and such Additional Commitment Lenders shall agree; (iv) the Borrowers shall have paid such arrangement fees to the Agent as the Lead Borrower and the Agent may agree; (v) if requested by the Agent, the Borrowers shall deliver to the Agent and the Revolving Lenders an opinion or opinions, in form and substance reasonably satisfactory to the Agent, from counsel to the Borrowers reasonably satisfactory to the Agent and dated such date; and (vi) the Borrowers and the Additional Commitment Lenders shall have delivered such other instruments, documents and agreements as the Agent may reasonably have requested. The Borrowers shall prepay any Committed Revolving Loans outstanding on the Revolving Loan Increase Effective Date (and pay any additional amounts required pursuant to Section 2.05)

to the extent necessary to keep the outstanding Committed Revolving Loans ratable with any revised Applicable Percentages arising from any nonratable increase in the Revolving Commitments under this Section 2.15.

(c) Conflicting Provisions. This Section shall supersede any provisions in Sections 2.13 or 10.01 to the contrary.

2.16 Defaulting Lenders.

(a) Adjustments. Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as that Lender is no longer a Defaulting Lender, to the extent permitted by applicable Law:

(i) Waivers and Amendments. Such Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in the definition of "Required Lenders" and Section 10.01.

(ii) Defaulting Lender Waterfall. Any payment of principal, interest, fees or other amounts received by the Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Article VIII or otherwise) or received by the Agent from a Defaulting Lender pursuant to Section 10.08 shall be applied at such time or times as may be determined by the Agent as follows: first, to the payment of any amounts owing by such Defaulting Lender to the Agent hereunder; second, as the Lead Borrower may request (so long as no Default or Event of Default exists), to the funding of any Committed Revolving Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Agent; third, if so determined by the Agent and the Lead Borrower, to be held in a deposit account and released pro rata in order to satisfy such Defaulting Lender's potential future funding obligations with respect to Committed Revolving Loans under this Agreement; fourth, to the payment of any amounts owing to the Lenders as a result of any judgment of a court of competent jurisdiction obtained by any Lender against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; fifth, so long as no Default or Event of Default exists, to the payment of any amounts owing to the Borrowers as a result of any judgment of a court of competent jurisdiction obtained by the Borrowers against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and sixth, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction; provided that if (x) such payment is a payment of the principal amount of any Committed Revolving Loans in respect of which such Defaulting Lender has not fully funded its appropriate share, and (y) such Committed Revolving Loans were made at a time when the conditions set forth in Section 4.02 were satisfied or waived, such payment shall be applied solely to pay the Committed Revolving Loans of all Non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Committed Revolving Loans of such Defaulting Lender until such time as all Committed Revolving Loans are held by the Lenders pro rata in accordance with the Revolving Commitments hereunder without giving effect to Section 2.16(a)(iv). Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

(iii) Certain Fees. No Defaulting Lender shall be entitled to receive any fee payable under Section 2.09(a) or (c) for any period during which that Lender is a Defaulting Lender (and the Borrowers shall not be required to pay any such fee that otherwise would have been required to have been paid to that Defaulting Lender).

(b) Defaulting Lender Cure. If the Lead Borrower and the Agent agree in writing that a Lender is no longer a Defaulting Lender, the Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein (which may include arrangements with respect to any Cash Collateral), that Lender will, to the extent applicable, purchase at par that portion of outstanding Committed Revolving Loans of the other Lenders or take such other actions as the Agent may determine to be necessary to cause the Committed Revolving Loans to be held on a pro rata basis by the Lenders in accordance with their Applicable Percentages (without giving effect to Section 2.16(a)(iv)), whereupon such Lender will cease to be a Defaulting Lender; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrowers while that Lender was a Defaulting Lender; and provided, further, that ~~except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lenders having been a Defaulting Lender.~~

ARTICLE III
TAXES, YIELD PROTECTION AND ILLEGALITY;
APPOINTMENT OF LEAD BORROWER

3.01 Taxes.

(a) Payments Free of Taxes. Any and all payments by or on account of any obligation of the Borrowers hereunder or under any other Loan Document shall be made free and clear of and without reduction or withholding for any Indemnified Taxes or Other Taxes, provided that if the Borrowers shall be required by applicable law to deduct any Indemnified Taxes (including any Other Taxes) from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Agent or the Lender receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrowers shall make such deductions and (iii) the Borrowers shall timely pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(b) Payment of Other Taxes by the Borrowers. Without limiting the provisions of subsection (a) above, the Borrowers shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) Indemnification by the Loan Parties. The Loan Parties shall indemnify the Agent and each Lender, within ten (10) days after demand therefor, for the full amount of any Indemnified Taxes or Other Taxes (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) paid by the Agent or such Lender, as the case may be, and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Lead Borrower by a Lender (with a copy to the Agent), or by the Agent on its own behalf or on behalf of the Agent or a Lender, shall be conclusive absent manifest error.

(d) Evidence of Payments. As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the Borrowers to a Governmental Authority, the Lead Borrower shall deliver to the Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Agent.

(e) Treatment of Certain Refunds. If the Agent or any Lender determines, in its Permitted Discretion, that it has received a refund of any Taxes or Other Taxes as to which it has been indemnified by the Borrowers or with respect to which the Borrowers have paid additional amounts pursuant to this Section, it shall pay to the Borrowers an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrowers under this Section with respect to the Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses of the Agent or such Lender, as the case may be, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund), provided that the Borrowers, upon the request of the Agent or such Lender, agrees to repay the amount paid over to the Borrowers (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Agent or such Lender in the event the Agent or such Lender is required to repay such refund to such Governmental Authority. This subsection shall not be construed to require the Agent or any Lender to make available its tax returns (or any other information relating to its taxes that it deems confidential) to the Borrowers or any other Person.

3.02 Reserved.

3.03 Reserved.

3.04 Increased Costs; Reserves on Loans.

(a) Increased Costs Generally. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender;

(ii) subject any Lender to any tax of any kind whatsoever with respect to this Agreement or any Loan made by it, or change the basis of taxation of payments to such Lender in respect thereof (except for Indemnified Taxes or Other Taxes covered by Section 3.01 and the imposition of, or any change in the rate of, any Excluded Tax payable by such Lender); or

(iii) impose on any Lender any other condition, cost or expense affecting this Agreement or Loans made by such Lender;

and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Loan (or of maintaining its obligation to make any such Loan), or to reduce the amount of any sum received or receivable by such Lender hereunder (whether of principal, interest or any other amount) then, upon request of such Lender, the Borrowers will pay to such Lender such additional amount or amounts as will compensate such Lender for such additional costs incurred or reduction suffered.

(b) Capital Requirements. If any Lender determines that any Change in Law affecting such Lender or any Lending Office of such Lender or such Lender's holding company, if any, regarding capital requirements has or would have the effect of reducing the

rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement, the Commitments of such Lender or the Loans made by such Lender to a level below that which such Lender or such Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy), then from time to time the Borrowers will pay to such Lender, such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered.

(c) Certificates for Reimbursement. A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or its holding company, as the case may be, as specified in subsection (a) or (b) of this Section and delivered to the Lead Borrower shall be conclusive absent manifest error. The Borrowers shall pay such Lender the amount shown as due on any such certificate within ten (10) days after receipt thereof.

(d) Delay in Requests. Failure or delay on the part of any Lender to demand compensation pursuant to the foregoing provisions of this Section shall not constitute a waiver of such Lender's right to demand such compensation, provided that the Borrowers shall not be required to compensate a Lender pursuant to the foregoing provisions of this Section for any increased costs incurred or reductions suffered more than nine months prior to the date that such Lender notifies the Lead Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the nine-month period referred to above shall be extended to include the period of retroactive effect thereof).

3.05 Compensation for Losses. Upon demand of any Lender (with a copy to the Agent) from time to time, the Borrowers shall promptly compensate such Lender for and hold such Lender harmless from any loss, cost or expense incurred by it as a result of any failure by the Borrowers (for a reason other than the failure of such Lender to make a Loan) to prepay, borrow, continue or convert any Loan on the date or in the amount notified by the Lead Borrower including any loss of anticipated profits and any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain such Loan or from fees payable to terminate the deposits from which such funds were obtained. The Borrowers shall also pay any customary administrative fees charged by such Lender in connection with the foregoing.

3.06 Mitigation Obligations; Replacement of Lenders.

(a) Designation of a Different Lending Office. If any Lender requests compensation under Section 3.04, or the Borrowers are required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.01, then such Lender shall use reasonable efforts to designate a different Lending Office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 3.01 or 3.04, as the case may be, in the future, and (ii) in each case, would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrowers hereby agree to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) Replacement of Lenders. If any Lender requests compensation under Section 3.04, or if the Borrowers are required to pay any additional amount to any Lender or

any Governmental Authority for the account of any Lender pursuant to Section 3.01, the Borrowers may replace such Lender in accordance with Section 10.13.

3.07 Survival. All of the Borrowers' obligations under this Article III shall survive termination of the Aggregate Revolving Commitments and repayment of the Term Loans, the Committed Revolving Loans and all other Obligations hereunder.

3.08 Designation of Lead Borrower as Borrowers' Agent.

(a) Each Borrower hereby irrevocably designates and appoints the Lead Borrower as such Borrower's agent to obtain Borrowings, the proceeds of which shall be available to each Borrower for such uses as are permitted under this Agreement. As the disclosed principal for its agent, each Borrower shall be obligated to each Credit Party on account of Borrowings so made as if made directly by the applicable Credit Party to such Borrower, notwithstanding the manner by which such Borrowings are recorded on the books and records of the Lead Borrower and of any other Borrower. In addition, each Loan Party other than the Borrowers hereby irrevocably designates and appoints the Lead Borrower as such Loan Party's agent to represent such Loan Party in all respects under this Agreement and the other Loan Documents.

(b) Each Borrower recognizes that credit available to it hereunder is in excess of and on better terms than it otherwise could obtain on and for its own account and that one of the reasons therefor is its joining in the credit facility contemplated herein with all other Borrowers. Consequently, each Borrower hereby assumes and agrees to discharge all Obligations of each of the other Borrowers.

(c) The Lead Borrower shall act as a conduit for each Borrower (including itself, as a "Borrower") on whose behalf the Lead Borrower has requested a Borrowing. Neither the Agent nor any other Credit Party shall have any obligation to see to the application of such proceeds therefrom.

ARTICLE IV
CONDITIONS PRECEDENT TO BORROWINGS

4.01 Conditions of Initial Borrowing. The obligation of each Lender to make its initial Borrowing hereunder is subject to satisfaction of the following conditions precedent:

(a) The Agent's receipt of the following, each of which shall be originals, telecopies or other electronic image scan transmission (e.g., "pdf" or "tif" via e-mail) (followed promptly by originals) unless otherwise specified, each properly executed by a Responsible Officer of the signing Loan Party or the Lenders, as applicable, each dated the Closing Date (or, in the case of certificates of governmental officials, a recent date before the Closing Date) and each in form and substance satisfactory to the Agent:

(i) executed counterparts of this Agreement sufficient in number for distribution to the Agent, each Lender and the Lead Borrower;

(ii) a Note executed by the Borrowers in favour of each Lender requesting a Note;

(iii) such certificates of resolutions or other action, incumbency certificates and/or other certificates of Responsible Officers of each Loan Party as the Agent may require evidencing (A) the authority of each Loan Party to enter into

this Agreement and the other Loan Documents to which such Loan Party is a party or is to become a party and (B) the identity, authority and capacity of each Responsible Officer thereof authorized to act as a Responsible Officer in connection with this Agreement and the other Loan Documents to which such Loan Party is a party or is to become a party;

(iv) copies of each Loan Party's Organization Documents and such other documents and certifications as the Agent may reasonably require to evidence that each Loan Party is duly organized or formed, and that each Loan Party is validly existing, in good standing and qualified to engage in business in each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification, except to the extent that failure to so qualify in such jurisdiction could not reasonably be expected to have a Material Adverse Effect;

(v) a favourable opinion of Torkin Manes LLP, Pitblado LLP and Fillmore Riley LLP, counsel to the Loan Parties, addressed to the Agent and each Lender, as to such matters concerning the Loan Parties and the Loan Documents as the Agent may reasonably request;

(vi) a certificate signed by a Responsible Officer of the Lead Borrower certifying (A) that the conditions specified in Sections 4.02(a) and 4.02(b) have been satisfied, (B) that there has been no event or circumstance since the date of the Audited Financial Statements that has had or could be reasonably expected to have, either individually or in the aggregate, a Material Adverse Effect, (C) to the Solvency of the Loan Parties as of the Closing Date after giving effect to the transactions contemplated hereby, and (D) either that (1) no consents, licenses or approvals are required in connection with the execution, delivery and performance by such Loan Party and the validity against such Loan Party of the Loan Documents to which It is a party, or (2) that all such consents, licenses and approvals have been obtained and are in full force and effect;

(vii) a duly completed Compliance Certificate as of the Closing Date of the Lead Borrower and its Subsidiaries for the Fiscal Month ended April 30, 2013, signed by a Responsible Officer of the Lead Borrower;

(viii) evidence that all Insurance required to be maintained pursuant to the Loan Documents and all endorsements in favour of the Agent required under the Loan Documents have been obtained and are in effect;

(ix) payoff letters from the respective agents for the lenders under the Existing Credit Agreements and the Existing Target Credit Agreement satisfactory in form and substance to the Agent evidencing that the Existing Credit Agreements and the Existing Target Credit Agreement have been or concurrently with the Closing Date are being terminated, all obligations thereunder are being paid in full, and all Liens securing obligations under the Existing Credit Agreements and the Existing Target Credit Agreement have been or concurrently with the Closing Date are being released;

(x) the Security Documents and certificates evidencing any stock being pledged thereunder, together with undated stock powers executed in blank, each duly executed by the applicable Loan Parties;

(xi) all other Loan Documents, each duly executed by the applicable Loan Parties;

(xii) (A) appraisals (based on net liquidation value) by a third party appraiser acceptable to the Agent of all Inventory of the Loan Parties as requested by the Agent, the results of which are satisfactory to the Agent and (B) a written report regarding the results of a commercial finance examination of the Loan Parties, which shall be satisfactory to the Agent;

(xiii) results of searches or other evidence reasonably satisfactory to the Agent (in each case dated as of a date reasonably satisfactory to the Agent) indicating the absence of Liens on the assets of the Loan Parties, except for Permitted Encumbrances and Liens for which termination statements and releases, satisfactions and discharges of any mortgages, and releases or subordination agreements satisfactory to the Agent are being tendered concurrently with such extension of credit or other arrangements satisfactory to the Agent for the delivery of such termination statements and releases, satisfactions and discharges have been made;

(xiv) (A) all documents and instruments, including PPSA and UCC (to the extent applicable) financing statements, and CCWQ filings required by law or reasonably requested by the Agent to be filed, registered or recorded to create or perfect the first priority Liens intended to be created under the Loan Documents and all such documents and instruments shall have been so filed, registered or recorded to the satisfaction of the Agent, (B) the DDA Notifications, Credit Card Notifications, and Blocked Account Agreements required pursuant to Section 6.13 hereof, (C) control agreements with respect to the Loan Parties' securities and investment accounts, and (D) Collateral Access Agreements as required by the Agent;

(xv) a duly completed Perfection Certificate signed by a Responsible Officer of the Lead Borrower.

(xvi) such other assurances, certificates, documents, consents or opinions as the Agent reasonably may require; and

(b) After giving effect to (i) the first funding under the Loans and (ii) any charges to the Loan Account made in connection with the establishment of the credit facility contemplated hereby, Availability shall be not less than C\$2,000,000.

(c) The Agent shall have received a Borrowing Base Certificate dated the Closing Date, relating to the week ended on July 13, 2013 and executed by a Responsible Officer of the Lead Borrower.

(d) The Agent shall be reasonably satisfied that any financial statements delivered to it fairly present the business and financial condition of the Loan Parties and that there has been no Material Adverse Effect since April 30, 2013.

(e) The Agent shall have received and be satisfied with the Borrower's Business Plan and such other information (financial or otherwise) reasonably requested by the Agent.

(f) The Agent shall have received evidence of a cash equity injection received by the Borrower from its shareholders, or funding by way of subordinated unsecured debt from its shareholders (subject to a subordination agreement to be entered into by such

shareholders and the Agent), in an amount not less than C\$11,000,000 on terms and subject to documentation acceptable to the Agent.

(g) There shall not be pending any litigation or other proceeding, the result of which, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

(h) There shall not have occurred any default of any Material Contract of any Loan Party.

(i) The consummation of the transactions contemplated hereby shall not violate any applicable Law or any Organization Document.

(j) All fees and expenses required to be paid to the Agent or the Arranger on or before the Closing Date shall have been paid in full, and all fees and expenses required to be paid to the Lenders on or before the Closing Date shall have been paid in full.

(k) The Borrowers shall have paid all fees, charges and disbursements of counsel to the Agent to the extent invoiced prior to or on the Closing Date, plus such additional amounts of such fees, charges and disbursements as shall constitute its reasonable estimate of such fees, charges and disbursements incurred or to be incurred by it through the Closing Date (provided that such estimate shall not thereafter preclude a final settling of accounts between the Borrowers and the Agent).

(l) The Agent and the Lenders shall have received all documentation and other information required by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including without limitation the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada)* and the Patriot Act.

(m) No material changes in governmental regulations or policies affecting any Loan Party or any Credit Party shall have occurred prior to the Closing Date.

(n) There shall not have occurred any disruption or material adverse change in the Canadian or United States financial or capital markets in general that has had, in the reasonable opinion of the Agent, a material adverse effect on the market for loan syndications or adversely affecting the syndication of the Loans.

(o) The Agent and the Lenders shall have received a pro forma Combined opening balance sheet of the Loan Parties as though the Acquisition contemplated by the Acquisition Agreement and all steps in the Steps Memo had been completed.

(p) The Agent and the Lenders shall have received complete and correct copies of the Acquisition Documents, duly executed and delivered by the respective parties thereto, in full force and effect and in form and substance reasonably satisfactory to the Agent and the Lenders.

(q) The Agent and the Lenders shall be satisfied that all of the closing conditions in the Acquisition Agreement have been satisfied without recourse to any provision permitting the waiver by any party thereto of any condition, obligation, covenant or other requirements (except for any modification, supplement or waiver thereof that shall be satisfactory to the Agent and the Lenders).

(r) The ownership, corporate structure and senior management of each Borrower shall be acceptable to the Agent and the Lenders.

(s) The Closing Date shall have occurred on or before July 18, 2013. The Agent shall notify the Lead Borrower and the Lenders of the Closing Date, and such notice shall be conclusive and binding on the Loan Parties.

Without limiting the generality of the provisions of Section 9.04, for purposes of determining compliance with the conditions specified in this Section 4.01, each Lender that has signed this Agreement shall be deemed to have Consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be Consented to or approved by or acceptable or satisfactory to a Lender unless the Agent shall have received notice from such Lender prior to the proposed Closing Date specifying its objection thereto.

4.02 Conditions to all Borrowings. The obligation of each Lender to honour any Request for Borrowing (other than a Committed Loan Notice requesting only a conversion of Committed Revolving Loans to the other Type) is subject to the following conditions precedent:

(a) The representations and warranties of each other Loan Party contained in Article V or in any other Loan Document, or which are contained in any document furnished at any time under or in connection herewith or therewith, shall be true and correct in all respects on and as of the date of such Borrowing, except (i) to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct as of such earlier date, and (ii) for purposes of this Section 4.02, the representations and warranties contained in subsections (a) and (b) of Section 5.05 shall be deemed to refer to the most recent statements furnished pursuant to clauses (a) and (b), respectively, of Section 6.01;

(b) No Default or Event of Default shall exist, or would result from such proposed Borrowing or from the application of the proceeds thereof;

(c) The Agent shall have received a Request for Borrowing in accordance with the requirements hereof;

(d) No event or circumstance which could reasonably be expected to result in a Material Adverse Effect shall have occurred; and

(e) No Overadvance shall result from such Borrowing.

Each Request for Borrowing (other than a Committed Loan Notice requesting only a conversion of Committed Revolving Loans to the other Type) submitted by the Borrower shall be deemed to be a representation and warranty by the Borrowers that the conditions specified in Sections 4.02(a) and (b) have been satisfied on and as of the date of the applicable Borrowing. The conditions set forth in this Section 4.02 are for the sole benefit of the Credit Parties but until the Required Revolving Lenders otherwise direct the Agent to cease making Committed Revolving Loans, the Revolving Lenders will fund their Applicable Percentage of all Committed Revolving Loans, which are requested by the Lead Borrower and which, notwithstanding the failure of the Loan Parties to comply with the provisions of this Article IV, agreed to by the Agent; provided, however, the making of any such Loans shall not be deemed a modification or waiver by any Credit Party of the provisions of this Article IV on any future occasion or a waiver of any rights or the Credit Parties as a result of any such failure to comply.

ARTICLE V
REPRESENTATIONS AND WARRANTIES

To induce the Credit Parties to enter into this Agreement and to make Loans hereunder, each Loan Party represents and warrants to the Agent and the other Credit Parties that:

5.01 Existence, Qualification and Power. Each Loan Party and each Subsidiary thereof (a) is a corporation, unlimited liability company, partnership or limited partnership, duly incorporated, organized or formed, validly existing and, where applicable, in good standing under the Laws of the jurisdiction of its incorporation, organization, or formation, (b) has all requisite power and authority and all requisite governmental licenses, permits, authorizations, consents and approvals to (i) own or lease its assets and carry on its business and (ii) execute, deliver and perform its obligations under the Loan Documents to which it is a party, and (c) is duly qualified and is licensed and, where applicable, in good standing under the Laws of each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification or license; except in each case referred to in clause (b)(i) or (c), to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect. Schedule 5.01 annexed hereto sets forth, as of the Closing Date, each Loan Party's name as it appears in official filings in its jurisdiction of incorporation, organization or formation, its jurisdiction of incorporation, organization, or formation, the location of such Loan Party's chief executive office and domicile (if applicable, and as defined in the CCQ), organization type, organization number, if any, issued by its jurisdiction of incorporation, organization or formation, and its federal employer identification number (if applicable).

5.02 Authorization; No Contravention. The execution, delivery and performance by each Loan Party of each Loan Document to which such Person is or is to be a party has been duly authorized by all necessary corporate or other organizational action, and does not and will not (a) contravene the terms of any of such Person's Organization Documents; (b) conflict with or result in any breach, termination, or contravention of, or constitute a default under, or require any payment to be made under (i) any Material Contract or any Material Indebtedness to which such Person is a party or affecting such Person or the properties of such Person or any of its Subsidiaries or (ii) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Person or its property is subject; (c) result in or require the creation of any Lien upon any asset of any Loan Party (other than Liens in favour of the Agent under the Security Documents); or (d) violate any Law.

5.03 Governmental Authorization; Other Consents. No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with the execution, delivery or performance by, or enforcement against, any Loan Party of this Agreement or any other Loan Document, except for (a) the perfection or maintenance of the Liens created under the Security Documents (including the first priority nature thereof) or (b) such as have been obtained or made and are in full force and effect.

5.04 Binding Effect. This Agreement has been, and each other Loan Document, when delivered, will have been, duly executed and delivered by each Loan Party that is party thereto. This Agreement constitutes, and each other Loan Document when so delivered will constitute, a legal, valid and binding obligation of such Loan Party, enforceable against each Loan Party that is party thereto in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

5.05 Financial Statements; No Material Adverse Effect.

(a) The Audited Financial Statements (i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein; (ii) fairly present the financial condition of the Financial Statement

Parties as of the date thereof and their results of operations for the period covered thereby in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein; and (iii) show all Material Indebtedness and other liabilities, direct or contingent, of the Financial Statement Parties as of the date thereof, including liabilities for taxes, material commitments and Indebtedness. To the knowledge of the Loan Parties, the Target Financial Statements (i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein; (ii) fairly present the Combined financial condition of the Target and its Subsidiaries as of the date thereof and their results of operations for the period covered thereby in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein; and (iii) show all Material Indebtedness and other liabilities, direct or contingent, of the Target and its Subsidiaries as of the date thereof, including liabilities for taxes, material commitments and Indebtedness.

(b) The unaudited Combined balance sheet of the Financial Statement Parties dated April 30, 2013 and the related Combined statements of income or operations for the eight months ended on that date (i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein, and (ii) fairly present the financial condition of the Financial Statement Parties as of the date thereof and their results of operations for the period covered thereby, subject, in the case of clauses (i) and (ii), to the absence of footnotes and to normal year-end audit adjustments. Schedule 5.05 sets forth all Material Indebtedness and other liabilities, direct or contingent, of the Loan Parties and their Subsidiaries as of the date of such financial statements, including liabilities for taxes, material commitments and Material Indebtedness.

(c) Since the date of the Audited Financial Statements, there has been no event or circumstance, either individually or in the aggregate, that has had or could reasonably be expected to have a Material Adverse Effect.

(d) To the best knowledge of the Borrowers, no Internal Control Event exists or has occurred since the date of the Audited Financial Statements that has resulted in or could reasonably be expected to result in a misstatement in any material respect, (i) in any financial information delivered or to be delivered to the Agent or the Lenders, (ii) of the Borrowing Base – Revolving Credit, the Borrowing Base – Term Loan A or the Borrowing Base – Term Loan B, (iii) of covenant compliance calculations provided hereunder or (iv) of the assets, liabilities, financial condition or results of operations of the Financial Statement Parties on a Combined basis.

(e) The Combined pro forma balance sheet of the Financial Statement Parties as at April 30, 2013, and the related Combined pro forma statements of income of the Financial Statement Parties for the seven months then ended, certified by the chief financial officer of the Lead Borrower, copies of which have been furnished to each Lender, fairly present the Combined pro forma financial condition of the Financial Statement Parties as at such date and the Combined pro forma results of operations of the Financial Statement Parties for the period ended on such date, all in accordance with GAAP.

(f) The Combined forecasted balance sheet and statements of income and supplemental cash flow statements of the Financial Statement Parties delivered pursuant to Section 6.01(d) and the Business Plan were prepared in good faith on the basis of the assumptions stated therein, which assumptions were fair in light of the conditions existing at the time of delivery of such forecasts, and represented, at the time of delivery, the Loan Parties' best estimate of its future financial performance.

(g) The pro forma Combined opening balance sheet of the Loan Parties delivered to Agent pursuant to Section 4.01(o) were prepared in good faith on the basis that the Acquisition contemplated by the Acquisition Agreement and all steps in the Steps Memo had been completed.

5.06 Litigation. There are no actions, suits, proceedings, claims or disputes pending or, to the knowledge of the Loan Parties after due and diligent investigation, threatened or contemplated, at law, in equity, in arbitration or before any Governmental Authority, by or against any Loan Party or any of its Subsidiaries or against any of its properties or revenues that (a) purport to affect or pertain to this Agreement or any other Loan Document, or any of the transactions contemplated hereby, or (b) except as specifically disclosed in Schedule 5.06, either individually or in the aggregate, if determined adversely, could reasonably be expected to have a Material Adverse Effect, and since the Closing Date, there has been no adverse change in the status, or financial effect on any Loan Party or any Subsidiary thereof, of the matters described on Schedule 5.06.

5.07 No Default. No Loan Party or any Subsidiary is in default under or with respect to, or party to, any Material Contract or any Material Indebtedness. No Default or Event of Default has occurred and is continuing or would result from the consummation of the transactions contemplated by this Agreement or any other Loan Document.

5.08 Ownership of Property; Liens.

(a) Each of the Loan Parties and each Subsidiary thereof has good record and marketable title in fee simple to or valid leasehold interests in, all Real Estate necessary or used in the ordinary conduct of its business, except for such defects in title as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Each of the Loan Parties and each Subsidiary has good and marketable title to, valid leasehold interests in, or valid licenses to use all personal property and assets material to the ordinary conduct of its business.

(b) Schedule 5.08(b)(1) sets forth the complete address of all Real Estate that is owned by the Loan Parties, together with a list of the holders of any mortgage or other Lien thereon as of the Closing Date. Each Loan Party and each of its Subsidiaries has good, marketable and insurable fee simple title to the Real Estate owned by such Loan Party or such Subsidiary, free and clear of all Liens, other than Permitted Encumbrances. Schedule 5.08(b)(2) sets forth the complete address of all Leases of the Loan Parties, together with a list of the lessor and its contact information with respect to each such Lease as of the Closing Date. Each of such Leases is in full force and effect and the Loan Parties are not in default of the terms thereof.

(c) Schedule 7.01 sets forth a complete and accurate list of all Liens on the property or assets of each Loan Party and each of its Subsidiaries, showing as of the Closing Date the lienholder thereof, the principal amount of the obligations secured thereby and the property or assets of such Loan Party or such Subsidiary subject thereto. The property of each Loan Party and each of its Subsidiaries is subject to no Liens, other than Permitted Encumbrances.

(d) Schedule 7.02 sets forth a complete and accurate list of all Investments held by any Loan Party or any Subsidiary of a Loan Party on the Closing Date, showing as of the Closing Date the amount, obligor or issuer and maturity, if any, thereof.

(e) Schedule 7.03 sets forth a complete and accurate list of all Indebtedness of each Loan Party or any Subsidiary of a Loan Party on the Closing Date, showing as of the Closing Date the amount, obligor or issuer and maturity thereof.

(f) Schedule 7.04 set forth a list of locations where each Loan Party's inventory and equipment (other than inventory or equipment in transit) and books and records concerning the Collateral are kept (which Schedule 7.04 shall be promptly updated by the Loan Parties upon notice to Agent as permanent Collateral locations change). Each Loan Party that keeps records in the Province of Quebec relating to Collateral keeps a duplicate copy thereof at a location outside the Province of Quebec, as listed on Schedule 7.04.

5.09 Environmental Compliance.

(a) No Loan Party or any Subsidiary thereof (i) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) has become subject to any Environmental Liability, (iii) has received notice of any claim with respect to any Environmental Liability or (iv) knows of any basis for any Environmental Liability, except, in each case, as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(b) None of the properties currently or formerly owned or operated by any Loan Party or any Subsidiary thereof is listed or proposed for listing on any list of properties containing Hazardous Materials maintained by any Governmental Authority or, to the knowledge of the Loan Parties, is adjacent to any such property; there are no and never have been any underground or above-ground storage tanks or any surface impoundments, septic tanks, pits, sumps or lagoons in which Hazardous Materials are being or have been treated, stored or disposed on any property currently owned or operated by any Loan Party or any Subsidiary thereof or, to the best of the knowledge of the Loan Parties, on any property formerly owned or operated by any Loan Party or Subsidiary thereof; there is no asbestos or asbestos-containing material on any property currently owned or operated by any Loan Party or Subsidiary thereof; and Hazardous Materials have not been released, discharged or disposed of on any property currently or formerly owned or operated by any Loan Party or any Subsidiary thereof.

(c) No Loan Party or any Subsidiary thereof is undertaking, and no Loan Party or any Subsidiary thereof has completed, either individually or together with other potentially responsible parties, any investigation or assessment or remedial or response action relating to any actual or threatened release, discharge or disposal of Hazardous Materials at any site, location or operation, either voluntarily or pursuant to the order of any Governmental Authority or the requirements of any Environmental Law; and all Hazardous Materials generated, used, treated, handled or stored at, or transported to or from, any property currently or formerly owned or operated by any Loan Party or any Subsidiary thereof have been disposed of in a manner not reasonably expected to result in material liability to any Loan Party or any Subsidiary thereof.

5.10 Insurance. The properties of the Loan Parties and their Subsidiaries are insured with financially sound and reputable insurance companies which are not Affiliates of the Loan Parties, in such amounts, with such deductibles and covering such risks (including, without limitation, workmen's compensation, public liability, business interruption and property damage insurance) as are customarily carried by companies engaged in similar businesses and owning similar properties in localities where the Loan Parties or the applicable Subsidiary operates. Schedule 5.10 sets forth a description of all insurance maintained by or on behalf of the Loan Parties and their Subsidiaries as of the Closing Date. Each insurance

policy listed on Schedule 5.10 is in full force and effect and all premiums in respect thereof that are due and payable have been paid. The insurance maintained by the Loan Parties and their Subsidiaries does not include store-level theft insurance, but theft insurance is maintained in respect of each manufacturing and distribution facility.

5.11 Taxes. Except as set forth in Schedule 5.11, the Loan Parties and their Subsidiaries have filed all Federal, provincial, territorial, state and other material tax returns and reports required to be filed, and have paid all Taxes levied or imposed upon them or their properties, income or assets otherwise due and payable, except those which are being contested in good faith by appropriate proceedings being diligently conducted, for which adequate reserves have been provided in accordance with GAAP, as to which Taxes no Lien has been filed and which contest effectively suspends the collection of the contested obligation and the enforcement of any Lien securing such obligation. There is no proposed tax assessment against any Loan Party or any Subsidiary that would, if made, have a Material Adverse Effect.

5.12 Pension Plans. Schedule 5.12 lists all Benefit Plans maintained or contributed to by each Loan Party. No Loan Party maintains any Pension Plan.

5.13 Subsidiaries; Equity Interests. The Loan Parties have no Subsidiaries other than those specifically disclosed in Part (a) of Schedule 5.13, which Schedule sets forth the legal name, jurisdiction of incorporation or formation and authorized Equity Interests of the Loan Parties and each such Subsidiary (both before and immediately following the Acquisition contemplated by the Acquisition Agreement and the completion of all steps in the Steps Memo). All of the outstanding Equity Interests in such Subsidiaries have been validly issued, are fully paid and non-assessable and are owned by a Loan Party (or a Subsidiary of a Loan Party) in the amounts specified on Part (a) of Schedule 5.13 free and clear of all Liens except for those created under the Security Documents. Except as set forth in Schedule 5.13, there are no outstanding rights to purchase any Equity Interests in any Loan Party or Subsidiary. The Loan Parties have no equity investments in any other corporation or entity other than those specifically disclosed in Part(b) of Schedule 5.13 (both before and immediately following the Acquisition contemplated by the Acquisition Agreement and the completion of all steps in the Steps Memo). All of the outstanding Equity Interests in the Loan Parties have been validly issued, and are fully paid and non-assessable and are owned in the amounts specified on Part (c) of Schedule 5.13 free and clear of all Liens except for those created under the Security Documents. The copies of the Organization Documents of each Loan Party and each amendment thereto provided pursuant to Section 4.01 are true and correct copies of each such document, each of which is valid and in full force and effect.

5.14 Reserved.

5.15 Disclosure. Each Loan Party has disclosed to the Agent and the Lenders all agreements, instruments and corporate or other restrictions to which it or any of its Subsidiaries is subject, and all other matters known to it, that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect. No report, financial statement, certificate or other information furnished (whether in writing or orally) by or on behalf of any Loan Party to the Agent or any Lender in connection with the transactions contemplated hereby and the negotiation of this Agreement or delivered hereunder or under any other Loan Document (in each case, as modified or supplemented by other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, with respect to projected financial information, the Loan Parties represent only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time.

5.16 Compliance with Laws. Each of the Loan Parties and each Subsidiary is in compliance (a) in all material respects with the requirements of all Laws and all orders, writs, injunctions and decrees applicable to it or to its properties, except in such instances in which (i) such requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted or

(ii) the failure to comply therewith, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect, and (b) with Sections 10.17 and 10.18 hereof.

5.17 Intellectual Property; Licenses, Etc. The Loan Parties and their Subsidiaries own, or possess the right to use, all of the Intellectual Property, licenses, permits and other authorizations that are reasonably necessary for the operation of their respective businesses, without conflict with the rights of any other Person. To the best knowledge of the Lead Borrower, no slogan or other advertising device, product, process, method, substance, part or other material now employed, or now contemplated to be employed, by any Loan Party or any Subsidiary infringes upon any rights held by any other Person. Except as specifically disclosed in Schedule 5.17, no claim or litigation regarding any of the foregoing is pending or, to the best knowledge of the Lead Borrower, threatened, which, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

5.18 Labour Matters. There are no strikes, lockouts, slowdowns or other material Labour disputes against any Loan Party or any Subsidiary thereof pending or, to the knowledge of any Loan Party, threatened. The hours worked by and payments made to employees of the Loan Parties comply with all applicable federal, provincial, territorial, state, local or foreign Law dealing with such matters. All payments due from any Loan Party and its Subsidiaries, or for which any claim may be made against any Loan Party or any of its Subsidiaries, on account of wages and employee health and welfare insurance and other benefits, have been paid or properly accrued in accordance with GAAP as a liability on the books of such Loan Party. Except as set forth on Schedule 5.18, no Loan Party or any Subsidiary is a party to or bound by any collective bargaining agreement, management agreement, employment agreement, bonus, restricted stock, stock option, or stock appreciation plan or agreement or any similar plan, agreement or arrangement. There are no representation or union certification proceedings pending or, to any Loan Party's knowledge, threatened to be filed with any applicable labour relations board, organization or similar Governmental Authority, and no labour organization or group of employees of any Loan Party or any Subsidiary has made a pending demand for recognition or certification. There are no complaints, unfair labour practice charges, grievances, arbitrations, unfair employment practices charges or any other claims or complaints against any Loan Party or any Subsidiary pending or, to the knowledge of any Loan Party, threatened to be filed with any Governmental Authority or arbitrator based on, arising out of, in connection with, or otherwise relating to the employment or termination of employment of any employee of any Loan Party or any of its Subsidiaries. The consummation of the transactions contemplated by the Loan Documents will not give rise to any right of termination or right of renegotiation on the part of any union under any collective bargaining agreement to which any Loan Party or any of its Subsidiaries is bound.

5.19 Security Documents.

(a) The Security Agreement creates in favour of the Agent, for the benefit of the Secured Parties referred to therein, a legal, valid, continuing and enforceable security interest in the Collateral (as defined in the Security Agreement), the enforceability of which is subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law. The financing statements, releases and other filings are in appropriate form and have been or will be filed in the offices specified in Schedule II of the Security Agreement. Upon such filings and/or the obtaining of "control" (as defined in the PPSA), the Agent will have a perfected Lien on, and security interest in, to and under all right, title and interest of the grantors thereunder in all Collateral that may be perfected by filing, recording or registering a financing statement or analogous document (including without limitation the proceeds of such Collateral subject to the limitations relating to such proceeds in the PPSA) or by obtaining control, under the PPSA (in effect on the date this representation is made) in each case prior and superior in right to any other Person.

(b) When the Security Agreement (or a short form thereof) is filed in the Canadian Intellectual Property Office, the United States Patent and Trademark Office and the United States Copyright Office and when financing statements, releases and other filings in appropriate form are filed in the offices specified in Schedule II of the Security Agreement, the Agent shall have a fully perfected Lien on, and security interest in, all right, title and interest of the applicable Loan Parties in the Intellectual Property (as defined in the Security Agreement) in which a security interest may be perfected by filing, recording or registering a security agreement, financing statement or analogous document in the Canadian Intellectual Property Office, the United States Patent and Trademark Office or the United States Copyright Office, as applicable, in each case prior and superior in right to any other Person (it being understood that subsequent recordings in the Canadian Intellectual Property Office, the United States Patent and Trademark Office and the United States Copyright Office may be necessary to perfect a Lien on registered trademarks, trademark applications and copyrights acquired by the Loan Parties after the Closing Date).

5.20 Solvency. After giving effect to the Target Acquisition and the other transactions contemplated by this Agreement, and before and after giving effect to each Borrowing, the Loan Parties, on a Combined basis, are Solvent. No transfer of property has been or will be made by any Loan Party and no obligation has been or will be incurred by any Loan Party in connection with the transactions contemplated by this Agreement or the other Loan Documents with the intent to hinder, delay, or defraud either present or future creditors of any Loan Party.

5.21 Deposit Accounts; Credit Card Arrangements.

(a) Annexed hereto as Schedule 5.21(a) is a list of all DDAs maintained by the Loan Parties as of the Closing Date, which Schedule includes, with respect to each DDA (i) the name and address of the depository; (ii) the account number(s) maintained with such depository; (iii) a contact person at such depository, and (iv) the identification of each Blocked Account Bank.

(b) Annexed hereto as Schedule 5.21(b) is a list describing all arrangements as of the Closing Date to which any Loan Party is a party with respect to the processing and/or payment to such Loan Party of the proceeds of any credit card charges and debit card charges for sales made by such Loan Party.

5.22 Brokers. Except as disclosed in Schedule 5.22, no broker or finder brought about the obtaining, making or closing of the Loans or transactions contemplated by the Loan Documents, and no Loan Party or Affiliate thereof has any obligation to any Person in respect of any finder's or brokerage fees in connection therewith.

5.23 Customer and Trade Relations. There exists no actual or, to the knowledge of any Loan Party, threatened, termination or cancellation of, or any material adverse modification or change in the business relationship of any Loan Party with any supplier material to its operations.

5.24 Material Contracts. Schedule 5.24 sets forth all Material Contracts to which any Loan Party is a party or is bound as of the Closing Date. The Loan Parties have delivered true, correct and complete copies of such Material Contracts to the Agent on or before the Closing Date. The Loan Parties are not in breach or in default in any material respect of or under any Material Contract and have not received any notice of the intention of any other party thereto to terminate any Material Contract.

5.25 Casualty. Neither the businesses nor the properties of any Loan Party or any of its Subsidiaries are affected by any fire, explosion, accident, strike, lockout or other labour dispute, drought, storm, hail, earthquake, embargo, act of God or of the public enemy or other casualty (whether or not

covered by insurance) that, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

5.26 Acquisition.

(a) (i) No Loan Party nor, to the best knowledge of each Loan Party, any other party to any Acquisition Document is in default of any of its material obligations under such Acquisition Document, (ii) all written information with respect to the Target Acquisition and the business and assets to be acquired in connection with the Target Acquisition furnished to the Agent by any Loan Party or on behalf of any Loan Party, was, at the time the same were so furnished, complete and correct in all material respects, or has been subsequently supplemented by other written information, to the extent necessary to give the Agent and Lenders a true and accurate knowledge of the subject matter of each of them in relation to the Target Acquisition and the business and assets to be acquired in connection with the Target Acquisition, in all material respects, (iii) no representation, warranty or statement made by any Loan Party or, to the best knowledge of each Loan Party, any other party to any Acquisition Document, at the time they were made in any Acquisition Document, or any agreement, certificate, statement or document required to be delivered pursuant to any Acquisition Document, contains any untrue statement of material fact or omits to state a material fact necessary in order to make the statements contained in such Acquisition Documents not misleading in light of the circumstances in which they were made, and (iv) after giving effect to the transactions contemplated by this Agreement, the Acquisition Agreement and the other Acquisition Documents and Loan Documents, the Lead Borrower will have good title to the equity securities, shareholder loans and other assets to be purchased pursuant to the Acquisition Documents, free and clear of all Liens other than Permitted Encumbrances.

(b) The Loan Parties did not and will not incur or assume any liabilities or obligations pursuant to or in connection with the Acquisition other than those liabilities and obligations set forth on Schedule 5.26 hereto.

(c) The Loan Parties have delivered to the Agent a complete and correct copy of each Acquisition Document, including all schedules and exhibits thereto. Such Acquisition Documents sets forth the entire agreement and understanding of the parties thereto relating to the subject matter thereof, and there are no other agreements, arrangements or understandings, written or oral, relating to the matters covered thereby. The execution, delivery and performance of each such Acquisition Document has been duly authorized by all necessary action (including, without limitation, the obtaining of any consent of shareholders or other holders of Equity Interests or Indebtedness of each Person party thereto as required by law or by any applicable corporate or other organizational documents) on the part of each such Person. No authorization or approval or other action by, and no notice to filing with or license from, any Governmental Authority is required for the consummation of the transactions contemplated by the Acquisition Documents other than such as have been obtained on or prior to the Closing Date. Each Acquisition Document is the legal, valid and binding obligation of each Loan Party thereto and, to the best knowledge of any Loan Party, the other parties thereto, enforceable against such parties in accordance with its terms.

(d) All aspects of the transactions contemplated by the Acquisition Documents have been effected in all material respects in accordance with terms of the Acquisition Documents and applicable Law. At the time of consummation thereof, all consents and approvals of, and filings and registrations with, and all other actions in respect of, all Government Authorities required in order to consummate the transactions in accordance with

the terms of the Acquisition Documents and all applicable Laws shall have been obtained, given, filed or taken and are in full force and effect (or effective judicial relief with respect thereto has been obtained). Additionally, at the time of consummation thereof, there does not exist any judgment, order or injunction prohibiting or imposing material adverse conditions upon the consummation of the transactions contemplated by the Acquisition Documents.

5.27 Business Plan. The Borrowers are operating their business in all material respects in a manner consistent with the Business Plan most recently delivered pursuant to Section 6.01(c) and accepted by the Agent in its Permitted Discretion.

5.28 Personally Identifiable Information. Borrowers maintain a policy for the treatment, handling and storage of consumer information and personally identifiable information in accordance with applicable Laws and a true, accurate and complete copy of the current version thereof has been provided to the Agent.

5.29 Anti-Bribery/Anti-Corruption. Each of the Loan Parties is now and at all times has been in compliance with all applicable anti-bribery or anti-corruption laws, and will remain in compliance with such laws. No Loan Party will authorize, offer or make payments directly or indirectly to any Person that would result in a violation of any applicable anti-bribery or anticorruption laws. No part of the proceeds of the Loans will be used by the Loan Parties, directly or indirectly, (i) for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended or in violation of the *Corruption of Foreign Public Officials Act* (Canada), as amended; or (ii) for any purpose that could constitute a violation of applicable anti-bribery or anti-corruption laws in Canada, the United States or any other applicable jurisdiction.

5.30 The Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada). The Lead Borrower is in compliance with the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) (the "PCMLTFA") and all applicable regulations thereunder. Without limiting the generality of the foregoing, the Lead Borrower has written anti-money laundering/anti-terrorist financing compliance policies and procedures in place (an "AML Program") which reflect the legislative requirements of the PCMLTFA and the regulations thereunder and which: (i) are up to date and have been approved by a senior officer (as defined in the PCMLTFA) of the Lead Borrower, (ii) assess and document the money laundering/terrorist financing risks of the Lead Borrower taking into consideration : (a) its clients and business relationships; (b) its products and delivery channels; (c) the geographic location of its activities, and (d) any other relevant factors, and (iii) include provisions in respect of filing large cash transactions and suspicious transactions, keeping required records and ascertaining identity of customers. The AML Program also includes a written ongoing compliance training program for all employees, agents or other persons authorized to act on the Lead Borrower's behalf. The Lead Borrower institutes and documents a review of its AML Program to test its effectiveness every two years.

ARTICLE VI AFFIRMATIVE COVENANTS

So long as any Lender shall have any Commitment hereunder, any Loan or other Obligation hereunder shall remain unpaid or unsatisfied (other than contingent indemnification obligations for which a claim has not been asserted), the Loan Parties shall, and shall (except in the case of the covenants set forth in Sections 6.01, 6.02, and 6.03) cause each Subsidiary to:

6.01 Financial Statements. Deliver to the Agent, in form and detail satisfactory to the Agent:

(a) as soon as available, but in any event within 120 days after the end of each Fiscal Year of the Lead Borrower (commencing with the Fiscal Year ended 2013), a Combined balance sheet of the Financial Statement Parties as at the end of such Fiscal Year, and the related Combined statements of income or operations for such Fiscal Year, setting forth in each case in comparative form the figures for the previous Fiscal Year, all in reasonable detail and prepared in accordance with GAAP, such Combined statements to be audited and accompanied by a report and unqualified opinion of an Accounting Firm of nationally recognized standing reasonably acceptable to the Agent, which report and opinion shall be prepared in accordance with generally accepted auditing standards and shall not be subject to any "going concern" or like qualification or exception or any qualification or exception as to the scope of such audit; and such statements to be certified by a Responsible Officer of the Lead Borrower to the effect that such statements are fairly stated in all material respects when considered in relation to the Combined financial statements of the Financial Statement Parties;

(b) [Reserved];

(c) as soon as available, but in any event within 30 days after the end of each of the Fiscal Months of each Fiscal Year of the Financial Statement Parties (commencing with the Fiscal Month ended June 30, 2013), a Combined balance sheet of the Financial Statement Parties as at the end of such Fiscal Month, and the related Combined statements of income or operations and supplemental cash flow information as requested by Lender for such Fiscal Month, and for the portion of the Financial Statement Parties' Fiscal Year then ended, setting forth in each case in comparative form the figures for (A) such period set forth in the projections delivered pursuant to Section 6.01(d) hereof, (B) beginning with the Combined statements for the period ending August 31, 2013, the corresponding Fiscal Month of the previous Fiscal Year and (C) beginning with the Combined statements for the period ending August 31, 2013, the corresponding portion of the previous Fiscal Year, all in reasonable detail, such statements to be certified by a Responsible Officer of the Lead Borrower as fairly presenting the financial condition, results of operations and supplemental cash flow information as requested by Lender of the Financial Statement Parties as of the end of such Fiscal Month in accordance with GAAP, subject only to normal year-end audit adjustments and the absence of footnotes and such statements to be certified by a Responsible Officer of the Lead Borrower to the effect that such statements are fairly stated in all material respects when considered in relation to the financial statements of the Financial Statement Parties;

(d) as soon as available, but in any event at least 30 days before the end of each Fiscal Year of the Financial Statement Parties, the Business Plan of the Financial Statement Parties and its Subsidiaries on a monthly basis for the immediately following Fiscal Year (including the Fiscal Year in which the Maturity Date occurs), and as soon as available, any significant revisions to the Business Plan with respect to such Fiscal Year.

6.02 Certificates; Other Information. Deliver to the Agent in form and detail satisfactory to the Agent:

(a) concurrently with the delivery of the financial statements referred to in Section 6.01(a), a certificate of its Accounting Firm certifying such financial statements and stating that in making the examination necessary for their certification of such financial statements, such Accounting Firm has not obtained any knowledge of the existence of any Default or Event of Default or, if any such Default or Event of Default shall exist, stating the nature and status of such event;

(b) concurrently with the delivery of the financial statements referred to in Sections 6.01(a) and 6.01(c) (commencing with the delivery of the financial statements for the Fiscal Month ended June 30, 2013), a duly completed Compliance Certificate signed by a Responsible Officer of the Lead Borrower, and in the event of any change in generally accepted accounting principles used in the preparation of such financial statements, the Lead Borrower shall also provide a statement of reconciliation conforming such financial statements to GAAP;

(c) on the Wednesday of each Fiscal Week (or, if such day is not a Business Day, on the next succeeding Business Day), a Borrowing Base Certificate showing the Borrowing Base – Revolving Credit (and in respect of the Borrowing Base Certificate delivered on the first Tuesday of each Fiscal Month, the Borrowing Base – Term Loan A and Borrowing Base – Term Loan B) as of the close of business as of the last day of the immediately preceding week (provided that the Appraised Value percentage applied to the Eligible Inventory set forth in each Borrowing Base Certificate shall be the percentage set forth in the most recent appraisal obtained by the Agent pursuant to Section 6.10 hereof for the applicable month in which such Borrowing Base Certificate is delivered), each Borrowing Base Certificate to be certified as complete and correct by a Responsible Officer of the Lead Borrower and accompanied by all applicable system generated documentation supporting the information contained within the Borrowing Base Certificate, including but not limited to inventory reporting inclusive of inventory mix by category and/or department and, where applicable, accounts receivable detail documentation and any additional documentation reasonably requested by the Agent;

(d) promptly upon receipt, copies of any detailed audit reports, management letters or recommendations submitted to the board of directors (or the audit committee of the board of directors) of any Loan Party by its Accounting Firm in connection with the accounts or books of the Loan Parties or any Subsidiary, or any audit of any of them, including, without limitation, specifying any Internal Control Event;

(e) promptly after the same are available, copies of each annual report, proxy or financial statement or other report or communication sent to the stockholders of the Loan Parties, and copies of all annual, regular, periodic and special reports and registration statements which any Loan Party may file or be required to file with any securities commission or stock exchange, and in any case not otherwise required to be delivered to the Agent pursuant hereto;

(f) the financial and collateral reports described on Schedule 6.02 hereto, at the times set forth in such Schedule;

(g) promptly after the furnishing thereof, copies of any statement or report furnished to any holder of debt securities of any Loan Party or any Subsidiary thereof pursuant to the terms of any indenture, loan or credit or similar agreement and not otherwise required to be furnished to the Lenders pursuant to Section 6.01 or any other clause of this Section 6.02;

(h) as soon as available, but in any event within 30 days after the end of each Fiscal Year of the Loan Parties, a report summarizing the insurance coverage (specifying type, amount and carrier) in effect for each Loan Party and its Subsidiaries and containing such additional information as the Agent, or any Lender through the Agent, may reasonably specify;

(i) promptly after the Agent's request therefor, copies of all Material Contracts and documents evidencing Material Indebtedness;

(j) promptly, and in any event within five Business Days after receipt thereof by any Loan Party or any Subsidiary thereof, copies of each notice or other correspondence received from any securities commission or other Governmental Authority or any stock exchange concerning any proceeding with, or investigation or possible investigation or other inquiry by such Governmental Authority regarding financial or other operational results of any Loan Party or any Subsidiary thereof or any other matter which, if adversely determined, could reasonably be expected to have a Material Adverse Effect; and

(k) promptly, such additional information regarding the business affairs, financial condition or operations of any Loan Party or any Subsidiary, or compliance with the terms of the Loan Documents, as the Agent or any Lender may from time to time reasonably request.

6.03 Notices. Promptly notify the Agent:

(a) of the occurrence of any Default or Event of Default;

(b) of any matter that has resulted or could reasonably be expected to result in a Material Adverse Effect;

(c) of any breach or non-performance of, or any default under, a Material Contract or with respect to Material Indebtedness of any Loan Party or any Subsidiary thereof;

(d) of any dispute, litigation, investigation, proceeding or suspension between any Loan Party or any Subsidiary thereof and any Governmental Authority or the commencement of, or any material development in, any litigation or proceeding affecting any Loan Party or any Subsidiary thereof, including pursuant to any applicable Environmental Laws;

(e) of any material change in accounting policies or financial reporting practices by any Loan Party or any Subsidiary thereof;

(f) of any change in any Loan Party's senior executive officers;

(g) of the discharge by any Loan Party of its present Accounting Firm or any withdrawal or resignation by such Accounting Firm;

(h) of any collective bargaining agreement or other labour contract to which a Loan Party becomes a party, or the application for the certification of a collective bargaining agent;

(i) of the filing of any Lien for unpaid Taxes against any Loan Party;

(j) of any casualty or other insured damage to any material portion of the Collateral or the commencement of any action or proceeding for the taking of any interest in a material portion of the Collateral under power of expropriation or by condemnation or similar proceeding or if any material portion of the Collateral is damaged or destroyed;

(k) of any transaction of the nature contained in Article VII hereof; and

(l) of any failure by any Loan Party to pay rent at (i) any distribution centre or warehouse; or (ii) five percent (5)% or more of such Loan Party's locations or (iii) any of such Loan Party's locations if such failure continues for more than ten (10) days following the day on which such rent first came due and such failure would be reasonably likely to result in a Material Adverse Effect.

Each notice pursuant to this Section shall be accompanied by a statement of a Responsible Officer of the Lead Borrower setting forth details of the occurrence referred to therein and stating what action the Lead Borrower has taken and proposes to take with respect thereto. Each notice pursuant to Section 6.03(a) shall describe with particularity any and all provisions of this Agreement and any other Loan Document that have been breached.

6.04 Payment of Obligations. Pay and discharge as the same shall become due and payable, all its obligations and liabilities, including (a) all tax liabilities, assessments and governmental charges or levies upon it or its properties or assets, (b) all lawful claims (including, without limitation, claims of landlords, warehousemen, customs brokers, freight forwarders, consolidators and carriers) which, if unpaid, would by law become a Lien upon its property; and (c) all Indebtedness, as and when due and payable, but subject to any subordination provisions contained in any instrument or agreement evidencing such Indebtedness, except, in each case, where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings, (b) such Loan Party has set aside on its books adequate reserves with respect thereto in accordance with GAAP, (c) such contest effectively suspends collection of the contested obligation and enforcement of any Lien securing such obligation, (d) no Lien has been filed with respect thereto and (e) the failure to make payment pending such contest could not reasonably be expected to result in a Material Adverse Effect. Nothing contained herein shall be deemed to limit the rights of the Agent with respect to determining Reserves pursuant to this Agreement.

6.05 Preservation of Existence, Etc. Preserve, renew and maintain in full force and effect its legal existence and good standing under the Laws of the jurisdiction of its organization or formation except in a transaction permitted by Section 7.04 or 7.05; (b) take all reasonable action to maintain all rights, privileges, permits, licenses and franchises necessary or desirable in the normal conduct of its business, except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect; and (c) preserve or renew all of its Intellectual Property, except to the extent such Intellectual Property is no longer used or useful in the conduct of the business of the Loan Parties.

6.06 Maintenance of Properties. (a) Maintain, preserve and protect all of its material properties and equipment necessary in the operation of its business in good working order and condition, ordinary wear and tear excepted; and (b) make all necessary repairs thereto and renewals and replacements thereof except where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

6.07 Maintenance of Insurance.

(a) Maintain with financially sound and reputable insurance companies having an A.M. Best Rating of at least A-, insurance with respect to its properties and business against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business and operating in the same or similar locations or as is required by applicable Law, of such types and in such amounts as are customarily carried under similar circumstances by such other Persons and as are reasonably acceptable to the Agent.

(b) Cause fire and extended coverage policies maintained with respect to any Collateral to be endorsed or otherwise amended to include (i) a non-contributing mortgage clause (regarding improvements to Real Estate) and lenders' loss payable clause (regarding personal property), in form and substance satisfactory to the Agent, which endorsements or amendments shall provide that the insurer shall pay all proceeds otherwise payable to the

Loan Parties under the policies directly to the Agent, (ii) a provision to the effect that none of the Loan Parties, Credit Parties or any other Person shall be a co-Insurer and (iii) such other provisions as the Agent may reasonably require from time to time to protect the interests of the Credit Parties.

(c) Cause commercial general liability policies to be endorsed to name the Agent as an additional Insured.

(d) Cause business interruption policies to name the Agent as a loss payee and to be endorsed or amended to include (i) a provision that, from and after the Closing Date, the Insurer shall pay all proceeds otherwise payable to the Loan Parties under the policies directly to the Agent, (ii) a provision to the effect that none of the Loan Parties, the Agent, any Lender or any other Credit Party shall be a co insurer and (iii) such other provisions as the Agent may reasonably require from time to time to protect the interests of the Credit Parties.

(e) Cause each such policy referred to in this Section 6.07 to also provide that it shall not be canceled, modified or not renewed (i) by reason of nonpayment of premium except upon not less than ten (10) days' prior written notice thereof by the insurer to the Agent (giving the Agent the right to cure defaults in the payment of premiums) or (ii) for any other reason except upon not less than thirty (30) days' prior written notice thereof by the insurer to the Agent.

(f) Deliver to the Agent, prior to the cancellation, modification or non-renewal of any such policy of insurance, a copy of a renewal or replacement policy (or other evidence of renewal of a policy previously delivered to the Agent, including an Insurance binder) together with evidence satisfactory to the Agent of payment of the premium therefor.

(g) Maintain for themselves and their Subsidiaries, a Directors and Officers insurance policy, and a "Blanket Crime" policy including employee dishonesty, forgery or alteration, theft, disappearance and destruction, robbery and safe burglary, property, and computer fraud coverage with responsible companies in such amounts as are customarily carried by business entities engaged in similar businesses similarly situated, and will upon request by the Agent furnish the Agent certificates evidencing renewal of each such policy.

(h) Permit any representatives that are designated by the Agent to inspect the insurance policies maintained by or on behalf of the Loan Parties and to inspect books and records related thereto and any properties covered thereby.

(i) None of the Credit Parties, or their agents or employees shall be liable for any loss or damage insured by the insurance policies required to be maintained under this Section 6.07. Each Loan Party shall look solely to its insurance companies or any other parties other than the Credit Parties for the recovery of such loss or damage and such insurance companies shall have no rights of subrogation against any Credit Party or its agents or employees. If, however, the insurance policies do not provide waiver of subrogation rights against such parties, as required above, then the Loan Parties hereby agree, to the extent permitted by law, to waive their right of recovery, if any, against the Credit Parties and their agents and employees. The designation of any form, type or amount of insurance coverage by any Credit Party under this Section 6.07 shall in no event be deemed a representation, warranty or advice by such Credit Party that such insurance is adequate for the purposes of the business of the Loan Parties or the protection of their properties.

6.08 Compliance with Laws. Comply in all material respects with the requirements of all Laws and all orders, writs, injunctions and decrees applicable to it or to its business or property, except in such instances in which (a) such requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted and with respect to which adequate reserves have been set aside and maintained by the Loan Parties in accordance with GAAP; (b) such contest effectively suspends enforcement of the contested Laws, and (c) the failure to comply therewith could not reasonably be expected to have a Material Adverse Effect.

6.09 Books and Records; Accountants.

(a) (i) Maintain proper books of record and account, in which full, true and correct entries in conformity with GAAP consistently applied shall be made of all financial transactions and matters involving the assets and business of the Loan Parties or such Subsidiary, as the case may be; and (ii) maintain such books of record and account in material conformity with all applicable requirements of any Governmental Authority having regulatory jurisdiction over the Loan Parties or such Subsidiary, as the case may be.

(b) At all times retain an Accounting Firm which is reasonably satisfactory to the Agent and shall instruct such Accounting Firm to cooperate with, and be available to, the Agent or its representatives to discuss the Loan Parties' financial performance, financial condition, operating results, controls, and such other matters, within the scope of the retention of such Accounting Firm, as may be raised by the Agent.

6.10 Inspection Rights.

(a) Permit representatives and independent contractors of the Agent to visit and inspect any of its properties, to examine its corporate, financial and operating records, and make copies thereof or abstracts therefrom, and to discuss its affairs, finances and accounts with its directors, officers, and Accounting Firm, and permit the Agent or professionals (including investment bankers, consultants, accountants, and lawyers) retained by the Agent to conduct evaluations of the Business Plan, forecasts and cash flows, all at the expense of the Loan Parties and at such reasonable times during normal business hours and as often as may be reasonably desired, upon reasonable advance notice to the Lead Borrower; provided, however, that when a Default or Event of Default exists the Agent (or any of its representatives or independent contractors) may do any of the foregoing at the expense of the Loan Parties at any time during normal business hours and without advance notice. Notwithstanding the foregoing, the Borrowers acknowledge and agree that for a period of three months from the Closing Date (or such longer period as the Agent shall in its sole discretion require) the Agent has appointed Consensus Services LLC (or such replacement consultant as Agent may appoint in its Permitted Discretion) as a consultant to conduct such evaluations and that Borrower shall be responsible for the costs, fees and expenses (the "Consultant Costs") incurred by the Agent in respect of such appointment.

(b) Upon the request of the Agent after reasonable prior notice, permit the Agent or professionals (including investment bankers, consultants, accountants, and lawyers) retained by the Agent to conduct commercial finance examinations and other evaluations, including, without limitation, of (i) the Lead Borrower's practices in the computation of the Borrowing Base - Revolving Credit and (ii) the assets included in the Borrowing Base - Revolving Credit and related financial information such as, but not limited to, sales, gross margins, payables, accruals and reserves, and (ii) the Business Plan. The Loan Parties shall pay the fees and expenses of the Agent and such professionals with respect to such examinations and evaluations. Without limiting the foregoing, the Loan Parties acknowledge that the Agent may, in its Permitted Discretion, undertake up to two commercial finance

examinations each Fiscal Year at the Loan Parties' expense. Notwithstanding the foregoing, the Agent may cause additional commercial finance examinations to be undertaken (i) as it deems necessary or appropriate, at its own expense or, (ii) if required by Law, if a Default or Event of Default shall have occurred and be continuing or if the Agent determines, in its Permitted Discretion, that an additional commercial finance examination is required, at the expense of the Loan Parties.

(c) Upon the request of the Agent after reasonable prior notice, permit the Agent or professionals (including appraisers) retained by the Agent to conduct appraisals of the Collateral, including, without limitation, the assets included in the Borrowing Base – Revolving Credit. The Loan Parties shall pay the fees and expenses of the Agent and such professionals with respect to such appraisals. Without limiting the foregoing, the Loan Parties acknowledge that the Agent may, in its Permitted Discretion, undertake up to two inventory appraisals each Fiscal Year at the Loan Parties' expense. Notwithstanding the foregoing, the Agent may cause additional appraisals to be undertaken (i) as it deems necessary or appropriate, at its own expense or, (ii) if required by Law, if a Default or Event of Default shall have occurred and be continuing or if the Agent determines, in its Permitted Discretion, that an additional appraisal is required, at the expense of the Loan Parties.

6.11 Use of Proceeds. Use the proceeds of the Borrowings (a) to finance the Target Acquisition, (b) to refinance the Indebtedness of the Loan Parties (including the Target) which is outstanding as at the Closing Date, (c) to fund certain expenses incurred in connection with the Transactions, (d) to finance the acquisition of working capital assets of the Borrowers, including the purchase of inventory and equipment, in each case in the ordinary course of business, (e) to finance Capital Expenditures of the Borrowers, and (f) for general corporate purposes of the Loan Parties, in each case to the extent expressly permitted under applicable Law and the Loan Documents.

6.12 Additional Loan Parties. Notify the Agent at the time that any Person becomes a Subsidiary and promptly thereafter (and in any event within fifteen (15) days), cause any such Person (a) (i) become a Loan Party by executing and delivering to the Agent a Joinder to this Agreement or a Joinder to the Facility Guarantee or such other documents as the Agent shall deem appropriate for such purpose, (ii) grant a Lien to the Agent on such Person's assets of the same type that constitute Collateral to secure the Obligations, and (iii) deliver to the Agent documents of the types referred to in clauses (iii) and (iv) of Section 4.01(a) and favourable opinions of counsel to such Person (which shall cover, among other things, the legality, validity, binding effect and enforceability of the documentation referred to in clause (a)), and (b) if any Equity Interests or Indebtedness of such Person are owned by or on behalf of any Loan Party, to pledge such Equity Interests and promissory notes evidencing such Indebtedness, in each case in form, content and scope reasonably satisfactory to the Agent. In no event shall compliance with this Section 6.12 waive or be deemed a waiver or Consent to any transaction giving rise to the need to comply with this Section 6.12 if such transaction was not otherwise expressly permitted by this Agreement or constitute or be deemed to constitute, with respect to any Subsidiary, an approval of such Person as a Borrower or permit the inclusion of any acquired assets in the computation of the Borrowing Base – Revolving Credit.

6.13 Cash Management.

(a) On or prior to the Closing Date:

(i) deliver to the Agent copies of notifications (each, a "Credit Card Notification") substantially in the form attached hereto as Exhibit G which have been executed on behalf of such Loan Party and the applicable Credit Card Issuer or Credit Card Processor and delivered to such Loan Party's Credit Card Issuers and Credit Card Processors listed on Schedule 5.21(b); and

(ii) enter into a Blocked Account Agreement satisfactory in form and substance to the Agent with each Blocked Account Bank (collectively, together with the Concentration Account, the "Blocked Accounts"); and

(iii) at the request of the Agent, deliver to the Agent copies of notifications (each, a "DDA Notification") substantially in the form attached hereto as Exhibit H which have been executed on behalf of such Loan Party and delivered to each depository Institution listed on Schedule 5.21(a).

(b) From and after the Closing Date, the Loan Parties shall ACH or wire transfer no less frequently than daily (and whether or not there are then any outstanding Obligations) to a Blocked Account all of the following:

(i) all amounts on deposit in each DDA (net of any minimum balance, not to exceed C\$2,500 (or the equivalent thereof in any other currency), as may be required to be kept in the subject DDA by the depository institution at which such DDA is maintained);

(ii) all payments due from Credit Card Processors and Credit Card Issuers and proceeds of all credit card charges;

(iii) all cash receipts from the Disposition of Inventory and other assets (whether or not constituting Collateral);

(iv) all proceeds of Accounts; and

(v) all Net Proceeds, and all other cash payments received by a Loan Party from any Person or from any source or on account of any Disposition or other transaction or event, including, without limitation, any Prepayment Event.

(c) Each Blocked Account Agreement shall require the ACH or wire transfer no less frequently than daily (and whether or not there are then any outstanding Obligations) to the concentration account controlled by the Agent at Bank of Montreal, Royal Bank of Canada and National Westminster Bank Plc (the "Concentration Account"), of all cash receipts and collections received by each Loan Party from all sources (the "Receipts and Collections"), including, without limitation, the following:

(i) the then entire ledger balance of each Blocked Account (net of any minimum balance, not to exceed C\$2,500 (or the equivalent thereof in any other currency), as may be required to be kept in the subject Blocked Account by the Blocked Account Bank);

(ii) all amounts required to be deposited into the Blocked Accounts pursuant to clause (b) above; and

(iii) any other cash amounts received by any Loan Party from any other source, on account of any type of transaction or event;

provided, however, the Agent may, in its sole discretion, permit the Loan Parties to have one or more "intermediate" Blocked Account Agreements, whereby such agreements would provide, upon notice from the Agent, the ACH or wire transfer no less frequently than daily (and whether or not there are then any outstanding Obligations) all Receipts and Collections to another Blocked Account, as opposed to the Concentration Account.

(d) The Concentration Account shall at all times be under the sole dominion and control of the Agent and all funds therein shall be wired to an account specified by Agent no less frequently than daily. The Agent shall cause all funds on deposit in the Concentration Account to be applied to the Obligations, which amounts shall be applied to the Obligations in the order proscribed in either Section 2.05(f) or Section 8.03 of this Agreement, as applicable. The Loan Parties hereby acknowledge and agree that (i) the Loan Parties have no right of withdrawal from the Concentration Account, and (ii) the funds on deposit in the Concentration Account shall at all times be collateral security for all of the Obligations. In the event that, notwithstanding the provisions of this Section 6.13, any Loan Party receives or otherwise has dominion and control of any such cash receipts or collections, such receipts and collections shall be held in trust by such Loan Party for the Agent, shall not be commingled with any of such Loan Party's other funds or deposited in any account of such Loan Party and shall, not later than the Business Day after receipt thereof, be deposited into the Concentration Account or dealt with in such other fashion as such Loan Party may be instructed by the Agent.

(e) Upon the request of the Agent, the Loan Parties shall cause bank statements and/or other reports to be delivered to the Agent not less often than monthly, accurately setting forth all amounts deposited in each Blocked Account to ensure the proper transfer of funds as set forth above.

(f) If the Agent does not require DDA Notifications to be delivered on the Closing Date in accordance with Section 6.13(a) above, then the Loan Parties shall, upon the request of the Agent at any time after the Closing Date, deliver to the Agent copies of DDA Notifications, which have been executed on behalf of the applicable Loan Party and delivered to each depository institution listed on Schedule 5.21(a).

6.14 Information Regarding the Collateral.

(a) Furnish to the Agent at least thirty (30) days prior written notice of any change in: (i) any Loan Party's name or in any trade name used to identify it in the conduct of its business or in the ownership of its properties; (ii) the location of any Loan Party's chief executive office, its principal place of business, any office in which it maintains books or records relating to Collateral owned by it or any office or facility at which Collateral owned by it is located (including the establishment of any such new office or facility); (iii) any Loan Party's organizational structure or jurisdiction of incorporation, organization or formation; or (iv) any Loan Party's federal taxpayer identification number or organizational identification number assigned to it by its jurisdiction of incorporation, organization or formation. The Loan Parties agree not to effect or permit any change referred to in the preceding sentence unless all filings have been made under the PPSA, CCQ or otherwise that are required in order for the Agent to continue at all times following such change to have a valid, legal and perfected first priority security interest in all the Collateral for its own benefit and the benefit of the other Credit Parties.

(b) If any of the information on any of the Schedules hereto becomes inaccurate or misleading in any material respect as a result of changes after the Closing Date, the Lead Borrower shall advise the Agent in writing of such revisions or updates as may be necessary or appropriate to update or correct the same. From time to time as may be reasonably requested by the Agent, the Lead Borrower shall supplement each Schedule hereto, or any representation herein or in any other Loan Document, with respect to any matter arising after the Closing Date that, if existing or occurring on the Closing Date, would have been required to be set forth or described in such Schedule or as an exception to such representation or that is necessary to correct any information in such Schedule or representation which has

been rendered inaccurate thereby (and, in the case of any supplements to any Schedule, such Schedule shall be appropriately marked to show the changes made therein). Notwithstanding the foregoing, no supplement or revision to any Schedule or representation shall be deemed the Credit Parties' consent to the matters reflected in such updated Schedules or revised representations nor permit the Loan Parties to undertake any actions otherwise prohibited hereunder or fail to undertake any action required hereunder from the restrictions and requirements in existence prior to the delivery of such updated Schedules or such revision of a representation; nor shall any such supplement or revision to any Schedule or representation be deemed the Credit Parties' waiver of any Default or Event of Default resulting from the matters disclosed therein.

6.15 Physical Inventories.

(a) Cause not less than two physical inventories to be undertaken, at the expense of the Loan Parties, in each twelve (12) month period and periodic cycle counts, in each case consistent with past practices, conducted by such inventory takers as are satisfactory to the Agent and following such methodology as is consistent with the methodology used in the immediately preceding inventory or as otherwise may be satisfactory to the Agent. The Agent, at the expense of the Loan Parties, may participate in and/or observe each scheduled physical count of Inventory which is undertaken on behalf of any Loan Party. The Lead Borrower, within five days following the completion of such inventory, shall provide the Agent with a reconciliation of the results of such inventory (as well as of any other physical inventory or cycle counts undertaken by a Loan Party) and shall post such results to the Loan Parties' stock ledgers and general ledgers, as applicable.

(b) Permit the Agent, in its Permitted Discretion, if any Default or Event of Default exists, to cause additional such inventories to be taken as the Agent determines (each, at the expense of the Loan Parties).

6.16 Environmental Laws. (a) Conduct its operations and keep and maintain its Real Estate in material compliance with all Environmental Laws; (b) obtain and renew all environmental permits necessary for its operations and properties; and (c) implement any and all investigation, remediation, removal and response actions that are appropriate or necessary to maintain the value and marketability of the Real Estate or to otherwise comply with Environmental Laws pertaining to the presence, generation, treatment, storage, use, disposal, transportation or release of any Hazardous Materials on, at, in, under, above, to, from or about any of its Real Estate, provided, however, that neither a Loan Party nor any of its Subsidiaries shall be required to undertake any such cleanup, removal, remedial or other action to the extent that its obligation to do so is being contested in good faith and by proper proceedings and adequate reserves have been set aside and are being maintained by the Loan Parties with respect to such circumstances in accordance with GAAP.

6.17 Further Assurances.

(a) Execute any and all further documents, financing statements, agreements and instruments, and take all such further actions (including the filing and recording of financing statements and other documents), that may be required under any applicable Law, or which the Agent may request, to effectuate the transactions contemplated by the Loan Documents or to grant, preserve, protect or perfect the Liens created or intended to be created by the Security Documents or the validity or priority of any such Lien, all at the expense of the Loan Parties. The Loan Parties also agree to provide to the Agent, from time to time upon request, evidence satisfactory to the Agent as to the perfection and priority of the Liens created or intended to be created by the Security Documents.

(b) If any material assets are acquired by any Loan Party after the Closing Date (other than assets constituting Collateral under the Security Documents that become subject to the perfected first-priority Lien under the Security Documents upon acquisition thereof), notify the Agent thereof, and the Loan Parties will cause such assets to be subjected to a Lien securing the Obligations and will take such actions as shall be necessary or shall be requested by the Agent to grant and perfect such Liens, including actions described in paragraph (a) of this Section 6.17, all at the expense of the Loan Parties. In no event shall compliance with this Section 6.17 waive or be deemed a waiver or Consent to any transaction giving rise to the need to comply with this Section 6.17 if such transaction was not otherwise expressly permitted by this Agreement or constitute or be deemed to constitute Consent to the inclusion of any acquired assets in the computation of the Borrowing Base – Revolving Credit.

(c) Use, and cause each of the Subsidiaries to use, their commercially reasonable efforts to obtain lease terms in any Lease entered into by any Loan Party after the Closing Date not expressly prohibiting the recording in the relevant real estate filing office of an appropriate memorandum of lease and the encumbrancing of the leasehold interest of such Loan Party in the property that is the subject of such Lease.

(d) Upon the request of the Agent, cause each of its customs brokers, freight forwarders, consolidators and/or carriers to deliver an agreement (including, without limitation, a Customs Broker/Carrier Agreement) to the Agent covering such matters and in such form as the Agent may reasonably require.

(e) Upon the request of the Agent, cause any of its landlords to deliver a Collateral Access Agreement to the Agent in such form as the Agent may reasonably require.

6.18 Compliance with Terms of Leaseholds. Except as otherwise expressly permitted hereunder, (a) make all payments and otherwise perform all obligations in respect of all Leases to which any Loan Party or any of its Subsidiaries is a party, keep such Leases in full force and effect, (b) not allow such Leases to lapse or be terminated or any rights to renew such Leases to be forfeited or cancelled, (c) notify the Agent of any default by any party with respect to such Leases and cooperate with the Agent in all respects to cure any such default, and (d) cause each of its Subsidiaries to do the foregoing.

6.19 Material Contracts. (a) Perform and observe all the terms and provisions of each Material Contract to be performed or observed by it, (b) maintain each such Material Contract in full force and effect in the ordinary course of business, (c) enforce each such Material Contract in accordance with its terms, (d) take all such action to such end as may be from time to time requested by the Agent, (e) upon request of the Agent, make to each other party to each such Material Contract such demands and requests for information and reports or for action as any Loan Party or any of its Subsidiaries is entitled to make under such Material Contract, and (f) cause each of its Subsidiaries to do the foregoing.

6.20 Business Plan. Generally operate the business of the Borrowers in all material respects in a manner consistent with the Business Plan most recently delivered pursuant to Section 6.01(d) hereof and accepted by the Agent in its Permitted Discretion, provided that such operation does not guarantee that actual results will match the estimates contained in the Business Plan.

6.21 Compliance with Laws. Ensure that the representations and warranties set forth in Sections 5.29 and 5.30 shall at all times remain true and accurate in all respects.

6.22 Currency Matters. Within 60 days of the initial Borrowing, enter into, and use reasonable commercial efforts to maintain at all times, currency hedge arrangements in respect of the exchange of British pounds sterling for U.S. Dollars satisfactory to Agent.

**ARTICLE VII
NEGATIVE COVENANTS**

So long as any Lender shall have any Commitment hereunder, any Loan or other Obligation hereunder shall remain unpaid or unsatisfied (other than contingent indemnification obligations for which a claim has not been asserted), no Loan Party shall, nor shall it permit any Subsidiary to, directly or indirectly:

7.01 Liens. Create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired or sign or file or suffer to exist under PPSA, UCC or any similar Law or statute of any jurisdiction a financing statement that names any Loan Party or any Subsidiary thereof as debtor; sign or suffer to exist any security agreement authorizing any Person thereunder to file such financing statement; sell any of its property or assets subject to an understanding or agreement (contingent or otherwise) to repurchase such property or assets with recourse to it or any of its Subsidiaries; or assign or otherwise transfer any accounts or other rights to receive income, other than, as to all of the above, Permitted Encumbrances.

7.02 Investments. Make any Investments, except Permitted Investments.

7.03 Indebtedness. (a) Create, incur, assume, guarantee, suffer to exist or otherwise become or remain liable with respect to, any Indebtedness, except Permitted Indebtedness; or (b) issue and sell any other Equity Interests unless (i) such Equity Interests shall be issued solely by the Parent and not by a Borrower or any other Subsidiary of a Loan Party, (ii) such Equity Interests provide that all dividends and other Restricted Payments in respect thereof shall be made solely in additional shares of such Equity Interests, in lieu of cash, (iii) such Equity Interests shall not be subject to redemption other than redemption at the option of the Loan Party issuing such Equity Interests and in accordance with the limitations contained in this Agreement, and (iv) all Restricted Payments in respect of such Equity Interests are expressly subordinated to the Obligations.

7.04 Fundamental Changes. Merge, dissolve, liquidate, amalgamate, consolidate with or into another Person, (or agree to do any of the foregoing), except that, so long as no Default or Event of Default shall have occurred and be continuing prior to or immediately after giving effect to any action described below or would result therefrom:

(a) any Subsidiary which is not a Loan Party may amalgamate or merge with (i) a Loan Party, provided that the Loan Party shall be the continuing or surviving Person, or (ii) any one or more other Subsidiaries which are not Loan Parties, provided that when any wholly-owned Subsidiary is merging with another Subsidiary, the wholly-owned Subsidiary shall be the continuing or surviving Person; and

(b) any Subsidiary which is a Loan Party may amalgamate or merge into any Subsidiary which is a Loan Party or into a Borrower, provided that in any merger involving a Borrower, such Borrower shall be the continuing or surviving Person.

7.05 Dispositions. Make any Disposition or enter into any agreement to make any Disposition, except Permitted Dispositions.

7.06 Restricted Payments. Declare or make, directly or indirectly, any Restricted Payment, or incur any obligation (contingent or otherwise) to do so, or issue or sell any Equity Interests or accept any

capital contribution, except that, so long as no Default or Event of Default shall have occurred and be continuing prior to or immediately after giving effect to any action described below or would result therefrom:

(a) each Subsidiary of a Loan Party may make Restricted Payments to any Loan Party;

(b) the Loan Parties and each Subsidiary may declare and make dividend payments or other distributions payable solely in the common stock or other common Equity Interests of such Person; and

(c) J.S.N. Jewellery UK Limited may declare and make dividend payments or other distributions to David Saurymper and Chana Saurymper not to exceed £150,000 (one hundred fifty thousand Pounds Sterling) in the aggregate in any Fiscal Year so long as such individuals remain holders of Class B and Class C ordinary shares in J.S.N. Jewellery UK Limited.

7.07 Prepayments of Indebtedness. Prepay, redeem, purchase, defease or otherwise satisfy prior to the scheduled maturity thereof in any manner any Indebtedness, or make any payment in violation of any subordination terms of any Subordinated Indebtedness, except (a) as long as no Default or Event of Default then exists, regularly scheduled or mandatory repayments, repurchases, redemptions or defeasances of (i) Permitted Indebtedness (other than Subordinated Indebtedness), and (ii) Subordinated Indebtedness in accordance with the subordination terms thereof or the applicable subordination agreement relating thereto, (b) voluntary prepayments, repurchases, redemptions or defeasances of (i) Permitted Indebtedness (but excluding on account of any Subordinated Indebtedness) as long as the Payment Conditions are satisfied, and (ii) Subordinated Indebtedness in accordance with the subordination terms thereof or the applicable subordination agreement relating thereto, and as long as the Payment Conditions are satisfied, and (c) Permitted Refinancings of any such Indebtedness.

7.08 Change in Nature of Business. Engage in any line of business substantially different from the Business conducted by the Borrowers and their Subsidiaries on the Closing Date or any business substantially related or incidental thereto.

7.09 Transactions with Affiliates. Enter into, renew, extend or be a party to any transaction of any kind with any Affiliate of any Loan Party, whether or not in the ordinary course of business, other than on fair and reasonable terms substantially as favourable to the Loan Parties or such Subsidiary as would be obtainable by the Loan Parties or such Subsidiary at the time in a comparable arm's length transaction with a Person other than an Affiliate, provided that the foregoing restriction shall not apply to (a) a transaction between or among the Loan Parties, (b) transactions described on Schedule 7.09 hereto, (c) advances for commissions, travel and other similar purposes in the ordinary course of business to directors, officers and employees, (d) the issuance of Equity Interests in the Lead Borrower to any officer, director, employee or consultant of the Lead Borrower or any of its Subsidiaries, (e) the payment of reasonable fees and out-of-pocket costs to directors, and compensation and employee benefit arrangements paid to, and indemnities provided for the benefit of, directors, officers or employees of the Lead Borrower or any of its Subsidiaries, and (f) any issuances of securities of the Lead Borrower or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, employment agreements, stock options and stock ownership plans (in each case in respect of Equity Interests in the Lead Borrower of the Parent or any of its Subsidiaries).

7.10 Burdensome Agreements. Enter into or permit to exist any Contractual Obligation (other than this Agreement or any other Loan Document) that (a) limits the ability (i) of any Subsidiary to make Restricted Payments or other distributions to any Loan Party or to otherwise transfer property to or invest in a Loan Party, (ii) of any Subsidiary to Guarantee the Obligations, (iii) of any Subsidiary to make or repay loans to a Loan Party, or (iv) of the Loan Parties or any Subsidiary to create, incur, assume or suffer to exist

Liens on property of such Person in favour of the Agent; provided, however, that this clause (iv) shall not prohibit any negative pledge incurred or provided in favour of any holder of Indebtedness permitted under clauses (c) or (f) of the definition of Permitted Indebtedness solely to the extent any such negative pledge relates to the property financed by or the subject of such Indebtedness; or (b) requires the grant of a Lien to secure an obligation of such Person if a Lien is granted to secure another obligation of such Person.

7.11 Use of Proceeds. Use the proceeds of any Borrowing, whether directly or indirectly, and whether immediately, incidentally or ultimately, (a) to purchase or carry margin stock or to extend credit to others for the purpose of purchasing or carrying margin stock or to refund Indebtedness originally incurred for such purpose; or (b) for purposes other than those permitted under this Agreement.

7.12 Amendment of Material Documents. Amend, modify or waive any of a Loan Party's rights under (a) its Organization Documents in a manner adverse to the Credit Parties, or (b) any Material Contract or Material Indebtedness (other than on account of any refinancing thereof otherwise permitted hereunder), in each case to the extent that such amendment, modification or waiver would result in a Default or Event of Default under any of the Loan Documents, would be materially adverse to the Credit Parties or otherwise would be reasonably likely to have a Material Adverse Effect.

7.13 Fiscal Year. Change the Fiscal Year of any Loan Party, or the accounting policies or reporting practices of the Loan Parties, except as required by GAAP, or as may be approved by the Agent.

7.14 Changes In Name or Jurisdiction. Change its (i) name as it appears in official filings in its jurisdiction of incorporation, organization or formation, (ii) jurisdiction of incorporation, organization or formation, (iii) chief place of business or chief executive office or domicile (as defined in the CCQ) or the location of its records concerning the Collateral, without at least thirty (30) days' prior written notice to Agent and the acknowledgement of Agent that all actions required by Agent, including those to continue the perfection of its Liens, have been completed.

7.15 Deposit Accounts; Credit Card Processors. Open new DDAs or Blocked Accounts unless the Loan Parties shall have delivered to the Agent appropriate DDA Notifications (to the extent requested by Agent pursuant to the provisions of Section 6.13(a)(iii) hereof) or Blocked Account Agreements consistent with the provisions of Section 6.13 and otherwise satisfactory to the Agent. No Loan Party shall maintain any bank accounts or enter into any agreements with Credit Card Issuers or Credit Card Processors other than the ones expressly contemplated herein or in Section 6.13 hereof.

7.16 Financial Covenants.

(a) **Leverage Ratio.** For any Measurement Period, permit the Combined Leverage Ratio to be greater than the projected Combined Leverage Ratio for such Measurement Period as set forth in the most recent Business Plan delivered by Lead Borrower (and approved by the Agent) pursuant to Section 6.01(d) hereof. For greater certainty, during the following Measurement Periods, the Combined Leverage Ratio shall not be greater than:

<u>Fiscal Month ended</u>	<u>Maximum Combined Leverage Ratio</u>
June 2013	4.47 : 1
July 2013	4.48 : 1
August 2013	4.72 : 1

September 2013	5.10 : 1
October 2013	5.18 : 1
November 2013	5.64 : 1
December 2013	3.69 : 1
January 2014	3.96 : 1
February 2014	4.00 : 1
March 2014	3.91 : 1
April 2014	4.03 : 1
May 2014	3.78 : 1

(b) **Fixed Charge Coverage Ratio.** At any time when amounts remain owing in respect of either Term Loan, permit the Combined Fixed Charge Coverage Ratio for any Measurement Period to be less than 1.10:1.00.

7.17 Pension Plans. Establish or maintain any Pension Plan.

ARTICLE VIII EVENTS OF DEFAULT AND REMEDIES

8.01 Events of Default. Any of the following shall constitute an Event of Default:

(a) **Non-Payment.** The Borrowers or any other Loan Party fails to pay when and as required to be paid herein, (i) any amount of principal of any Loan, or (ii) any interest on any Loan, or any fee due hereunder, or (iii) any other amount payable hereunder or under any other Loan Document; or

(b) **Specific Covenants.** (i) Any Loan Party fails to perform or observe any term, covenant or agreement contained in any of Section 6.01, 6.02, 6.03, 6.05, 6.07, 6.10, 6.11, 6.12, 6.13 or 6.14 or Article VII; or (ii) any Guarantor or Personal Guarantor fails to perform or observe any material term, covenant or agreement contained in any Facility Guarantee or Personal Guarantee; or (iii) any of the Loan Parties fails to perform or observe any material term, covenant or agreement contained in any Security Agreement to which it is a party; or

(c) **Other Defaults.** Any Loan Party or Personal Guarantor fails to perform or observe any other covenant or agreement (not specified in subsection (a) or (b) above) contained in any Loan Document on its part to be performed or observed and such failure continues for fifteen (15) days; or

(d) **Representations and Warranties.** Any representation, warranty, certification or statement of fact made or deemed made by or on behalf of any Borrower or any other Loan Party herein, in any other Loan Document, or in any document delivered in connection herewith or therewith (including, without limitation, any Borrowing Base Certificate) shall be incorrect or misleading in any material respect when made or deemed made; or

(e) **Cross-Default.** Any Loan Party or any Subsidiary thereof (A) fails to make any payment when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise) in respect of any Material Indebtedness (including undrawn

committed or available amounts and including amounts owing to all creditors under any combined or syndicated credit arrangement), or (B) fails to observe or perform any other agreement or condition relating to any such Material Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event occurs, the effect of which default or other event is to cause, or to permit the holder or holders of such Material Indebtedness or the beneficiary or beneficiaries of any Guarantee thereof (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause, with the giving of notice if required, such Indebtedness to be demanded or to become due or to be repurchased, prepaid, defeased or redeemed (automatically or otherwise), or an offer to repurchase, prepay, defease or redeem such Indebtedness to be made, prior to its stated maturity, or such Guarantee to become payable or cash collateral in respect thereof to be demanded; or

(f) Insolvency Proceedings, Etc. Any Loan Party, the Personal Guarantor or any of their Subsidiaries institutes, consents to (or takes any action to effectuate or consent to) the institution of or declares its intention to institute any proceeding under any Debtor Relief Law, or makes an assignment for the benefit of creditors; or applies for or consents to the appointment of any receiver, trustee, custodian, conservator, liquidator, rehabilitator, receiver and manager, mortgagee in possession, sequestrator or similar officer for it or for all or any material part of its property; or a proceeding shall be commenced or a petition filed, without the application or consent of such Person, seeking or requesting the appointment of any receiver, trustee, custodian, conservator, liquidator, rehabilitator receiver and manager, mortgagee in possession, sequestrator or similar officer is appointed and the appointment continues undischarged, undismitted or unstayed for thirty (30) calendar days or an order or decree approving or ordering any of the foregoing shall be entered; or any proceeding under any Debtor Relief Law relating to any such Person or to all or any material part of its property is instituted without the consent of such Person and continues undismitted or unstayed for thirty (30) calendar days, or an order for relief is entered in any such proceeding; or

(g) Inability to Pay Debts; Attachment. (i) Any Loan Party, the Personal Guarantor or any of their Subsidiaries becomes unable or admits in writing its inability or fails generally to pay its debts as they become due in the ordinary course of business, or (ii) any writ or warrant of attachment or execution or similar process is issued or levied against all or any material part of the property of any such Person and is not released, vacated or fully bonded within ten (10) days after its issuance or levy; or

(h) Judgments. There is entered against any Loan Party, the Personal Guarantor or any of their Subsidiaries (i) one or more judgments or orders for the payment of money in an aggregate amount (as to all such judgments and orders) exceeding C\$250,000 (or the equivalent thereof in any other currency) (to the extent not covered by independent third-party insurance as to which the insurer is rated at least "A" by A.M. Best Company, has been notified of the potential claim and does not dispute coverage), or (ii) any one or more non-monetary judgments that have, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect and, in either case, (A) enforcement proceedings are commenced by any creditor upon such judgment or order, or (B) there is a period of 10 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, is not in effect; or

(i) Invalidity of Loan Documents. (i) Any provision of any Loan Document, at any time after its execution and delivery and for any reason other than as expressly permitted hereunder or thereunder or satisfaction in full of all the Obligations, ceases to be in full force and effect; or any Loan Party, the Personal Guarantor or any other Person contests in any manner the validity or enforceability of any provision of any Loan Document; or any

Loan Party denies that it has any or further liability or obligation under any provision of any Loan Document, or purports to revoke, terminate or rescind any provision of any Loan Document or seeks to avoid, limit or otherwise adversely affect any Lien purported to be created under any Security Document; or (ii) any Lien purported to be created under any Security Document shall cease to be, or shall be asserted by any Loan Party or any other Person not to be, a valid and perfected Lien on any Collateral, with the priority required by the applicable Security Document; or

(j) Change of Control. There occurs any Change of Control; or

(k) Cessation of Business. Except as otherwise expressly permitted hereunder, any Loan Party shall take any action to suspend the operation of its business in the ordinary course, liquidate all or a material portion of its assets or Store locations, or employ an agent or other third party to conduct a program of closings, liquidations or "Going-Out-Of-Business" sales of any material portion of its business; or

(l) Loss of Collateral. There occurs any uninsured loss to any material portion of the Collateral; or

(m) Breach of Contractual Obligation. Any Loan Party or any Subsidiary thereof fails to make any payment when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise) in respect of any Material Contract or fails to observe or perform any other agreement or condition relating to any such Material Contract or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event occurs, the effect of which default or other event is to cause, or to permit the counterparty to such Material Contract to terminate such Material Contract; or

(n) Indictment. The indictment or institution of any legal process or proceeding against, any Loan Party or any Subsidiary thereof, under any federal, provincial, territorial, state, municipal, or other criminal statute, rule, regulation, order, or other requirement having the force of law for a felony or indictable offense; or

(o) Death or Incapacity. Any Loan Party or the Personal Guarantor that is an individual dies or is declared incompetent by a court of competent jurisdiction.

(p) Guarantee. The termination or attempted termination of any Facility Guarantee except as expressly permitted hereunder or under any other Loan Document; or

(q) Subordination. (i) The subordination provisions of the documents evidencing or governing any Subordinated Indebtedness (the "Subordinated Provisions") shall, in whole or in part, terminate, cease to be effective or cease to be legally valid, binding and enforceable against any holder of the applicable Subordinated Indebtedness; or (ii) any Borrower, the Personal Guarantor or any other Loan Party shall, directly or indirectly, disavow or contest in any manner (A) the effectiveness, validity or enforceability of any of the Subordination Provisions, (B) that the Subordination Provisions exist for the benefit of the Credit Parties, or (C) that all payments of principal of or premium and interest on the applicable Subordinated Indebtedness, or realized from the liquidation of any property of any Loan Party, shall be subject to any of the Subordination Provisions; or

(r) Material Adverse Effect. A Material Adverse Effect shall occur.

8.02 Remedies Upon Event of Default. If any Event of Default occurs and is continuing, the Agent may, or, at the request of the Required Lenders shall, take any or all of the following actions:

(a) declare the Revolving Commitments of each Revolving Lender to make Committed Revolving Loans to be terminated, whereupon such Revolving Commitments and obligation shall be terminated;

(b) if the Event of Default occurs prior to the Closing Date, declare the Term Commitments of each Term Lender to make Term Loans to be terminated, whereupon such Term Commitments and Obligations shall be terminated;

(c) declare the unpaid principal amount of all outstanding Loans, all interest accrued and unpaid thereon, and all other Obligations to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Loan Parties;

(d) capitalize any accrued and unpaid interest by adding such amount to the outstanding principal balance of the Loans, at which time such capitalized amount shall bear interest at the Default Rate;

(e) whether or not the maturity of the Obligations shall have been accelerated pursuant hereto, proceed to protect, enforce and exercise all rights and remedies of the Credit Parties under this Agreement, any of the other Loan Documents or applicable Law, including, but not limited to, by suit in equity, action at law or other appropriate proceeding, whether for the specific performance of any covenant or agreement contained in this Agreement and the other Loan Documents or any instrument pursuant to which the Obligations are evidenced, and, if such amount shall have become due, by declaration or otherwise, proceed to enforce the payment thereof or any other legal or equitable right of the Credit Parties;

(f) The Agent or any Lender may purchase, in any public or private sale conducted by the Agent (whether by judicial action or otherwise) in accordance with Applicable Law, all or any portion of the Collateral. The Lenders hereby irrevocably authorize the Agent, upon written consent of the Required Lenders, to Credit Bid (in an amount and on such terms as may be directed by the Required Lenders) and purchase at any such sale (either directly or through one or more acquisition vehicles) all or any portion of the Collateral on behalf of and for the benefit of the Lenders.

provided, however, that upon the occurrence of any Event of Default with respect to any Loan Party or any Subsidiary thereof under Section 8.01(f), the obligation of each Lender to make Loans shall automatically terminate, the unpaid principal amount of all outstanding Loans and all interest and other amounts as aforesaid shall automatically become due and payable, without further act of the Agent or any Lender.

No remedy herein is intended to be exclusive of any other remedy and each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or any other provision of Law.

8.03 Application of Funds. After the exercise of remedies provided for in Section 8.02 (or after the Loans have automatically become immediately due and payable as set forth in the proviso to Section 8.02), any amounts received on account of the Obligations shall be applied by the Agent in the following order, in each case whether or not such Obligations are allowed or allowable in any bankruptcy or insolvency proceeding or under any Debtor Relief Law:

First, to payment of that portion of the Obligations (excluding the Other Liabilities) constituting fees, indemnities, Credit Party Expenses and other amounts (including fees, charges

and disbursements of counsel to the Agent and amounts payable under Article III) payable to the Agent;

Next, to payment of that portion of the Obligations (excluding the Other Liabilities) constituting indemnities, Credit Party Expenses, and other amounts (other than principal, interest and fees) payable to the Lenders (including fees, charges and disbursements of counsel to the Lenders and amounts payable under Article III), ratably among them in proportion to the amounts described in this clause payable to them;

Next, to the extent not previously reimbursed by the Lenders, to payment to the Agent of that portion of the Obligations constituting principal and accrued and unpaid interest on any Permitted Overadvances;

Next, to payment of that portion of the Obligations constituting accrued and unpaid interest on the Committed Revolving Loans and other Obligations, and fees (excluding any Early Termination Fees), ratably among the Revolving Lenders in proportion to the respective amounts described in this clause payable to them;

Next, to payment of that portion of the Obligations constituting unpaid principal of the Committed Revolving Loans, ratably among the Revolving Lenders in proportion to the respective amounts described in this clause held by them;

Next, to payment of that portion of the Obligations constituting accrued and unpaid interest on the Term Loan A and other Obligations, and fees (excluding any Early Termination Fees), ratably among the Term Loan A Lenders in proportion to the respective amounts described in this clause payable to them;

Next, to payment of that portion of the Obligations constituting unpaid principal of the Term Loan A, ratably among the Term Loan A Lenders in proportion to the respective amounts described in this clause held by them;

Next, to payment of that portion of the Obligations constituting accrued and unpaid interest on the Term Loan B and other Obligations, and fees (excluding any Early Termination Fees), ratably among the Term Loan B Lenders in proportion to the respective amounts described in this clause payable to them;

Next, to payment of that portion of the Obligations constituting unpaid principal of the Term Loan B, ratably among the Term Loan B Lenders in proportion to the respective amounts described in this clause held by them;

Next, to payment of all other Obligations (including without limitation the cash collateralization of unliquidated indemnification obligations, but excluding any Other Liabilities), ratably among the Credit Parties in proportion to the respective amounts described in this clause held by them;

Next, to payment of that portion of the Obligations arising from Cash Management Services to the extent secured under the Security Documents, ratably among the Credit Parties in proportion to the respective amounts described in this clause held by them;

Next, to payment of that portion of the Obligations constituting unpaid principal of the Term Loans and all other Obligations related to the Term Loans, ratably among the Term Lenders in proportion to the respective amounts described in this clause held by them;

Next, to payment of all other Obligations arising from Bank Products to the extent secured under the Security Documents, ratably among the Credit Parties in proportion to the respective amounts described in this clause held by them; and

Last, the balance, if any, after all of the Obligations have been indefeasibly paid in full, to the Loan Parties or as otherwise required by Law.

ARTICLE IX **THE AGENT**

9.01 Appointment and Authority. Each of the Lenders hereby irrevocably appoints Salus to act on its behalf as the Agent hereunder and under the other Loan Documents and authorizes the Agent to take such actions on its behalf and to exercise such powers as are delegated to the Agent by the terms hereof or thereof (including, without limitation, acquiring, holding and enforcing any and all Liens on Collateral granted by any of the Loan Parties to secure any of the Obligations), together with such actions and powers as are reasonably incidental thereto. The provisions of this Article are solely for the benefit of the Agent and the Lenders, and no Loan Party or any Subsidiary thereof shall have rights as a third party beneficiary of any of such provisions. It is understood and agreed that the use of the terms "agent" herein or in any other Loan Documents (or any other similar term) with reference to the Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead such term is used as a matter of market custom, and is intended to create or reflect only an administrative relationship between contracting parties.

9.02 Rights as a Lender. The Person serving as the Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though they were not the Agent and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Agent hereunder in its individual capacity. Such Person and Its Affiliates may accept deposits from, lend money to, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with the Loan Parties or any Subsidiary or other Affiliate thereof as if such Person were not the hereunder and without any duty to account therefor to the Lenders.

9.03 Exculpatory Provisions. The Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents. Without limiting the generality of the foregoing, the Agent:

(a) shall not be subject to any fiduciary or other implied duties, regardless of whether a Default or Event of Default has occurred and is continuing;

(b) shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents), provided that the Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Agent to liability or that is contrary to any Loan Document or applicable law; and

(c) shall not, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Loan Parties or any of its Affiliates that is communicated to or obtained by the Person serving as the Agent or any of its Affiliates in any capacity.

The Agent shall not be liable for any action taken or not taken by it (i) with the Consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Agent shall believe in good faith shall be necessary, under the circumstances as provided in Sections 10.01 and 8.02) or (ii) in the absence of its own gross negligence or willful misconduct as determined by a final and non-appealable judgment of a court of competent jurisdiction.

The Agent shall not be deemed to have knowledge of any Default or Event of Default unless and until notice describing such Default or Event of Default is given to the Agent by the Loan Parties or a Lender. Upon the occurrence of a Default or Event of Default, the Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Applicable Lenders. Unless and until the Agent shall have received such direction, the Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to any such Default or Event of Default as it shall deem advisable in the best interest of the Credit Parties. In no event shall the Agent be required to comply with any such directions to the extent that the Agent believes that its compliance with such directions would be unlawful.

The Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default or Event of Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document or the creation, perfection or priority of any Lien purported to be created by the Security Documents, (v) the value or the sufficiency of any Collateral, or (vi) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Agent.

9.04 Reliance by Agent. The Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including, but not limited to, any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan, that by its terms must be fulfilled to the satisfaction of a Lender, the Agent may presume that such condition is satisfactory to such Lender unless the Agent shall have received written notice to the contrary from such Lender prior to the making of such Loan. The Agent may consult with legal counsel (who may be counsel for any Loan Party), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

9.05 Delegation of Duties. The Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub agents appointed by the Agent. The Agent and any such sub agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub agent and to the Related Parties of the Agent and any such sub agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as the Agent. The Agent shall not be responsible for the negligence or misconduct of any sub-agents except to the extent that a court of competent jurisdiction determines in a final and non-appealable judgment that the Agent acted with gross negligence or willful misconduct in the selection of such sub-agents.

9.06 Resignation of Agent. The Agent may at any time give written notice of its resignation to the Lenders and the Lead Borrower. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, in consultation with the Lead Borrower, to appoint a successor, which shall be a financial institution with an office in Canada or the United States, or an Affiliate of any such financial institution with an office in Canada or the United States. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Agent gives notice of its resignation, then the retiring Agent may on behalf of the Lenders, appoint a successor Agent meeting the qualifications set forth above; provided that if the Agent shall notify the Lead Borrower and the Lenders that no qualifying Person has accepted such appointment, then such resignation shall nonetheless become effective in accordance with such notice and (1) the retiring Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents (except that in the case of any Collateral held by the Agent on behalf of the Lenders under any of the Loan Documents, the retiring Agent shall continue to hold such collateral security until such time as a successor Agent is appointed) and (2) all payments, communications and determinations provided to be made by, to or through the Agent shall instead be made by or to each Lender directly, until such time as the Required Lenders appoint a successor Agent as provided for above in this Section. Upon the acceptance of a successor's appointment as Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring (or retired) Agent, and the retiring Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents (if not already discharged therefrom as provided above in this Section). The fees payable by the Borrowers to a successor Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Lead Borrower and such successor. After the retiring Agent's resignation hereunder and under the other Loan Documents, the provisions of this Article and Section 10.04 shall continue in effect for the benefit of such retiring Agent, its sub agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring Agent was acting as Agent hereunder.

9.07 Non-Reliance on Agent and Other Lenders. Each Lender acknowledges that it has, independently and without reliance upon the Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder. Except as provided in Section 9.12, the Agent shall not have any duty or responsibility to provide any Credit Party with any other credit or other information concerning the affairs, financial condition or business of any Loan Party that may come into the possession of the Agent.

9.08 No Other Duties, Etc. Anything herein to the contrary notwithstanding, none of the Bookrunners, Arrangers, Syndication Agent or Documentation Agent listed on the cover page hereof shall have any powers, duties or responsibilities under this Agreement or any of the other Loan Documents, except in its capacity as the Agent or a Lender hereunder.

9.09 Agent May File Proofs of Claim. In case of the pendency of any proceeding under any Debtor Relief Law or any other judicial proceeding relative to any Loan Party, the Agent (irrespective of whether the principal of any Loan shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Agent shall have made any demand on the Loan Parties) shall be entitled and empowered, by intervention in such proceeding or otherwise:

- (a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders, the Agent and the other Credit Parties (including any claim for the

reasonable compensation, expenses, disbursements and advances of the Lenders, the Agent, such Credit Parties and their respective agents and counsel and all other amounts due the Lenders, the Agent and such Credit Parties under Sections 2.03(j), 2.03(k) as applicable, 2.09 and 10.04) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator, receiver and manager, mortgagee in possession, or other similar official in any such judicial proceeding is hereby authorized by each Lender to make such payments to the Agent and, if the Agent shall consent to the making of such payments directly to the Lenders, to pay to the Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Agent and its agents and counsel, and any other amounts due the Agent under Sections 2.09 and 10.04.

Nothing contained herein shall be deemed to authorize the Agent to authorize or consent to or accept or adopt on behalf of any Lender any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or to authorize the Agent to vote in respect of the claim of any Lender in any such proceeding.

9.10 Collateral and Guarantee Matters. The Credit Parties irrevocably authorize the Agent, at its option and in its Permitted Discretion:

(a) to release any Lien on any property granted to or held by the Agent under any Loan Document (i) upon termination of the Aggregate Revolving Commitments and payment in full of all Obligations (other than contingent indemnification obligations for which no claim has been asserted), (ii) that is sold or to be sold as part of or in connection with any sale permitted hereunder or under any other Loan Document, or (iii) if approved, authorized or ratified in writing by the Applicable Lenders in accordance with Section 10.01;

(b) to subordinate any Lien on any property granted to or held by the Agent under any Loan Document to the holder of any Lien on such property that is permitted by clause (h) of the definition of Permitted Encumbrances; and

(c) to release any Guarantor from its obligations under the Facility Guarantee if such Person ceases to be a Subsidiary as a result of a transaction permitted hereunder.

Upon request by the Agent at any time, the Applicable Lenders will confirm in writing the Agent's authority to release or subordinate its interest in particular types or items of property, or to release any Guarantor from its obligations under the Facility Guarantee pursuant to this Section 9.10. In each case as specified in this Section 9.10, the Agent will, at the Loan Parties' expense, execute and deliver to the applicable Loan Party such documents as such Loan Party may reasonably request to evidence the release of such item of Collateral from the assignment and security interest granted under the Security Documents or to subordinate its interest in such item, or to release such Guarantor from its obligations under the Facility Guarantee, in each case in accordance with the terms of the Loan Documents and this Section 9.10.

9.11 Notice of Transfer. The Agent may deem and treat a Lender party to this Agreement as the owner of such Lender's portion of the Obligations for all purposes, unless and until, and except to the extent, an Assignment and Assumption shall have become effective as set forth in Section 10.06.

9.12 Reports and Financial Statements. By signing this Agreement, each Lender:

(a) agrees to furnish the Agent (and thereafter at such frequency as the Agent may reasonably request) with a summary of all Other Liabilities due or to become due to such Lender. In connection with any distributions to be made hereunder, the Agent shall be entitled to assume that no amounts are due to any Lender on account of Other Liabilities unless the Agent has received written notice thereof from such Lender;

(b) is deemed to have requested that the Agent furnish such Lender, promptly after they become available, copies of all Borrowing Base Certificates, financial statements and other Borrower Materials required to be delivered by the Lead Borrower hereunder and all commercial finance examinations and appraisals of the Collateral received by the Agent (collectively, the "Reports");

(c) expressly agrees and acknowledges that the Agent makes no representation or warranty as to the accuracy or completeness of any Borrower Materials, and shall not be liable for any information contained in any Borrower Materials (including any Report);

(d) expressly agrees and acknowledges that the Reports are not comprehensive audits or examinations, that the Agent or any other party performing any audit or examination will inspect only specific information regarding the Loan Parties and will rely significantly upon the Loan Parties' books and records, as well as on representations of the Loan Parties' personnel;

(e) agrees to keep all Reports and other Borrower Materials confidential in accordance with the provisions of Section 10.07 hereof; and

(f) without limiting the generality of any other indemnification provision contained in this Agreement, agrees: (i) to hold the Agent and any such other Lender preparing a Report harmless from any action the indemnifying Lender may take or conclusion the indemnifying Lender may reach or draw from any Report and other Borrower Materials in connection with any Borrowings that the indemnifying Lender has made or may make to the Borrowers, or the indemnifying Lender's participation in, or the indemnifying Lender's purchase of, a Loan or Loans; and (ii) to pay and protect, and indemnify, defend, and hold the Agent and any such other Lender preparing a Report harmless from and against, the claims, actions, proceedings, damages, costs, expenses, and other amounts (including legal costs) incurred by the Agent and any such other Lender preparing a Report as the direct or indirect result of any third parties who might obtain all or part of any Report through the indemnifying Lender.

9.13 Agency for Perfection. Each Lender hereby appoints each other Lender as agent for the purpose of perfecting Liens for the benefit of the Agent and the Lenders in assets which, in accordance with applicable Law, can be perfected only by possession. Should any Lender (other than the Agent) obtain possession of any such Collateral, such Lender shall notify the Agent thereof, and, promptly upon the Agent's request therefor shall deliver such Collateral to the Agent or otherwise deal with such Collateral in accordance with the Agent's instructions.

9.14 Indemnification of Agent. Without limiting the obligations of the Loan Parties hereunder, the Lenders hereby agree to indemnify the Agent, and any Related Party, as the case may be, ratably according to their Applicable Percentages, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever that may be imposed on, incurred by, or asserted against the Agent, and their Related Parties in any way relating to or arising out of this Agreement or any other Loan Document or any action taken or

omitted to be taken by the Agent, and their Related Parties in connection therewith; provided, that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Agent's, and their Related Parties' gross negligence or willful misconduct as determined by a final and nonappealable judgment of a court of competent jurisdiction.

9.15 Relation among Lenders. The Lenders are not partners or co-venturers, and no Lender shall be liable for the acts or omissions of, or (except as otherwise set forth herein in case of the Agent) authorized to act for, any other Lender.

9.16 Co-Syndication Agents; Documentation Agent and Co-Lead Arrangers. Notwithstanding the provisions of this Agreement or any of the other Loan Documents, no Person who is or becomes a Co-Syndication Agent or a Documentation Agent nor the Co-Lead Arrangers shall have any powers, rights, duties, responsibilities or liabilities with respect to this Agreement and the other Loan Documents.

9.17 Quebec Collateral. For greater certainty, and without limiting the powers of Agent or any other Person acting as mandatary (agent) of the Agent, each of the Lenders hereby irrevocably constitutes the Agent as the holder of an Irrevocable power of attorney (fondé de pouvoir within the meaning of Article 2692 of the CCQ) in order to hold hypothecs and security granted by any Loan Party on property pursuant to the laws of the Province of Québec in order to secure obligations of any Loan Party under any bond, debenture or similar title of indebtedness, issued by any Loan Party, and hereby agrees that Agent, may act as the bondholder and mandatary (i.e. agent) with respect to any shares, capital stock or other securities or any bond, debenture or similar title of indebtedness that may be issued by any Loan Party and pledged in favour of Agent, for the benefit of the Lenders Parties. The execution by the Agent, acting as fondé de pouvoir and mandatary, prior to the Agreement of any deeds of hypothec or other security documents is hereby ratified and confirmed. Notwithstanding the provisions of Section 32 of An Act respecting the special powers of legal persons (Québec), Agent may acquire and be the holder of any bond or debenture issued by any Credit Party (i.e. the fondé de pouvoir may acquire and hold the first bond issued under any deed of hypothec by any Credit Party). The constitution of the Agent as fondé de pouvoir and as bondholder and mandatary with respect to any bond, debenture, shares, capital stock or other securities that may be issued and pledged from time to time to Agent for the benefit of the Lenders, shall be deemed to have been ratified and confirmed by each Person accepting an assignment of, a participation in or an arrangement in respect of, all or any portion of any Lenders' rights and obligations under the Agreement by the execution of an assignment, including an Assignment or other agreement pursuant to which it becomes such assignee or participant, and by each successor Agent by the execution of an assignment or other agreement, or by the compliance with other formalities, as the case may be, pursuant to which it becomes a successor Agent under this Agreement. The Agent acting as fondé de pouvoir shall have the same rights, powers, immunities, indemnities and exclusions from liability as are prescribed in favour of Agent in this Agreement, which shall apply mutatis mutandis to the Agent acting as fondé de pouvoir.

ARTICLE X MISCELLANEOUS

10.01 Amendments, Etc. No amendment or waiver of any provision of this Agreement or any other Loan Document, and no Consent to any departure by any Loan Party therefrom, shall be effective unless in writing signed by the Agent, with the Consent of the Required Lenders, and the Lead Borrower or the applicable Loan Party, as the case may be, and acknowledged by the Agent, and each such waiver or Consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no such amendment, waiver or consent shall:

- (a) Increase the Commitment of any Lender (or reinstate any Commitment terminated pursuant to Section 8.02) without the written Consent of such Lender;

(b) as to any Lender, postpone any date fixed by this Agreement or any other Loan Document for (i) any scheduled payment (including the Maturity Date) or mandatory prepayment of principal, interest, fees or other amounts due hereunder or under any of the other Loan Documents without the written Consent of such Lender entitled to such payment, or (ii) any scheduled or mandatory reduction or termination of the Aggregate Revolving Commitments hereunder or under any other Loan Document without the written Consent of such Revolving Lender;

(c) as to any Lender, reduce the principal of, or the rate of interest specified herein on, any Loan held by such Lender, or (subject to clause (iv) of the second proviso to this Section 10.01) any fees or other amounts payable hereunder or under any other Loan Document to or for the account of such Lender, or change the manner of computation of any financial ratio (including any change in any applicable defined term) used in determining the Applicable Margin that would result in a reduction of any interest rate on any Loan or any fee payable hereunder without the written Consent of each Lender entitled to such amount; provided, however, that only the Consent of the Required Lenders shall be necessary (i) to amend the definition of "Default Rate" or to waive any obligation of the Borrowers to pay interest at the Default Rate or (ii) to amend any financial covenant hereunder (or any defined term used therein) even if the effect of such amendment would be to reduce the rate of interest on any Loan or to reduce any fee payable hereunder;

(d) as to any Lender, change Section 2.13 or Section 8.03 in a manner that would alter the pro rata sharing of payments required thereby without the written Consent of such Lender;

(e) change any provision of this Section or the definition of "Applicable Lenders", "Required Lenders", "Required Revolving Lenders", or "Required Term Lenders" or any other provision hereof specifying the number or percentage of Lenders required to amend, waive or otherwise modify any rights hereunder or make any determination or grant any consent hereunder, without the written Consent of each Lender;

(f) except as expressly permitted hereunder or under any other Loan Document, release, or limit the liability of, any Loan Party without the written Consent of each Lender;

(g) except for Permitted Dispositions, release all or substantially all of the Collateral from the Liens of the Security Documents without the written Consent of each Lender;

(h) increase the Aggregate Revolving Commitments without the written Consent of each Revolving Lender;

(i) change the definition of the term "Borrowing Base – Revolving Credit", "Borrowing Base – Term Loan A" or "Borrowing Base – Term Loan B" or any component definition thereof if as a result thereof the amounts available to be borrowed by the Borrowers would be increased without the written Consent of each Lender, provided that the foregoing shall not limit the Permitted Discretion of the Agent to change, establish or eliminate any Reserves;

(j) modify the definition of Permitted Overadvance so as to increase the amount thereof or, except as provided in such definition, the time period for which a Permitted Overadvance may remain outstanding without the written Consent of each Lender; and

(k) except as expressly permitted herein or in any other Loan Document, subordinate the Obligations hereunder or the Liens granted hereunder or under the other Loan Documents, to any other Indebtedness or Lien, as the case may be without the written Consent of each Lender;

and, provided further, that (i) no amendment, waiver or Consent shall, unless in writing and signed by the Agent in addition to the Lenders required above, affect the rights or duties of the Agent under this Agreement or any other Loan Document; and (ii) the Pricing Letter may be amended, or rights or privileges thereunder waived, in a writing executed only by the parties thereto. Notwithstanding anything to the contrary herein, no Deteriorating Lender or Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or Consent hereunder, except that the Commitment of such Lender may not be increased or extended without the consent of such Lender.

Notwithstanding anything to the contrary in this Agreement or any other Loan Document, no provider or holder of any Bank Products or Cash Management Services shall have any voting or approval rights hereunder (or be deemed a Lender) solely by virtue of its status as the provider or holder of such agreements or products or the Obligations owing thereunder, nor shall the consent of any such provider or holder be required (other than in their capacities as Lenders, to the extent applicable) for any matter hereunder or under any of the other Loan Documents, including as to any matter relating to the Collateral or the release of Collateral or any Loan Party.

10.02 Notices; Effectiveness; Electronic Communications.

(a) Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in subsection (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopier as follows, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, as follows:

(i) if to the Loan Parties or the Agent, to the address, telecopier number, electronic mail address or telephone number specified for such Person on Schedule 10.02; and

(ii) if to any Lender, to the address, telecopier number, electronic mail address or telephone number specified in its Administrative Questionnaire.

(b) Timing. Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by telecopier shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient). Notices delivered through electronic communications to the extent provided in subsection (b) below, shall be effective as provided in such subsection (b).

(c) Electronic Communications. Notices and other communications to the Loan Parties and the Lenders hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Agent, provided that the foregoing shall not apply to notices to any Lender pursuant to Article II if such Lender, has notified the Agent that it is incapable of receiving notices under such Article by electronic communication. The Agent may, in its Permitted Discretion, agree to accept notices and other communications to it hereunder by electronic

communications pursuant to procedures approved by it, provided that approval of such procedures may be limited to particular notices or communications.

Unless the Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), provided that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient, and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

(d) The Internet. In no event shall the Agent or any of its Related Parties (each, an "Agent Party") have any liability to any Loan Party, any Lender or any other Person for losses, claims, damages, liabilities or expenses or any kind (whether in tort, contract or otherwise) arising out of the Loan Parties' or the Agent's transmission of Borrower Materials through the internet.

(e) Change of Address, Etc. Each of the Loan Parties and the Agent may change its address, telecopier or telephone number for notices and other communications hereunder by notice to the other parties hereto. Each Lender may change its address, telecopier or telephone number for notices and other communications hereunder by notice to the Lead Borrower and the Agent. In addition, each Lender agrees to notify the Agent from time to time to ensure that the Agent has on record (i) an effective address, contact name, telephone number, telecopier number and electronic mail address to which notices and other communications may be sent and (ii) accurate wire instructions for such Lender.

(f) Reliance by Agent and Lenders. The Agent and the Lenders shall be entitled to rely and act upon any notices purportedly given by or on behalf of the Loan Parties even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. The Loan Parties shall indemnify the Agent, each Lender and the Related Parties of each of them from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of the Loan Parties. All telephonic notices to and other telephonic communications with the Agent may be recorded by the Agent, and each of the parties hereto hereby consents to such recording.

10.03 No Waiver; Cumulative Remedies. No failure by any Credit Party to exercise, and no delay by any such Person in exercising, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder or under any other Loan Document preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges provided herein and in the other Loan Documents are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law. Without limiting the generality of the foregoing, the making of a Loan shall not be construed as a waiver of any Default or Event of Default, regardless of whether any Credit Party may have had notice or knowledge of such Default or Event of Default at the time.

10.04 Expenses; Indemnity; Damage Waiver.

(a) Costs and Expenses. The Borrowers shall pay all Credit Party Expenses.

(b) Indemnification by the Loan Parties. The Loan Parties shall indemnify the Agent (and any sub-agent thereof), each other Credit Party, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless (on an after tax basis) from, any and all losses, claims, causes of action, damages, liabilities, settlement payments, costs, and related expenses (including the fees, charges and disbursements of any counsel for any Indemnitee), incurred by any Indemnitee or asserted against any Indemnitee by any third party or by any Borrower or any other Loan Party arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, or, in the case of the Agent (and any sub-agents thereof) and their Related Parties only, the administration of this Agreement and the other Loan Documents, (ii) any Loan or the use or proposed use of the proceeds therefrom, (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by any Loan Party or any of its Subsidiaries, or any Environmental Liability related in any way to any Loan Party or any of its Subsidiaries, (iv) any claims of, or amounts paid by any Credit Party to, a Blocked Account Bank or other Person which has entered into a control agreement with any Credit Party hereunder, or (v) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by any Borrower or any other Loan Party or any of the Loan Parties' directors, shareholders or creditors, and regardless of whether any Indemnitee is a party thereto, in all cases, whether or not caused by or arising, in whole or in part, out of the comparative, contributory or sole negligence of the Indemnitee; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee or (y) result from a claim brought by a Borrower or any other Loan Party against an Indemnitee for breach in bad faith of such Indemnitee's obligations hereunder or under any other Loan Document, if the Borrowers or such Loan Party has obtained a final and nonappealable judgment in its favour on such claim as determined by a court of competent jurisdiction.

(c) Reimbursement by Lenders. Without limiting their obligations under Section 9.14 hereof, to the extent that the Loan Parties for any reason fail to indefeasibly pay any amount required under subsection (a) or (b) of this Section to be paid by it, each Lender severally agrees to pay to the Agent (or any such sub-agent), or such Related Party, as the case may be, such Lender's Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount, provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Agent (or any such sub-agent) in its capacity as such, or against any Related Party of any of the foregoing acting for the Agent (or any such sub-agent) in connection with such capacity. The obligations of the Lenders under this subsection (c) are subject to the provisions of Section 2.12(d).

(d) Waiver of Consequential Damages, Etc. To the fullest extent permitted by applicable Law, the Loan Parties shall not assert, and hereby waive, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or the use of the proceeds thereof. No Indemnitee shall be liable for any damages arising from the use by

unintended recipients of any information or other materials distributed to such unintended recipients by such Indemnitee through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby other than for direct or actual damages resulting from the gross negligence or willful misconduct of such Indemnitee as determined by a final and nonappealable judgment of a court of competent jurisdiction.

(e) Payments. All amounts due under this Section shall be payable on demand therefor.

(f) Survival. The agreements in this Section shall survive the resignation of any Agent, the assignment of any Commitment or Loan by any Lender, the replacement of any Lender, the termination of the Aggregate Revolving Commitments and the repayment, satisfaction or discharge of all the other Obligations.

10.05 Payments Set Aside. To the extent that any payment by or on behalf of the Loan Parties is made to any Credit Party, or any Credit Party exercises its right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by such Credit Party in its Permitted Discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then (a) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred, and (b) each Lender severally agrees to pay to the Agent upon demand its Applicable Percentage (without duplication) of any amount so recovered from or repaid by the Agent, plus interest thereon from the date of such demand to the date such payment is made at a rate per annum equal to the Federal Funds Rate from time to time in effect. The obligations of the Lenders under clause (b) of the preceding sentence shall survive the payment in full of the Obligations and the termination of this Agreement.

10.06 Successors and Assigns.

(a) Successors and Assigns Generally. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that no Loan Party may assign or otherwise transfer any of its rights or obligations hereunder or under any other Loan Document without the prior written Consent of the Agent and each Lender and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an assignee in accordance with Section 10.06(b), (ii) by way of participation in accordance with the provisions of subsection Section 10.06(d), or (iii) by way of pledge or assignment of a security interest subject to the restrictions of Section 10.06(f) (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in subsection (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of the Credit Parties) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments by Lenders. Any Lender may at any time assign to one or more Persons all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment(s) and the Loans; provided that any such assignment shall be subject to the following conditions:

(i) Minimum Amounts

(A) in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and the Loans at the time owing to it or in the case of an assignment to a Lender or an Affiliate of a Lender or an Approved Fund with respect to a Lender, no minimum amount need be assigned; and

(B) in any case not described in subsection (b)(i)(A) of this Section, the aggregate amount of the Commitment (which for this purpose includes Loans outstanding thereunder) or, if the Commitment is not then in effect, the principal outstanding balance of the Loans of the assigning Lender subject to each such assignment, determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date, shall not be less than C\$5,000,000 (or the equivalent thereof in U.S. Dollars) unless each of the Agent and, so long as no Default or Event of Default has occurred and is continuing, the Lead Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed); provided, however, that concurrent assignments to members of an Assignee Group and concurrent assignments from members of an Assignee Group to a single assignee (or to an assignee and members of its Assignee Group) will be treated as a single assignment for purposes of determining whether such minimum amount has been met;

(ii) Proportionate Amounts. Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loans or the Commitment assigned;

(iii) Required Consents. No consent shall be required for any assignment except to the extent required by subsection (b)(i)(B) of this Section and, in addition:

(A) the consent of the Lead Borrower (such consent not to be unreasonably withheld or delayed) shall be required unless (1) a Default or Event of Default has occurred and is continuing at the time of such assignment or (2) such assignment is to a Lender, an Affiliate of a Lender or an Approved Fund; and

(B) the consent of the Agent (such consent not to be unreasonably withheld or delayed) shall be required for assignments in respect of any Commitment if such assignment is to a Person that is not a Lender, an Affiliate of such Lender or an Approved Fund with respect to such Lender.

(iv) Assignment and Assumption. The parties to each assignment shall execute and deliver to the Agent an Assignment and Assumption, together with a processing and recordation fee of C\$3,500, provided, however, that the Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment. The assignee, if it shall not be a Lender, shall deliver to the Agent an Administrative Questionnaire.

Subject to acceptance and recording thereof by the Agent pursuant to subsection (c) of this Section, from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled

to the benefits of Sections 3.01, 3.04 and 10.04 with respect to facts and circumstances occurring prior to the effective date of such assignment; provided, that except to the extent otherwise expressly agreed by the affected parties, no assignment by a Defaulting Lender will constitute a waiver or release of any claim of any party hereunder arising from the Lenders having been a Defaulting Lender. Upon request, the Borrowers (at their expense) shall execute and deliver a Note to the assignee Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this subsection shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with Section 10.06(d).

(c) Register. The Agent, acting solely for this purpose as an agent of the Borrowers, shall maintain at the Agent's Office a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, absent manifest error, and the Loan Parties, the Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Lead Borrower and any Lender at any reasonable time and from time to time upon reasonable prior notice.

(d) Participations. Any Lender may at any time, without the consent of, or notice to, the Loan Parties or the Agent, sell participations to any Person (other than a natural person or the Loan Parties or any of the Loan Parties' Affiliates or Subsidiaries) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Loan Parties, the Agent and the Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any Participant shall agree in writing to comply with all confidentiality obligations set forth in Section 10.07 as if such Participant was a Lender hereunder. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, waiver or other modification described in the first proviso to Section 10.01 that affects such Participant. Subject to subsection (e) of this Section, the Loan Parties agree that each Participant shall be entitled to the benefits of Sections 3.01 and 3.04 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Section (b). To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 10.08 as though it were a Lender, provided such Participant agrees to be subject to Section 2.13 as though it were a Lender. Each Lender, acting for this purpose as an agent of the Loan Parties, shall maintain at its offices a record of each agreement or instrument effecting any participation and a register for the recordation of the names and addresses of its Participants and their rights with respect to principal amounts and other Obligations from time to time (each a "Participation Register"). The entries in each Participation Register shall be conclusive absent manifest error and the Loan Parties, the Administrative Agent and the Lenders may treat each Person whose name is recorded in a Participant Register as a Participant for all purposes of this Agreement (including, for the avoidance of doubt, for purposes of entitlement to benefits under Section 3.01, Section 3.04 and Section 10.08"). The

Participation Register shall be available for inspection by the Lead Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(e) Limitations upon Participant Rights. A Participant shall not be entitled to receive any greater payment under Section 3.01 or 3.04 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Lead Borrower's prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 3.01 unless the Lead Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Loan Parties, to comply with Section 3.01(e) as though it were a Lender.

(f) Certain Pledges. Any Lender may at any time pledge, hypothecate or assign a security interest in all or any portion of its rights under this Agreement (including under its Note, if any) to secure obligations of such Lender, including any pledge, hypothecate or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge, hypothecate or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(g) Electronic Execution of Assignments. The words "execution," "signed," "signature," and words of like import in any Assignment and Assumption shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the PPSA and the *Electronic Commerce Act, 2000* (Ontario).

(h) Transactions by Salus Entity. Notwithstanding anything in this Agreement or any other Loan Document to the contrary, (A) neither Salus nor any Affiliate thereof (each, a "Salus Entity") shall be required to comply with this Section 10.06 in connection with any transaction involving any other Salus Entity or any of its or their lenders or funding or financing sources, and no Salus Entity shall have any obligation to disclose any such transaction to any Person, and (B) there shall be no limitation or restriction on (i) the ability of any Salus Entity to assign or otherwise transfer its rights and/or obligations under this Agreement or any other Loan Document, any Commitment, any Loan, or any other Obligation to any other Salus Entity or any lender or financing or funding source of a Salus Entity or (ii) any such lender's or funding or financing source's ability to assign or otherwise transfer its rights and/or obligations under this Agreement or any other Loan Document, any Commitment, any Loan, or any other Obligation; provided, however, that Salus shall continue to be liable as a "Lender" under this Agreement and the other Loan Documents unless such other Person complies with the provisions of this Agreement to become a "Lender".

10.07 Treatment of Certain Information; Confidentiality. Each of the Credit Parties agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its and its Affiliates' respective partners, directors, officers, employees, agents, funding sources, lawyers, advisors and representatives (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority purporting to have jurisdiction over it (including any self-regulatory authority, such as the Insurance Bureau of Canada or the National Association of Insurance Commissioners), (c) to the extent required by applicable Laws or regulations or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or

thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to any Loan Party and its obligations, (g) to their auditors in connection with any audit, (h) with the consent of the Lead Borrower or (i) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section or (y) becomes available to any Credit Party or any of their respective Affiliates on a non-confidential basis from a source other than the Loan Parties.

For purposes of this Section, "Information" means all information received from the Loan Parties or any Subsidiary thereof relating to the Loan Parties or any Subsidiary thereof or their respective businesses, other than any such information that is available to any Credit Party on a non-confidential basis prior to disclosure by the Loan Parties or any Subsidiary thereof, provided that, in the case of information received from any Loan Party or any Subsidiary after the Closing Date, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such information as such Person would accord to its own confidential information.

Each of the Credit Parties acknowledges that (a) the Information may include material non-public information concerning the Loan Parties or a Subsidiary, as the case may be, (b) it has developed compliance procedures regarding the use of material non-public information and (c) it will handle such material non-public information in accordance with applicable Law.

10.08 Right of Setoff. If an Event of Default shall have occurred and be continuing or if any Lender shall have been served with a trustee process or similar attachment relating to property of a Loan Party, each Lender, and each of their respective Affiliates is hereby authorized at any time and from time to time, after obtaining the prior written consent of the Agent or the Required Lenders, to the fullest extent permitted by applicable law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by such Lender or any such Affiliate to or for the credit or the account of the Borrowers or any other Loan Party against any and all of the Obligations now or hereafter existing under this Agreement or any other Loan Document to such Lender, regardless of the adequacy of the Collateral, and irrespective of whether or not such Lender shall have made any demand under this Agreement or any other Loan Document and although such obligations of the Borrowers or such Loan Party may be contingent or unmaturing or are owed to a branch or office of such Lender different from the branch or office holding such deposit or obligated on such indebtedness; provided, that in the event that any Defaulting Lender shall exercise any such right of setoff, (x) all amounts so set off shall be paid over immediately to the Agent for further application in accordance with the provisions of Section 2.16 and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Agent and the Lenders, and (y) the Defaulting Lender shall provide promptly to the Agent a statement describing in reasonable detail the Obligations owing to such Defaulting Lender as to which it exercised such right of setoff. The rights of each Lender and their respective Affiliates under this Section are in addition to other rights and remedies (including other rights of setoff) that such Lender or their respective Affiliates may have. Each Lender agrees to notify the Lead Borrower and the Agent promptly after any such setoff and application, provided that the failure to give such notice shall not affect the validity of such setoff and application.

10.09 Counterparts; integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Loan Documents constitute the entire contract among the parties relating to the subject matter hereof

and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Agent and when the Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement by telecopy, pdf., or other electronic transmission shall be as effective as delivery of a manually executed counterpart of this Agreement.

10.10 Survival. All representations and warranties made hereunder and in any other Loan Document or other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof. Such representations and warranties have been or will be relied upon by the Credit Parties, regardless of any investigation made by any Credit Party or on their behalf and notwithstanding that any Credit Party may have had notice or knowledge of any Default or Event of Default at the time of any Borrowing, and shall continue in full force and effect as long as any Loan or any other Obligation hereunder shall remain unpaid or unsatisfied. Further, the provisions of Sections 3.01, 3.04 and 10.04 and Article IX shall survive and remain in full force and effect regardless of the repayment of the Obligations, the expiration or termination of the Commitments or the termination of this Agreement or any provision hereof. In connection with the termination of this Agreement and the release and termination of the security interests in the Collateral, the Agent may require such indemnities and collateral security as it shall reasonably deem necessary or appropriate to protect the Credit Parties against (x) loss on account of credits previously applied to the Obligations that may subsequently be reversed or revoked, (y) any obligations that may thereafter arise with respect to the Other Liabilities and (z) any Obligations that may thereafter arise under Section 10.04.

10.11 Severability. If any provision of this Agreement or the other Loan Documents is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement and the other Loan Documents shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

10.12 Replacement of Lenders. If any Lender requests compensation under Section 3.04, or if the Borrowers are required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.01, or if any Lender is a Defaulting Lender, then the Borrowers may, at their sole expense and effort, upon notice to such Lender and the Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 10.06), all of its interests, rights and obligations under this Agreement and the related Loan Documents to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment), provided that:

(a) the Borrowers shall have paid to the Agent the assignment fee specified in Section 10.06(b);

(b) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrowers (in the case of all other amounts);

(c) in the case of any such assignment resulting from a claim for compensation under Section 3.04 or payments required to be made pursuant to Section 3.01, such assignment will result in a reduction in such compensation or payments thereafter; and

- (d) such assignment does not conflict with applicable Laws.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrowers to require such assignment and delegation cease to apply.

10.13 Governing Law; Jurisdiction; Etc.

(a) GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN.

(b) SUBMISSION TO JURISDICTION. EACH LOAN PARTY IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NON-EXCLUSIVE JURISDICTION OF THE COURTS LOCATED IN THE PROVINCE OF ONTARIO IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE LOAN PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH COURT. EACH OF THE LOAN PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT OR IN ANY OTHER LOAN DOCUMENT SHALL AFFECT ANY RIGHT THAT ANY CREDIT PARTY MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AGAINST ANY LOAN PARTY OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

(c) WAIVER OF VENUE. EACH LOAN PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT IN ANY COURT REFERRED TO IN PARAGRAPH (B) OF THIS SECTION. EACH OF THE LOAN PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENCE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(d) SERVICE OF PROCESS. EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 10.02. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

(e) ACTIONS COMMENCED BY LOAN PARTIES. EACH LOAN PARTY AGREES THAT ANY ACTION COMMENCED BY ANY LOAN PARTY ASSERTING ANY CLAIM OR COUNTERCLAIM ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT SHALL BE BROUGHT SOLELY IN A COURT LOCATED IN THE PROVINCE OF ONTARIO AS THE AGENT MAY ELECT IN ITS SOLE DISCRETION AND CONSENTS TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS WITH RESPECT TO ANY SUCH ACTION.

10.14 Waiver of Jury Trial. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

10.15 No Advisory or Fiduciary Responsibility. In connection with all aspects of each transaction contemplated hereby, the Loan Parties each acknowledge and agree that: (i) the credit facility provided for hereunder and any related arranging or other services in connection therewith (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document) are an arm's-length commercial transaction between the Loan Parties, on the one hand, and the Credit Parties, on the other hand, and each of the Loan Parties is capable of evaluating and understanding and understands and accepts the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents (including any amendment, waiver or other modification hereof or thereof); (ii) in connection with the process leading to such transaction, each Credit Party is and has been acting solely as a principal and is not the financial advisor, agent or fiduciary, for the Loan Parties or any of their respective Affiliates, stockholders, creditors or employees or any other Person; (iii) none of the Credit Parties has assumed or will assume an advisory, agency or fiduciary responsibility in favour of the Loan Parties with respect to any of the transactions contemplated hereby or the process leading thereto, including with respect to any amendment, waiver or other modification hereof or of any other Loan Document (irrespective of whether any of the Credit Parties has advised or is currently advising any Loan Party or any of its Affiliates on other matters) and none of the Credit Parties has any obligation to any Loan Party or any of its Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; (iv) the Credit Parties and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Loan Parties and their respective Affiliates, and none of the Credit Parties has any obligation to disclose any of such interests by virtue of any advisory, agency or fiduciary relationship; and (v) the Credit Parties have not provided and will not provide any legal, accounting, regulatory or tax advice with respect to any of the transactions contemplated hereby (including any amendment, waiver or other modification hereof or of any other Loan Document) and each of the Loan Parties has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate. Each of the Loan Parties hereby waives and releases, to the fullest extent permitted by law, any claims that it may have against each of the Credit Parties with respect to any breach or alleged breach of agency or fiduciary duty.

10.16 Anti-Money Laundering Legislation.

(a) Each Loan Party acknowledges that, pursuant to the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), the USA Patriot Act (Title III of Pub. L. 1007-56 (signed into law October 26, 2001)), and other applicable anti-money laundering, anti-terrorist financing, government sanction and "know your client" laws, whether within Canada, the United States or elsewhere (collectively, including any guidelines or orders thereunder, "AML Legislation"), the Lenders and Agent may be required to obtain, verify and record information regarding each Loan Party, its respective directors, authorized signing officers, direct or indirect shareholders or other Persons in control of such Loan Party, and the transactions contemplated hereby. The Loan Parties shall promptly provide all such information, including supporting documentation and other evidence, as may be reasonably requested by any Lender or Agent, or any prospective assign or participant of a

Lender or Agent, in order to comply with any applicable AML Legislation, whether now or hereafter in existence.

(b) If Agent has ascertained the identity of the Loan Parties or any authorized signatories of the Loan Parties for the purposes of applicable AML Legislation, then Agent:

(i) shall be deemed to have done so as an agent for each Lender, and this Agreement shall constitute a "written agreement" in such regard between each Lender and Agent within the meaning of applicable AML Legislation; and

(ii) shall provide to each Lender copies of all information obtained in such regard without any representation or warranty as to its accuracy or completeness.

Notwithstanding the preceding sentence and except as may otherwise be agreed in writing, each of the Lenders agrees that Agent has no obligation to ascertain the identity of the Loan Parties or any authorized signatories of the Loan Parties on behalf of any Lender, or to confirm the completeness or accuracy of any information it obtains from the Loan Parties or any such authorized signatory in doing so.

10.17 USA PATRIOT Act Notice. Each Lender that is subject to the Patriot Act (as hereinafter defined) and the Agent (for itself and not on behalf of any Lender) hereby notifies the Loan Parties that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Patriot Act"), it is required to obtain, verify and record information that identifies each Loan Party, which information includes the name and address of each Loan Party and other information that will allow such Lender or the Agent, as applicable, to identify each Loan Party in accordance with the Patriot Act. Each Loan Party is in compliance, in all material respects, with the Patriot Act. The Loan Parties shall, promptly following a request by the Agent or any Lender, provide all documentation and other information that the Agent or such Lender requests in order to comply with its ongoing obligations under applicable "know you customer" and anti-money laundering rules and regulations, including the Patriot Act.

10.18 Economic Sanction Laws. Neither of the advance of the Loans nor the use of the proceeds of any thereof will violate any applicable foreign asset control or economic sanctions regulations, including the provisions of the *United Nations Act* (Canada), the *Special Economic Measures Act* (Canada), the *Criminal Code* (Canada) or any other economic sanctions laws administered by Foreign Affairs and International Trade Canada or the Department of Public Safety Canada (collectively, the "Economic Sanction Laws") or any enabling legislation or executive order relating thereto. Furthermore, none of the Borrowers or their Affiliates (a) is a Person designated by the Canadian government on any list set out in any Economic Sanction Law including the United Nations Al-Qaida and Taliban Regulations, the Regulations Implementing the United Nations Resolutions on the Suppression of Terrorism or the *Criminal Code* (Canada) with which a Canadian Person cannot deal with or otherwise engage in business transactions (or is controlled by or acts, directly or indirectly, for or on behalf of any such Person) or (b) is a Person who is otherwise the target of Canadian economic sanctions laws such that a Canadian Person cannot deal or otherwise engage in business transactions with such Person.

10.19 Time of the Essence. Time is of the essence of the Loan Documents.

10.20 Press Releases.

(a) Each Credit Party executing this Agreement agrees that neither it nor its Affiliates will in the future issue any press releases or other public disclosure using the name of the Agent or its Affiliates or referring to this Agreement or the other Loan Documents without at least two (2) Business Days' prior notice to the Agent and without the prior written

consent of the Agent unless (and only to the extent that) such Credit Party or Affiliate is required to do so under applicable Law and then, in any event, such Credit Party or Affiliate will consult with the Agent before issuing such press release or other public disclosure.

(b) Each Loan Party consents to the publication by the Agent or any Lender of advertising material, including any "tombstone" or comparable advertising, on its website or in other marketing materials of Agent, relating to the financing transactions contemplated by this Agreement using any Loan Party's name, product photographs, logo, trademark or other insignia. The Agent or such Lender shall provide a draft reasonably in advance of any advertising material to the Lead Borrower for review and comment prior to the publication thereof. The Agent reserves the right to provide to industry trade organizations and loan syndication and pricing reporting services information necessary and customary for inclusion in league table measurements.

10.21 Additional Waivers.

(a) The Obligations are the joint and several obligation of each Loan Party. To the fullest extent permitted by Applicable Law, the obligations of each Loan Party shall not be affected by (i) the failure of any Credit Party to assert any claim or demand or to enforce or exercise any right or remedy against any other Loan Party under the provisions of this Agreement, any other Loan Document or otherwise, (ii) any rescission, waiver, amendment or modification of, or any release from any of the terms or provisions of, this Agreement or any other Loan Document, or (iii) the failure to perfect any security interest in, or the release of, any of the Collateral or other security held by or on behalf of the Agent or any other Credit Party.

(b) The obligations of each Loan Party shall not be subject to any reduction, limitation, impairment or termination for any reason (other than the indefeasible payment in full in cash of the Obligations after the termination of the Commitments), including any claim of waiver, release, surrender, alteration or compromise of any of the Obligations, and shall not be subject to any defence or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality or unenforceability of any of the Obligations or otherwise. Without limiting the generality of the foregoing, the obligations of each Loan Party hereunder shall not be discharged or impaired or otherwise affected by the failure of the Agent or any other Credit Party to assert any claim or demand or to enforce any remedy under this Agreement, any other Loan Document or any other agreement, by any waiver or modification of any provision of any thereof, any default, failure or delay, willful or otherwise, in the performance of any of the Obligations, or by any other act or omission that may or might in any manner or to any extent vary the risk of any Loan Party or that would otherwise operate as a discharge of any Loan Party as a matter of law or equity (other than the indefeasible payment in full in cash of all the Obligations after the termination of the Commitments).

(c) To the fullest extent permitted by applicable Law, each Loan Party waives any defence based on or arising out of any defence of any other Loan Party or the unenforceability of the Obligations or any part thereof from any cause, or the cessation from any cause of the liability of any other Loan Party, other than the indefeasible payment in full in cash of all the Obligations and the termination of the Commitments. The Agent and the other Credit Parties may, at their election, foreclose on any security held by one or more of them by one or more judicial or non-judicial sales, accept an assignment of any such security in lieu of foreclosure, compromise or adjust any part of the Obligations, make any other accommodation with any other Loan Party, or exercise any other right or remedy available to them against any other Loan Party, without affecting or impairing in any way the liability of any Loan Party hereunder except to the extent that all the Obligations have been

indefeasibly paid in full in cash and the Commitments have been terminated. Each Loan Party waives any defence arising out of any such election even though such election operates, pursuant to applicable Law, to impair or to extinguish any right of reimbursement or subrogation or other right or remedy of such Loan Party against any other Loan Party, as the case may be, or any security.

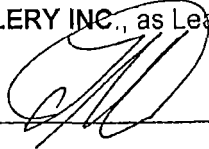
(d) Each Borrower is obligated to repay the Obligations as joint and several obligors under this Agreement. Upon payment by any Loan Party of any Obligations, all rights of such Loan Party against any other Loan Party arising as a result thereof by way of right of subrogation, contribution, reimbursement, indemnity or otherwise shall in all respects be subordinate and junior in right of payment to the prior indefeasible payment in full in cash of all the Obligations and the termination of the Commitments. In addition, any indebtedness of any Loan Party now or hereafter held by any other Loan Party is hereby subordinated in right of payment to the prior indefeasible payment in full of the Obligations and no Loan Party will demand, sue for or otherwise attempt to collect any such indebtedness. If any amount shall erroneously be paid to any Loan Party on account of (i) such subrogation, contribution, reimbursement, Indemnity or similar right or (ii) any such indebtedness of any Loan Party, such amount shall be held in trust for the benefit of the Credit Parties and shall forthwith be paid to the Agent to be credited against the payment of the Obligations, whether matured or unmatured, in accordance with the terms of this Agreement and the other Loan Documents. Subject to the foregoing, to the extent that any Borrower shall, under this Agreement as a joint and several obligor, repay any of the Obligations constituting Loans made to another Borrower hereunder or other Obligations incurred directly and primarily by any other Borrower (an "Accommodation Payment"), then the Borrower making such Accommodation Payment shall be entitled to contribution and indemnification from, and be reimbursed by, each of the other Borrowers in an amount, for each of such other Borrowers, equal to a fraction of such Accommodation Payment, the numerator of which fraction is such other Borrower's Allocable Amount and the denominator of which is the sum of the Allocable Amounts of all of the Borrowers. As of any date of determination, the "Allocable Amount" of each Borrower shall be equal to the maximum amount of liability for Accommodation Payments which could be asserted against such Borrower hereunder without (a) rendering such Borrower not Solvent.

10.22 No Strict Construction. The parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto and no presumption or burden of proof shall arise favouring or disfavouring any party by virtue of the authorship of any provisions of this Agreement.

10.23 Attachments. The exhibits, schedules and annexes attached to this Agreement are incorporated herein and shall be considered a part of this Agreement for the purposes stated herein, except that in the event of any conflict between any of the provisions of such exhibits and the provisions of this Agreement, the provisions of this Agreement shall prevail.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the date first above written.

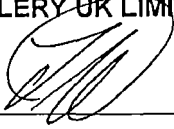
J.S.N. JEWELLERY INC., as Lead Borrower

By:  _____

Name: JOSEPH SHILON

Title: PRESIDENT

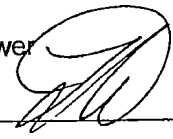
J.S.N. JEWELLERY UK LIMITED, as Borrower.

By:  _____

Name: JOSEPH SHILON

Title: DIRECTOR

GMJ Corp., as Borrower

By:  _____

Name: JOSEPH SHILON

Title: PRESIDENT

Title: _____

2373138 Ontario Inc., as Guarantor

By:  _____

Name: JOSEPH SHILON

Title: PRESIDENT

Title: _____

6721657 Manitoba Inc. as Guarantor¹

By:  _____

Name: JOSEPH SHILON

Title: PRESIDENT

Title: _____

Forever Jewellery Inc., as Guarantor

By:  _____

Name: GILA ALTSCHULER

Title: PRESIDENT

Title: _____

MR. JOSEPH SHILON, as Guarantor

By:  _____

Signature page to Credit Agreement

¹ [Ben Moss to sign Joinder as Borrower]

**SALUS CAPITAL PARTNERS, LLC, as
Administrative Agent and as Collateral Agent**

By:

Name: John R. L. McCarty, Sr.
Its Authorized Signatory

SALUS CAPITAL PARTNERS, LLC, as a
Lender

By:

Name: James P. L. McCoy, SVP
Its Authorized Signatory

SCHEDULE 1.01
BORROWERS

J.S.N. JEWELLERY INC.

J.S.N. JEWELLERY UK LIMITED

GMJ CORPORATION

BEN MOSS JEWELLERS WESTERN CANADA LTD. (VIA JOINDER TO CREDIT AGREEMENT.
DATED AS OF JULY 18, 2013)

**SCHEDULE 1.02
GUARANTORS**

2373138 ONTARIO INC.

6721657 MANITOBA LTD.

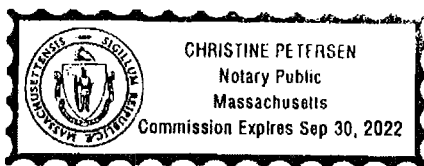
FOREVER JEWELLERY INC. (LIMITED)

TAB I

Attached is Exhibit "T" Referred to in the
AFFIDAVIT OF KYLE SHONAK
Sworn before me this 3rd day of August, 2016

Christine Petersen

Notary Public



FIRST AMENDING AGREEMENT

THIS FIRST AMENDING AGREEMENT is made as of September 25, 2014 among J.S.N. Jewellery Inc., a corporation existing under the laws of the Province of Ontario (the "Lead Borrower"), the other Borrowers and Guarantors party hereto, each lender from time to time party hereto, and Salus Capital Partners, LLC, as Administrative Agent and Collateral Agent (the "Agent").

WHEREAS the Borrowers, the other Loan Parties, the Agent, and the Lenders are parties to a credit agreement dated as of July 18, 2013 (the "Credit Agreement");

AND WHEREAS the Lead Borrower has advised the Agent and the Lenders that it breached the terms of the Credit Agreement as a result of failing to comply with the financial covenants set forth in Sections 7.16(a) and 7.16(b) of the Credit Agreement for the month ended February, 2014 and each month thereafter up to the date hereof and, subject to year-end audit adjustments, may have also breached such financial covenants for the month of December, 2013 (collective, the "**Covenant Defaults**");

AND WHEREAS the Lead Borrower has failed to deliver, with the Agent's consent, the Borrower's Business Plan as required by Section 6.01(d) of the Credit Agreement and to deliver audited financial statements within 120 days of the fiscal year-end as required by Section 6.01(a) of the Credit Agreement (collectively, the "**Reporting Defaults**");

AND WHEREAS the Borrowers have requested that the Agent and the Lenders waive the Covenant Defaults and the Reporting Defaults and the Agent and the Lenders have agreed to such a waiver on the terms and conditions of this Agreement;

AND WHEREAS the Borrowers have requested that Salus CLO 2012-1, Ltd. (the "**New Lender**"), a new Lender under the Credit Agreement, extend a further term loan facility on the terms herein provided;

AND WHEREAS the parties hereto desire to amend the Credit Agreement as herein provided;

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the mutual covenants and agreements contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed by the parties hereto as follows:

ARTICLE I **DEFINITIONS AND INTERPRETATION**

1.1 Definitions. All capitalized terms used in this Agreement that are defined in the Credit Agreement have the meanings ascribed to them in the Credit Agreement, except to the extent that such terms are defined or modified in this Agreement, or the

context otherwise requires. In addition, the following terms have the following meanings:

“Credit Agreement” has the meaning specified therefor in the recitals hereto.

“this Agreement” means this First Amending Agreement, as it may be amended, supplemented, restated or otherwise modified from time to time.

1.2 Headings, etc. The division of this Agreement into Articles, Sections and other subdivisions, and the insertion of headings and captions are for convenience of reference only and will not affect the construction or interpretation of this Agreement.

ARTICLE 2
AMENDMENTS TO CREDIT AGREEMENT

2.1 Effective as of the Effective Date (as defined below), the New Lender shall be deemed a “Lender” for all purposes under the Credit Agreement and the Credit Agreement is hereby amended as follows:

(i) The following sentences are hereby added to the definition of “Aggregate Revolving Commitment”:

With effect from the First Amendment Effective Date, the Aggregate Revolving Commitment shall be reduced by C\$1,500,000 (and each Revolving Lender’s share of the Revolving Commitment outstanding on such date shall be decreased by a pro rata amount to reflect such aggregate decrease) to \$48,500,000. Following payment by the Borrowers of the TLB Payment to the Agent on or before December 31, 2014, the Aggregate Revolving Commitment shall be increased by C\$1,500,000 (and each Revolving Lender’s share of the Revolving Commitment outstanding on such date shall be increased by a pro rata amount to reflect such aggregate increase) to C\$50,000,000 provided that on such date no Default or Event of Default then exists or would arise therefrom.

(ii) The definition of “Applicable Percentage” is hereby deleted in its entirety and replaced with the following:

“**Applicable Percentage**” means, in each case as the context requires, (a) with respect to any Revolving Lender at any time, the percentage (carried out to the ninth decimal place) of the Aggregate Revolving Commitments represented by such Lender’s Revolving Commitment at such time, (b) with respect to any Term Loan A Lender at any time, the portion of the Term Loan A represented by the outstanding principal balance of such Term Loan A Lender’s Term Loan A at such time, (c) with respect to any Term Loan B Lender at any time, the portion of the Term Loan B represented by the outstanding principal balance of such Term Loan B Lender’s Term Loan B at such time, (d) with respect to any Term Loan C Lender at any time, the portion of the Term Loan C represented by the outstanding principal balance of such Term Loan C Lender’s Term Loan C at

such time, or (e) with respect to all Lenders at any time, the percentage of the sum of the Aggregate Revolving Commitments represented by the sum of such Lender's Revolving Commitment and the outstanding principal balance of such Lender's Term Loan A, Term Loan B and Term Loan C at such time, in each case as the context provides. If the commitment of each Lender to make Loans have been terminated pursuant to Section 2.06 or Section 8.02 or if the Aggregate Revolving Commitments have expired, then the Applicable Percentage of each Revolving Lender shall be determined based on the Applicable Percentage of such Revolving Lender most recently in effect, giving effect to any subsequent assignments. The initial Applicable Percentage of each Lender is set forth opposite the name of such Lender on Schedule 2.01 or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable.

(iii) The definition of Availability Block is hereby deleted and replaced with the following:

“**Availability Block**” means C\$4,000,000. Following payment by the Borrowers of the TLB Payment to the Agent on or before December 31, 2014, the Availability Block shall be reduced to C\$2,000,000 provided that on such date no Default or Event of Default then exists or would arise therefrom.”

(iv) The definition of “Combined Leverage Ratio” in Section 1.01 of the Credit Agreement is hereby deleted.

(v) The definitions of “Borrowing”, “Term Borrowing”, “Term Commitments”, “Term Lenders” and “Term Loan B Margin Shortfall” are hereby deleted and replaced with the following:

“**Borrowing**” means a Revolving Credit Borrowing, the Term Loan A Borrowing, the Term Loan B Borrowing or the Term Loan C Borrowing, as the context may require.

“**Term Borrowing**” means, collectively, the Term Loan A Borrowings, the Term Loan B Borrowings and the Term Loan C Borrowings.

“**Term Commitments**” means, collectively, the Term Loan A Commitments, the Term Loan B Commitments and the Term Loan C Commitments.

“**Term Lenders**” means, collectively, the Term Loan A Lenders, the Term Loan B Lenders and the Term Loan C Lenders.

“**Term Loan B Margin Shortfall**” means at any time, the amount by which the aggregate principal amount of Term Loan A, Term Loan B and (with effect from the earlier of (i) the payment of the TLB Payment and (ii) December 31, 2014) Term Loan C exceeds the aggregate amount of the Borrowing Base – Term Loan B as then in effect.

(vi) The following definitions are hereby added to Section 1.01 of the Credit Agreement in the correct alphabetical order:

“Collateral Coverage Ratio” means, at any date of determination, the ratio of (a) the sum of (i) the Borrowing Base – Revolving Credit (ii) 95% of the Appraised Value of Permitted Consignment Inventory and (iii) the cash balance of any Blocked Account, each calculated on such date, to (b) the aggregate outstanding principal amount of the Committed Revolving Loans on such date.

“First Amendment Effective Date” means September 25, 2014.

“Permitted Consignment Inventory” means, at any date of determination and to the extent such amounts are not already included in the calculation of the Borrowing Base – Revolving Credit, Inventory on such date up to a maximum amount of U.S.\$2,500,000 (or the Equivalent Amount thereof) placed on consignment (where such consignment will automatically convert to a sale on a specific date that is no more than six (6) months after such date of determination) with Fred Meyer Jewelers, Aurum Holdings Limited (also known as Goldsmith), or such other customers as may be approved by the Agent.”

“Required Term Loan C Lenders” means, as of any date of determination, Lenders holding more than fifty percent (50%) of the then outstanding principal balance of the Term Loan C.”

“Term Loan C” means any term loan made by the Term Loan C Lenders pursuant to Section 2.01(b)(A).

“Term Loan C Applicable Margin” has the meaning given in the Pricing Letter.

“Term Loan C Borrowing” means the borrowing of the Term Loan C made by each of the Term C Lenders pursuant to Section 2.01(b)(A).

“Term Loan C Commitment” means, as to each Term Loan C Lender, its obligation to make a portion of the Term Loan C pursuant to Section 2.01(b)(A) in an aggregate principal amount not to exceed, (i) as of the Effective Date, in the case of CLO 2012-1, Ltd., U.S.\$3,500,000, or (ii) in the Assignment and Assumption pursuant to which such Term Loan C Lender becomes a party hereto, as applicable.

“Term Loan C Interest Rate” means a per annum rate equal to the U.S. Base Rate plus the Term Loan C Applicable Margin.

“Term Loan C Lender” means each Lender having a Term Loan C Commitment as set forth on Schedule 2.01 hereto or in the Assignment and Assumption by which such Person becomes a Term Loan C Lender, or after the making of the Term Loan C, each Lender holding any portion of the Term Loan C.

“**Term Loan C Note**” means a promissory note made by the Borrowers in favour of a Term Loan C Lender evidencing the Term Loan C made by such Term Loan C Lender, substantially in the form of Exhibit C-2.

“**TLB Payment**” means a repayment by the Borrowers, in Canadian Dollars, of a principal amount of the Term Loan B equal to the Canadian Dollar equivalent of U.S.\$3,500,000 (based upon the Spot Rate on the date of payment).

(vii) The following Section 2.01(b)(A) is hereby added into the Credit Agreement immediately following Section 2.01(b):

(b)(A) Subject to the terms and conditions set forth herein, each Term Loan C Lender severally agrees to make a loan to the Borrowers on the First Amendment Effective Date in a principal amount not to exceed the Term Loan C Commitment of such Term Loan C Lender. Amounts repaid in respect of the Term Loan C may not be reborrowed. Any portion of the Term Loan C Commitments which is not borrowed on the First Amendment Effective Date shall be cancelled. Notwithstanding anything to the contrary herein, the Term Loan C shall always be denominated in U.S. Dollars and shall not at any time be converted to another Type.

(viii) The last sentence of Section 2.05(h) is hereby deleted and replaced with the following:

Any prepayment made pursuant to Section (g) above shall be applied ratably to the outstanding Term Loan A, the outstanding Term Loan B or the outstanding Term Loan C, as determined by the Agent in its sole discretion.

(ix) The table in Section 2.07(b) of the Credit Agreement is hereby deleted and replaced with the following:

Date	Term Loan A Principal Amount	Term Loan B Principal Amount	Term Loan C Principal Amount
September 30, 2013	\$125,000	\$325,000	\$0.00
December 31, 2013	\$125,000	\$325,000	\$0.00
March 31, 2014	\$125,000	\$325,000	\$0.00
June 30, 2014	\$125,000	\$325,000	\$0.00
September 30, 2014	\$250,000	\$325,000	\$0.00
December 31, 2014	\$250,000	\$325,000 plus the TLB Payment	\$0.00
March 31, 2015	\$250,000	\$325,000	\$0.00

June 30, 2015	\$250,000	\$325,000	\$0.00
September 30, 2015	\$250,000	\$487,500	\$0.00
December 31, 2015	\$250,000	\$487,500	\$0.00
March 31, 2015	\$250,000	\$487,500	\$0.00
Termination Date	Balance of Term Loan A	Balance of Term Loan B	Balance of Term Loan C

(x) Section 2.08(a) is hereby deleted in its entirety and replaced with the following:

2.08(a) Subject to the provisions of Section 2.08(b) and (c) below, (i) each Committed Revolving Loan which is a U.S. Base Rate Loan shall bear interest on the outstanding principal amount thereof at a rate per annum equal to the U.S. Base Rate plus the Applicable Margin; (ii) each Committed Revolving Loan which is a Canadian Prime Rate Loan shall bear interest on the outstanding principal amount thereof at a rate per annum equal to the Canadian Prime Rate plus the Applicable Margin; (iii) each Term Loan A shall bear interest on the outstanding principal amount thereof at the Term Loan A Interest Rate then in effect, (iv) each Term Loan B shall bear interest on the outstanding principal amount thereof at the Term Loan B Interest Rate then in effect, and (v) each Term Loan C shall bear interest on the outstanding principal amount thereof at the Term Loan C Interest Rate then in effect.

(xi) Sections 7.16(a) and 7.16(b) of the Credit Agreement are hereby deleted in their entirety and replaced with the following new Section 7.16:

Collateral Coverage Ratio. As of the last Business Day of any calendar month, permit the Collateral Coverage Ratio to be less than (i) in the calendar months of February, March, April, May, June, July, August and September of any year, 1.00:1.00; and (ii) in the calendar months of October, November, December and January of any year, 1.15:1.00.

(xii) In Section 8.03 (*Application of Funds*), references to "Term Loan B" and "Term Loan B Lenders" shall be construed as references to "Term Loan B and Term Loan C" and "Term Loan B Lenders and Term Loan C Lenders", respectively.

(xiii) The table in Schedule 2.01 (*Commitments and Applicable Percentages*) of the Credit Agreement is hereby deleted and replaced with the following:

Lender	Name	Amount
Revolving Lender	Salus Capital Partners, LLC	C\$48,500,000 (subject to the definition of Aggregate Revolving Commitment)
Term Loan A Lender	Salus Capital Partners, LLC	C\$7,000,000
Term Loan B Lender	Salus Capital Partners, LLC	C\$13,000,000
Term Loan C Lender	Salus CLO 2012-1, Ltd.	U.S.\$3,500,000

ARTICLE 3
WAIVER

The Agent and the Lenders hereby consent to and waive the Covenant Defaults and the Reporting Defaults, with effect to the date of occurrence of such Covenant Defaults and Reporting Defaults, as applicable.

ARTICLE 4
MISCELLANEOUS PROVISIONS

4.1 Conditions to Effectiveness. This Agreement shall become effective on the date (the "Effective Date") upon which Agent shall have received each of the following in form and substance satisfactory to Agent:

- (a) this Agreement or counterparts hereof duly executed and delivered by Loan Parties, the Agent and each of the Lenders, all in accordance with Section 9.1 of the Credit Agreement;
- (b) a letter agreement duly executed and delivered by the Lead Borrower amending the Pricing Letter;
- (c) payment of all fees and out-of-pocket expenses payable pursuant to the Credit Agreement and the Pricing Letter (as amended on the date hereof), to the extent invoiced;
- (d) a Term Loan C Note;
- (e) a certificate signed by a Responsible Officer of the Loan Parties attaching resolutions or other actions, incumbency certificates and/or other certificates of each Loan Party evidencing the authority of each Loan Party to enter into this Agreement and identifying each Responsible Officer thereof authorized to execute and deliver this Agreement: and

- (f) a favourable opinion of Torkin Manes LLP addressed to the Agent and each Lender, as to such matters concerning the Loan Parties and this Agreement as the Agent may reasonably request.

4.2 Representations and Warranties. The Loan Parties represent and warrant to the Lenders and the Agent that, as of the Effective Date:

(a) This Agreement has been duly authorized, executed and delivered by each Loan Party, and the Credit Agreement and this Agreement constitute the legal, valid and binding obligations of each Loan Party, enforceable in accordance with their respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditor's rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

(b) The representations and warranties of each Loan Party set forth in the Credit Agreement and the Loan Documents are true and correct on and as of the Effective Date except such representations and warranties that are stated to be true as of a particular date; upon the effectiveness of this Agreement on the Effective Date, each Loan Party is in compliance with the covenants in the Credit Agreement; upon the effectiveness of this Agreement on the Effective Date, no Default or Event of Default (other than the Covenant Defaults and Reporting Defaults) has occurred and is continuing; and no material governmental or regulatory approval or consent is required in connection with this Agreement, except for any governmental or regulatory approval or consent which has been obtained, is in full force and effect and a copy of which has been provided to the Agent.

4.3 Ratification of Credit Agreement. The Credit Agreement shall remain in full force and effect and is hereby ratified and confirmed. The Credit Agreement, as amended by this Agreement, shall be read, taken and construed as one and the same document.

4.4 Confirmation of Security. Each Loan Party acknowledges, confirms and agrees that (i) all Security Documents granted by such Loan Party to and in favour of the Agent on behalf of the Credit Parties as security for its obligations under the Credit Agreement and the other Loan Documents to which it is a party (collectively, the "Security") remain in full force and effect, unamended, and the security interests, mortgages, charges, hypothecations, liens, assignments, transfers and pledges granted by such Loan Party in favour of the Agent on behalf of the Credit Parties pursuant to the Security Documents continue to secure and extend to all debts, liabilities and obligations of such Loan Party to the Agent and the Credit Parties, whether direct or indirect, absolute or contingent, present or future, pursuant to, arising out of, or in connection with, the Credit Agreement (as amended hereby) and the other Loan Documents to which it is a party; and (ii) the Security Documents are hereby ratified and confirmed.

4.5 Reservation of Rights and Remedies. The waiver set forth in Section 3 is a limited waiver and, other than as expressly set forth herein, shall not constitute a waiver of any other Event of Default or Default now in existence or that may hereafter

occur, or any rights or remedies that the Agent or any Lender may have under the Credit Agreement, the other Loan Documents or applicable law with respect thereto, all of which rights and remedies are specifically reserved. Without limiting the foregoing, and other than as expressly set forth herein, the waiver granted by the Agent and the Lenders herein shall in no way (i) limit, impair, constitute a waiver of, or otherwise affect any right, power, or remedy of the Agent or any Lender under the Credit Agreement or any other Loan Document, or (ii) alter, modify, amend, or in any way affect any of the terms, conditions, obligations, covenants, or agreements contained in the Credit Agreement or any other Loan Document, all of which shall continue in full force and effect.

4.6 Waiver and Release. By its execution hereof, and in consideration of the mutual covenants contained herein and other accommodations granted to the Loan Parties hereunder, each Loan Party, on behalf of itself and its successors and assigns, hereby expressly forever waives, releases and discharges any and all claims (including, without limitation, cross-claims, counterclaims, and rights of setoff and recoupment), causes of action (whether direct or derivative in nature), demands, suits, costs, expenses and damages (collectively, the "Claims") any of them may have or allege to have as of the date of this Agreement (and all defenses that may arise out of any of the foregoing) of any nature, description, or kind whatsoever, based in whole or in part on facts, whether actual, contingent or otherwise, now known, unknown, or subsequently discovered, whether arising in law, at equity or otherwise, against the Agent or any Lender, their respective affiliates, agents, principals, managers, managing members, members, stockholders, "control persons" (within the meaning of Ontario securities laws), directors, officers, employees, legal counsel, consultants, advisors, agents, trusts, trustors, beneficiaries, heirs, executors and administrators of each of the foregoing (collectively, the "Released Parties") involving or otherwise relating to this Agreement or any of the other agreements entered into in connection herewith, the Credit Agreement, the Loan Documents or any or all of the actions and transactions contemplated hereby or thereby, including, without limitation, any actual or alleged performance or nonperformance by any of the Released Parties hereunder or thereunder. Each Loan Party hereby acknowledges that the agreements in this Section 4.7 are intended to be in full satisfaction of all or any alleged injuries or damages arising in connection with the Claims. In entering into this Agreement, each Loan Party expressly disclaims any reliance on any representations, acts, or omissions by any of the Released Parties and hereby agrees and acknowledges that the validity and effectiveness of the releases set forth above does not depend in any way on any such representation, acts and/or omissions or the accuracy, completeness, or validity thereof. The provisions of this paragraph shall survive the termination or expiration of the Loan Documents and the payment in full of all obligations of the Loan Parties under or in respect of the Credit Agreement and the other Loan Documents and all other amounts owing thereunder

4.7 Reference to and Effect on the Credit Agreement. On and after the Effective Date, each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof", "herein", "hereto", "hereby" and similar expressions, and each reference to "the Credit Agreement" and "the Agreement" in any Schedule to the Credit Agreement and, unless the context otherwise requires, any Loan Documents shall mean and refer to the

Credit Agreement, as amended by this Agreement. This Agreement is a "Loan Document" under the Credit Agreement.

4.8 Cost and Expenses. Each Loan Party agrees to pay on demand all reasonable costs and expenses of the Agent in connection with the preparation, execution, delivery and administration of this Agreement, including the reasonable fees and out-of-pocket expenses of Blake, Cassels & Graydon LLP, counsel for the Agent with respect thereto.

4.9 Execution in Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original and which together shall constitute one and the same agreement. Delivery of an executed original counterpart of a signature page of this Agreement by facsimile or electronic transmission shall be as effective as delivery of a manually executed original counterpart of this Agreement.

4.10 Governing Law. This Agreement shall be governed by, and will be construed and interpreted in accordance with, the laws of the Province of Ontario and the laws of Canada applicable in the Province of Ontario.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their duly authorized officers as of the day and year first above written.

**J.S.N. JEWELLERY INC., as Lead
Borrower**

By: _____
Name: _____
Title: _____

**J.S.N. JEWELLERY UK LIMITED, as
Borrower**

By: _____
Name: _____
Title: _____

GMJ CORP., as Borrower

By: _____
Name: _____
Title: _____

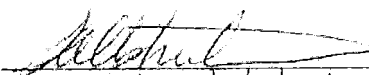
**BEN MOSS JEWELLERS WESTERN
CANADA LTD., as Borrower**

By: _____
Name: _____
Title: _____

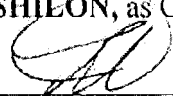
2373138 ONTARIO INC., as Guarantor

By: _____
Name: _____
Title: _____

**FOREVER JEWELLERY INC., as
Guarantor**

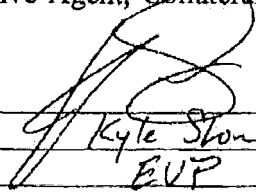
By: 
Name: Gila Altshuler
Title: _____

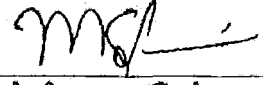
MR. JOSEPH SHILON, as Guarantor

By: 
Name: _____
Title: _____

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their duly authorized officers as of the day and year first above written

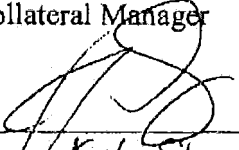
SALUS CAPITAL PARTNERS, LLC, as
Administrative Agent, Collateral Agent and
Lender

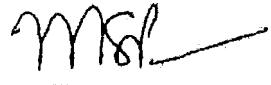
By: 
Name: Kyle Stouck
Title: EVP

By: 
Name: MARC S PAICE
Title: EXECUTIVE VICE PRESIDENT

SALUS CLO 2012-1, LTD.
as a Lender

By: Salus Capital Partners II, LLC,
Its: Collateral Manager

By: 
Name: Kyle Stouck, EVP
Its Authorized Signatory

By: 
Name: MARC S PAICE, EVP
Its Authorized Signatory

TAB J

Attached is Exhibit "J" Referred to in the
AFFIDAVIT OF KYLE SHONAK
Sworn before me this 3rd day of August, 2016

Christine Petersen

Notary Public



GUARANTEE AGREEMENT

GUARANTEE AGREEMENT (this "Guarantee"), dated as of July 18, 2013, by each of 2373138 Ontario Inc. and 6721657 Manitoba Ltd. (each such Person, individually, a "Guarantor" and, collectively, the "Guarantors") in favor of (a) SALUS CAPITAL PARTNERS, LLC, as administrative agent and collateral agent (in such capacities, the "Agent") for its own benefit and the benefit of the other Credit Parties (as defined in the Credit Agreement referred to below), and (b) the other Credit Parties.

WITNESSETH

WHEREAS, reference is made to that certain Credit Agreement dated as of the date hereof (as amended, modified, supplemented or restated hereafter, the "Credit Agreement"), by and between, among others, (i) J.S.N. Jewellery Inc., a Canadian corporation (the "Lead Borrower"), (ii) the other Borrowers party thereto, (iii) the Agent, and (iv) the Lenders party thereto (the "Lenders"). Capitalized terms used herein and not defined herein shall have the meanings assigned to such terms in the Credit Agreement.

WHEREAS, the Lenders have agreed to make Loans to the Borrowers pursuant to, and upon the terms and subject to the conditions specified in, the Credit Agreement.

WHEREAS, each Guarantor acknowledges that it will receive direct and indirect benefits from the availability of the credit facility provided for in the Credit Agreement, from the making of the Loans by the Lenders.

WHEREAS, the obligations of the Lenders to make Loans are each conditioned upon, among other things, the execution and delivery by the Guarantors of a guarantee in the form hereof. As consideration therefor, and in order to induce the Lenders to make Loans, the Guarantors are willing to execute this Guarantee.

Accordingly, each Guarantor hereby agrees as follows:

SECTION 1. Guarantee. Each Guarantor irrevocably and unconditionally guarantees, jointly with the other Guarantors and severally, as a primary obligor and not merely as a surety, the due and punctual payment when due (whether at the stated maturity, by required prepayment, by acceleration or otherwise) and performance by the Borrowers of each and all of their Obligations under the Credit Agreement and other Loan Documents, including, without limitation, the principal amount of the Obligations, all interest and fees thereon and any other Obligations related thereto (collectively, the "Guaranteed Obligations"). Each Guarantor further agrees that the Guaranteed Obligations may be extended or renewed, in whole or in part, without notice to or further assent from it, and that it will remain bound upon this Guarantee notwithstanding any extension or renewal of any Guaranteed Obligation.

SECTION 2. Demand by Agent; Limitation. Upon failure by the Borrowers punctually to pay any Guaranteed Obligation when due, or upon the occurrence of any other Event of Default under the Credit Agreement, the Agent may make demand upon the Guarantors for the payment of such Guaranteed Obligation and each Guarantor binds and obliges itself to make such payment forthwith upon such demand. All obligations of the Guarantor shall be payable or performable forthwith upon demand by the Agent, and any which are not so paid shall bear interest from the date of such demand at the rate or rates applicable to the corresponding Guaranteed Obligations.

SECTION 3. Guaranteed Obligations Not Affected. To the fullest extent permitted by applicable Law, each Guarantor waives presentment to, demand of payment from, and protest to,

any Loan Party of any of the Guaranteed Obligations, and also waives notice of acceptance of this Guarantee, notice of protest for nonpayment and all other notices of any kind (except as expressly set forth in SECTION 2 above). To the fullest extent permitted by applicable Law, the obligations of each Guarantor hereunder shall not be affected by (a) the failure of any Agent or any other Credit Party to assert any claim or demand or to enforce or exercise any right or remedy against any Loan Party under the provisions of the Credit Agreement, any other Loan Document or otherwise or against any other party with respect to any of the Guaranteed Obligations, (b) any rescission, waiver, amendment or modification of, or any release from, any of the terms or provisions of this Guarantee, any other Loan Document or any other agreement, with respect to any Loan Party or with respect to the Guaranteed Obligations, (c) the failure to perfect any security interest in, or the release of, any of the Collateral held by or on behalf of the Agent or any other Credit Party, or (d) the lack of legal existence of any Loan Party or legal obligation to discharge any of the Guaranteed Obligations by any Loan Party for any reason whatsoever, including, without limitation, in any insolvency, bankruptcy or reorganization of any Loan Party.

SECTION 4. Security. Each of the Guarantors hereby acknowledges and agrees that the Agent and each of the other Credit Parties may (a) take and hold security for the payment of this Guarantee and the Guaranteed Obligations and exchange, enforce, waive and release any such security, (b) apply such security and direct the order or manner of sale thereof as they in their sole discretion may determine, and (c) release or substitute any one or more endorsees, the Borrowers, other guarantors or other obligors, in each case without affecting or impairing in any way the liability of any Guarantor hereunder.

SECTION 5. Guarantee of Payment. Each of the Guarantors further agrees that this Guarantee constitutes a guarantee of payment and performance when due of all Guaranteed Obligations and not of collection and, to the fullest extent permitted by applicable Law, waives any right to require that any resort be had by the Agent or any other Credit Party to any of the Collateral or other security held for payment of the Guaranteed Obligations or to any balance of any deposit account or credit on the books of any Agent or any other Credit Party in favor of any Loan Party or any other Person or to any other guarantor of all or part of the Guaranteed Obligations. Any payment required to be made by the Guarantors hereunder may be required by any Agent or any other Credit Party on any number of occasions and shall be payable to the Agent, for the benefit of the Agent and the other Credit Parties, in the manner provided in the Credit Agreement.

SECTION 6. Indemnification. Each of the Guarantors, jointly and severally, shall indemnify the Credit Parties and each of their Subsidiaries and Affiliates, and each of their respective stockholders, directors, officers, employees, agents, attorneys, and advisors (each such Person being called an "Indemnitee"), against, and hold each Indemnitee harmless from, any and all damages, actual out-of-pocket losses, claims, actions, causes of action, settlement payments, obligations, liabilities and related expenses, including the reasonable fees, charges and disbursements of any counsel for any Indemnitee, incurred, suffered, sustained or required to be paid by, or asserted against, any Indemnitee arising out of, in any way connected with, or as a result of, (i) the execution or delivery of this Guarantee, the Credit Agreement or any other Loan Document or any other agreement or instrument contemplated hereby, the performance by the Guarantors of their respective obligations thereunder, or the consummation of the transactions contemplated by the Credit Agreement and the other Loan Documents or any other transactions contemplated hereby or thereby, or (ii) any actual or prospective claim, litigation, investigation or proceeding relating to or arising from any of the foregoing, whether based on contract, tort or any other theory and regardless of whether any Indemnitee is a party thereto; provided, however, such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee or (y) result from a claim brought by a Borrower, any other Loan Party or any other Guarantor against

an Indemnitee for breach in bad faith of such Indemnitee's obligations hereunder or under any other Loan Document, if the Borrowers, such Loan Party or such Guarantor has obtained a final and nonappealable judgment in its favor on such claim as determined by a court of competent jurisdiction. In connection with any indemnified claim hereunder, the Indemnitee shall be entitled to select its own counsel and the Guarantors shall promptly pay the reasonable fees and expenses of such counsel.

SECTION 7. Guarantee Absolute. Without limiting the generality of SECTION 3, the obligations of each Guarantor hereunder shall remain fully effective and enforceable against each Guarantor and shall not be released, exonerated, discharged, diminished, subjected to defence, limited or in any way affected by, and the rights and remedies of the Agent under this Agreement shall not in any way be diminished or prejudiced by, and each Guarantor hereby consents to or waives, as applicable, to the fullest extent permitted by applicable Law:

(a) any lack of genuineness, legality, validity or enforceability of any of the Guaranteed Obligations or of any agreement or arrangement between any Borrower, or any other Person, and any one or more of the Credit Parties, or any failure by any Borrower or any other Person, to carry out any of its obligations under any such agreement or arrangement;

(b) any change in the existence, name, objects, business, powers, organization, share capital, organizational documents, ownership, control, directors or management of any Borrower, any Guarantor or any surety, the reorganization of any Borrower, any Guarantor or any surety, any amalgamation or merger by the Borrower, any Guarantor or any surety with any other Person or Persons, or any continuation of the Borrower, any Guarantor, or any surety under the laws of any jurisdiction;

(c) any lack or limitation of power, incapacity or disability of any Borrower, any Guarantor or any surety or of the directors, officers, managers, employees or agents of any Borrower, any Guarantor or any surety or any other irregularity, defect or informality, or any fraud, by any Borrower, any Guarantor or any surety or any of their respective directors, officers, managers, employees or agents, with respect to any or all of the Guaranteed Obligations, any or all of the obligations of any Guarantor hereunder or any or all of the liabilities and obligations of any surety;

(d) any non-compliance with or contravention by any Guarantor of any provision of any corporate statute applicable to the Guarantor relative to guarantees or other financial assistance given by any Guarantor;

(e) any impossibility, impracticability, frustration of purpose, force majeure or act of Governmental Authority with respect to the performance of any of the Guaranteed Obligations or Guarantor Liabilities;

(f) any bankruptcy or insolvency proceeding affecting, or the financial condition of, any Borrower, any Guarantor, any surety, any Credit Party or any other Person at any time;

(g) might otherwise be a defence available to, or a discharge of, any Borrower, any Guarantor or any surety in respect of any or all of the Guaranteed Obligations, any or all of the obligations of the Guarantor hereunder or any or all of the liabilities and obligations of any surety;

(h) any loss of, or in respect of, any security by or on behalf of any Credit Party from any Borrower, any Guarantor, any surety or any other Person, whether occasioned through the fault of any Credit Party or otherwise;

(i) any loss or impairment of any right of the Guarantor for subrogation, reimbursement or contribution, whether or not as a result of any action taken or omitted to be taken by any Credit Party; or

(j) any other matter, act, omission, circumstance, development or thing of any and every nature, kind and description whatsoever, whether similar or dissimilar to the foregoing (other than the due payment and performance in full of the Guaranteed Obligations) that might in any manner (but for the operation of this provision) operate (whether by statute, at law, in equity or otherwise) to release, discharge, diminish, limit, restrict or in any way affect the liability of, or otherwise provide a defence to, a guarantor, a surety, or a principal debtor, even if known by the Agent or any one or more of the other Credit Parties.

SECTION 8. Dealing with Borrower Liabilities. Without limiting SECTION 7, the obligations of the Guarantor hereunder shall remain fully effective and enforceable against the Guarantor and shall not be released, exonerated, discharged, diminished, subjected to defence, limited or in any way affected by, and the rights and remedies of the Agent and the other Credit Parties under this Agreement shall not in any way be diminished or prejudiced by, and each Guarantor hereby consents to or waives, as applicable, to the fullest extent permitted by applicable Law:

(a) any amendment, alteration, novation or variation in any manner and to any extent (and irrespective of the effect of the same on any Guarantor) of any of the Guaranteed Obligations, any of the liabilities and obligations of any surety, any Security or any one or more of the Credit Parties' arrangements or agreements with the Borrower, any surety or any other Person;

(b) any limitation, compromise, subordination, postponement or abandonment of any of the Guaranteed Obligations, any of the obligations of any Guarantor hereunder, any of the liabilities and obligations of any surety, any Security or any one or more of the Credit Parties' arrangements or agreements with any Borrower, any surety or any other Person;

(c) any grant of time, renewal, extension, indulgence, release, discharge or other course of conduct by any one or more Credit Parties to the Borrower, any surety or any other Person;

(d) the creation of any new or additional Guaranteed Obligations, the increase or reduction of the rate of interest on any or all of the Guaranteed Obligations or any other rates or fees payable under or in respect of any or all of the Guaranteed Obligations;

(e) any alteration, settlement, compromise, acceleration, extension or change in the time or manner for payment or performance by any Borrower made or permitted by any one or more Credit Parties of, or by any other Person or Persons liable to any one or more of the Credit Parties with respect to, any or all of the Guaranteed Obligations;

(f) the Credit Parties or any of them taking or abstaining from taking security from the Borrower, any Guarantor, any surety or any other Person or abstaining from completing, perfecting or maintaining the perfection of any Collateral;

(g) the Credit Parties or any of them releasing, substituting or adding one or more sureties or endorsers, accepting additional or substituted Security, or releasing, subordinating or postponing any Collateral;

(h) the Credit Parties or any of them accepting compromises from any Borrower, any surety or any other Person;

(i) the creation or addition of any new Loan Documents, or the addition of any new Credit Parties pursuant to the provisions of any Loan Documents;

(j) the Credit Parties or any of them doing, or omitting to do, anything to enforce the payment or performance of any or all of the Guaranteed Obligations, any or all of the liabilities and obligations of any surety or any Security Document;

(k) the Credit Parties or any of them giving or refusing to give or continuing to give any credit or any financial accommodation to any Borrower or to any other Person;

(l) the Credit Parties or any of them proving any claim in any insolvency proceeding affecting any Borrower, any Guarantor, any surety or any other Person as they see fit or refraining from proving any claim or permitting or suffering the impairment of any of the Guaranteed Obligations in any such insolvency proceeding; making any election in any such insolvency proceeding; permitting or suffering the creation of secured or unsecured credit or debt in any such insolvency proceeding; or permitting or suffering the disallowance, avoidance, or subordination of any of the Guaranteed Obligations or the obligations of any other debtor with respect to the Guaranteed Obligations in any such insolvency proceeding;

(m) the Credit Parties or any of them applying any money received from the Borrower, any Guarantor, any surety, any other Person or from the Collateral upon such part of the Guaranteed Obligations as the Credit Parties or any of them may see fit or changing any such application in whole or in part from time to time as the Credit Parties or any of them may see fit; or

(n) the Credit Parties or any of them otherwise dealing with any Borrower, any Guarantor, any surety, any other Person, the Guaranteed Obligations, the liabilities and obligations of any sureties, and all Collateral as the Credit Parties or any of them may see fit.

SECTION 9. Settlement of Accounts. Any account settled or stated between the agent or any other Credit Party and any Borrower shall be accepted by each Guarantor as *prima facie* evidence that the amount thereby appearing due by any Borrower to the Agent or such other Credit Party is so due.

SECTION 10. Payment Indemnity. If any or all of the Guaranteed Obligations are not duly paid or performed by any Borrower and are not paid or performed by the Guarantors under SECTION 2 for any reason whatsoever, each Guarantor shall, as a separate and distinct obligation, indemnify and save each of the Credit Parties harmless from and against all losses, costs, damages, expenses, claims and liabilities that each such Credit Party may suffer or incur in connection with or in respect of any failure by the Borrowers for any reason to pay or perform any of the Guaranteed Obligations, and shall pay all such amounts to the Agent after demand as herein provided.

SECTION 11. Guarantor Liable as Principal Borrower. If, and to the extent that, any amount in respect of the Guaranteed Obligations is not recoverable from the Guarantor under this Agreement on the basis of a guarantee or the Credit Parties are not indemnified under SECTION 10, in each case, for any reason whatsoever, then, notwithstanding any other provision of this Agreement, the Guarantor shall be liable under this Agreement as principal obligor in respect of the due payment of such amount and shall pay such amount to the Agent after demand as herein provided.

SECTION 12. Stay of Acceleration. If acceleration of the time for payment, or the liability of any Borrower to make payment, of any amount specified to be payable by any Borrower in respect of the Guaranteed Obligations is stayed, prohibited or otherwise affected upon any insolvency proceeding or other event affecting any Borrower or payment of any of the Guaranteed Obligations

by any Borrower, all such amounts otherwise subject to acceleration or payment shall nonetheless be deemed for all purposes of this Agreement to be and to have become due and payable by the Borrowers and shall be payable by the Guarantor under this Agreement immediately forthwith on demand by the Agent.

SECTION 13. Borrower Information. Each Guarantor acknowledges and agrees that such Guarantor has not executed this Agreement as a result of, by reason of, or in reliance upon, any promise, representation, statement or information of any kind or nature whatsoever given, or offered to such Guarantor, by or on behalf of the Credit Parties or any other Person whether in answer to any enquiry by or on behalf of such Guarantor or not and the Credit Parties were not prior to the execution by such Guarantor of this Agreement, and are not thereafter, under any duty to disclose to such Guarantor or any other Person any information, matter or thing (material or otherwise) relating to any Borrower, its affairs or its transactions with the Credit Parties, including any information, matter or thing which puts or may put any Borrower in a position which such Guarantor would not naturally expect or any unexpected facts or unusual features which, whether known or unknown to such Guarantor, are present in any transaction between the Borrower and the Credit Parties, and the Credit Parties were not and are not under any duty to do or execute any matter, thing or document relating to any Borrower, its affairs or its transactions with the Credit Parties. Each Guarantor acknowledges and confirms that it has established its own adequate means of obtaining from any Borrower on a continuing basis all information desired by such Guarantor concerning the financial condition of any Borrower and that such Guarantor will look to the Borrowers, and not to the Agent or any other Credit Party, in order for such Guarantor to keep adequately informed of changes in any Borrower's financial condition.

SECTION 14. Agreement to Pay; Subordination. In furtherance of the foregoing and not in limitation of any other right that the Agent or any other Credit Party has at law or in equity against any Guarantor by virtue hereof, upon the failure of any Loan Party to pay any Guaranteed Obligation when and as the same shall become due, whether at maturity, by acceleration, after notice of prepayment or otherwise, each of the Guarantors hereby promises to and will forthwith pay, or cause to be paid, to the Agent or such other Credit Party as designated thereby in cash the amount of such unpaid Guaranteed Obligations. Upon payment by any Guarantor of any sums to the Agent or any other Credit Party as provided above, all rights of such Guarantor against any Loan Party or any other Guarantor arising as a result thereof by way of right of subrogation, contribution, reimbursement, indemnity or otherwise shall in all respects be subordinate and junior in right of payment to the prior indefeasible payment in full in cash of all the Guaranteed Obligations. In addition, any indebtedness of the Borrowers or any other Loan Party or any other Guarantor now or hereafter held by any Guarantor is hereby subordinated in right of payment to the prior indefeasible payment in full in cash of all of the Guaranteed Obligations. After the occurrence and during the continuance of an Event of Default, none of the Guarantors will demand, sue for, or otherwise attempt to collect any such indebtedness until the indefeasible payment in full in cash of the Guaranteed Obligations, termination or expiration of the Commitments. If any amount shall erroneously be paid to any Guarantor on account of (a) such subrogation, contribution, reimbursement, indemnity or similar right or (b) any such indebtedness, such amount shall be held in trust for the benefit of the Credit Parties and shall forthwith be paid to the Agent to be credited against the payment of the Guaranteed Obligations, whether matured or unmatured, in accordance with the terms of the Credit Agreement.

SECTION 15. Limitation on Guarantee of Guaranteed Obligations. In any action or proceeding with respect to any Guarantor involving any corporate law or any applicable bankruptcy, insolvency, reorganization or other law affecting the rights of creditors generally, if the obligations of such Guarantor under SECTION 1 hereof would otherwise be held or determined to be void, invalid or unenforceable, or subordinated to the claims of any other creditors, on account of the amount of its liability under said SECTION 1, then, notwithstanding any other provision hereof to the contrary,

the amount of such liability shall, without any further action by such Guarantor, any Credit Party, the Agent or any other Person, be automatically limited and reduced to the highest amount which is valid and enforceable and not subordinated to the claims of other creditors as determined in such action or proceeding.

SECTION 16. Information. Each of the Guarantors assumes all responsibility for being and keeping itself informed of each Loan Party's and each other Guarantor's financial condition and assets, and of all other circumstances bearing upon the risk of nonpayment of the Guaranteed Obligations and the nature, scope and extent of the risks that such Guarantor assumes and incurs hereunder, and agrees that none of the Agent or the other Credit Parties will have any duty to advise any of the Guarantors of information known to it or any of them regarding such circumstances or risks.

SECTION 17. Termination. This Guarantee (a) shall terminate when (i) the Commitments shall have expired or been terminated, and (ii) the principal of and interest on each Loan and all fees and other Guaranteed Obligations shall have been paid in full, and (b) shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of any Guaranteed Obligation is rescinded or must otherwise be restored by any Credit Party or any Guarantor upon the bankruptcy or reorganization of any Loan Party or any other Guarantor or otherwise.

SECTION 18. Costs of Enforcement. Without duplication of any fees or expenses provided for under the Credit Agreement or the other Loan Documents, the Guarantors, jointly and severally, agree to pay on demand all Credit Party Expenses in connection with (i) the administration, negotiation, documentation or amendment of this Guarantee, and (ii) the Agent's or any other Credit Party's efforts to collect and/or to enforce any of the Guaranteed Obligations of the Guarantors hereunder and/or to enforce any of the rights, remedies, or powers of the Agent or any other Credit Party against or in respect of the Guarantors (whether or not suit is instituted by or against the Agent or any other Credit Party).

SECTION 19. Binding Effect; Several Agreement; Assignments. Whenever in this Guarantee any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party, and all covenants, promises and agreements by or on behalf of the Guarantors that are contained in this Guarantee shall bind and inure to the benefit of each of the Guarantors and its respective successors and assigns. This Guarantee shall be binding upon each of the Guarantors and their respective successors and assigns, and shall inure to the benefit of the Agent and the other Credit Parties, and their respective successors and assigns, except that no Guarantor shall have the right to assign or transfer its rights or obligations hereunder or any interest herein (and any such attempted assignment or transfer shall be void), except as expressly permitted by this Guarantee or the Credit Agreement. This Guarantee shall be construed as a separate agreement with respect to each Guarantor and may be amended, modified, supplemented, waived or released with respect to any Guarantor without the approval of any other Guarantor and without affecting the obligations of any other Guarantor hereunder.

SECTION 20. Waivers; Amendment.

(a) The rights, remedies, powers, privileges, and discretion of the Agent hereunder and under applicable Law (herein, the "Agent's Rights and Remedies") shall be cumulative and not exclusive of any rights or remedies which it would otherwise have. No delay or omission by the Agent in exercising or enforcing any of the Agent's Rights and Remedies shall operate as, or constitute, a waiver thereof. No waiver by the Agent of any Event of Default or of any default under any other agreement shall operate as a waiver of any other default hereunder or under any other agreement. No single or partial exercise of any of the Agent's Rights or Remedies, and no express or implied agreement or transaction of whatever nature entered into between the Agent and any

Person, at any time, shall preclude the other or further exercise of the Agent's Rights and Remedies. No waiver by the Agent of any of the Agent's Rights and Remedies on any one occasion shall be deemed a waiver on any subsequent occasion, nor shall it be deemed a continuing waiver. The Agent's Rights and Remedies may be exercised at such time or times and in such order of preference as the Agent may determine. The Agent's Rights and Remedies may be exercised without resort or regard to any other source of satisfaction of the Guaranteed Obligations. No waiver of any provisions of this Guarantee or any other Loan Document or consent to any departure by any Guarantor therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) below, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on any Guarantor in any case shall entitle such Guarantor or any other Guarantor to any other or further notice or demand in the same, similar or other circumstances.

(b) Neither this Guarantee nor any provision hereof may be waived, amended or modified except pursuant to a written agreement entered into between the Agent and the Guarantor or Guarantors with respect to whom such waiver, amendment or modification is to apply, subject to any consent required in accordance with SECTION 10.01 of the Credit Agreement.

SECTION 21. Copies and Facsimiles. This instrument and all documents which have been or may be hereinafter furnished by the Guarantors to the Agent may be reproduced by the Agent by any photographic, microfilm, xerographic, digital imaging, or other process. Any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made in the regular course of business). Any facsimile or other electronic transmission which bears proof of transmission shall be binding on the party which or on whose behalf such transmission was initiated and likewise so admissible in evidence as if the original of such facsimile or other electronic transmission had been delivered to the party which or on whose behalf such transmission was received.

SECTION 22. Foreign Currency Guarantor Liabilities. Each Guarantor shall make payment relative to any Guaranteed Obligations in the currency (the "Original Currency") in which the Borrower is required to pay such Guaranteed Obligations. If any Guarantor makes payment relative to any Guaranteed Obligations in a currency (the "Other Currency") other than the Original Currency (whether voluntarily or pursuant to an order or judgment of a court or tribunal of any jurisdiction), such payment shall constitute a discharge of the Guarantor Liabilities only to the extent of the amount of the Original Currency which the Agent is able to purchase with the amount it receives on the date of receipt. If the amount of the Original Currency which the Agent is able to purchase is less than the amount of such currency originally due to it in respect to the relevant Guaranteed Obligations, such Guarantor shall indemnify and save the Agent and the other Credit Parties harmless from and against any loss or damage arising as a result of such deficiency. This indemnity constitutes an obligation separate and independent from the other obligations contained in this Agreement, gives rise to a separate and independent cause of action, applies irrespective of any indulgence granted by the Agent or any other Credit Party and continues in full force and effect notwithstanding any judgment or order in respect of any amount due hereunder or under any judgment or order.

SECTION 23. Taxes and Set-Off. All payments to be made by each Guarantor hereunder shall be made without set off, compensation, deduction or counterclaim and without deduction for any taxes, levies, duties, fees, deductions, withholdings, restrictions or conditions of any nature whatsoever. If at any time any applicable Law requires any Guarantor to make any such deduction or withholding from any such payment, the sum due from such Guarantor with respect to such payment shall be increased to the extent necessary to ensure that, after the making of such

deduction or withholding, the Agent receives a net sum equal to the sum which it would have received had no deduction or withholding been required.

SECTION 24. Time. Time is of the essence with respect to this Agreement and the time for performance of the obligations of each Guarantor under this Agreement may be strictly enforced by the Agent. The limitation period applicable to any proceeding relating to a claim under, in connection with, or with respect to this Agreement shall be solely as prescribed in sections 15-17 of the *Limitations Act, 2002* (Ontario), and any other limitation period in respect of such claim (including that provided for in section 4 of the *Limitations Act, 2002* (Ontario)) is extended accordingly.

SECTION 25. Governing Law. THIS GUARANTEE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE PROVINCE OF ONTARIO, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES THEREOF.

SECTION 26. Notices. All communications and notices hereunder shall (except as otherwise expressly permitted herein) be in writing and given as provided in SECTION 10.02 of the Credit Agreement, provided that communications and notices to the Guarantors may be delivered to the Lead Borrower on behalf of each of the Guarantors.

SECTION 27. Survival of Agreement; Severability.

(a) All covenants, agreements, indemnities, representations and warranties made by the Guarantors herein and in the certificates or other instruments delivered in connection with or pursuant to this Guarantee, the Credit Agreement or any other Loan Document shall be considered to have been relied upon by the Agent and the other Credit Parties and shall survive the execution and delivery of this Guarantee, the Credit Agreement and the other Loan Documents and the making of any Loans by the Lenders, regardless of any investigation made by the Agent or any other Credit Party or on their behalf and notwithstanding that the or other Credit Party may have had notice or knowledge of any Default or Event of Default or incorrect representation or warranty at the time any credit is extended, and shall continue in full force and effect until terminated as provided in SECTION 17 hereof. The provisions of SECTION 6 and SECTION 18 hereof shall survive and remain in full force and effect regardless of the repayment of the Guaranteed Obligations, the expiration or termination of the Commitments or the termination of this Guarantee or any provision hereof.

(b) Any provision of this Guarantee held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof, and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 28. Counterparts. This Guarantee may be executed in counterparts, each of which shall constitute an original but all of which, when taken together, shall constitute a single contract. Delivery of an executed counterpart of a signature page to this Guarantee by facsimile transmission shall be as effective as delivery of a manually executed counterpart of this Guarantee.

SECTION 29. Rules of Interpretation. The rules of interpretation specified in SECTIONS 1.02 through 1.05 of the Credit Agreement shall be applicable to this Guarantee.

SECTION 30. Jurisdiction; Consent to Service of Process.

(a) Each of the Guarantors agrees that any suit for the enforcement of this Guarantee or any other Loan Document may be brought in the courts of the Province of Ontario, as the Agent may

elect in its sole discretion, and consents to the non-exclusive jurisdiction of such courts. Each party to this Guarantee hereby waives any objection which it may now or hereafter have to the venue of any such suit or any such court or that such suit is brought in an inconvenient forum and agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by Law. Nothing in this Guarantee shall affect any right that the Agent or any other Credit Party may otherwise have to bring any action or proceeding relating to this Guarantee against a Guarantor or its properties in the courts of any jurisdiction.

(b) Each of the Guarantors agrees that any action commenced by any Guarantor asserting any claim or counterclaim arising under or in connection with this Guarantee or any other Loan Document shall be brought solely in a court of the Province of Ontario, as the Agent may elect in its sole discretion, and consents to the exclusive jurisdiction of such courts with respect to any such action.

(c) Each party to this Guarantee irrevocably consents to service of process in the manner provided for notices in SECTION 26. Nothing in this Guarantee or any other Loan Document will affect the right of any party to this Guarantee to serve process in any other manner permitted by law.


SECTION 31. Waiver of Jury Trial. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS GUARANTEE, ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY) AND WAIVES THE RIGHT TO ASSERT ANY SETOFF, COUNTERCLAIM OR CROSS-CLAIM IN RESPECT OF, AND ALL STATUTES OF LIMITATIONS WHICH MAY BE RELEVANT TO, SUCH ACTION OR PROCEEDING; AND WAIVES DUE DILIGENCE, DEMAND, PRESENTMENT AND PROTEST AND ANY NOTICES THEREOF AS WELL AS NOTICE OF NONPAYMENT. EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVERS, AND (B) ACKNOWLEDGES THAT THE AGENT AND THE OTHER CREDIT PARTIES HAVE BEEN INDUCED TO ENTER INTO THE LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE WAIVERS AND CERTIFICATIONS IN THIS SECTION 31.

[SIGNATURE PAGE FOLLOWS]


IN WITNESS WHEREOF, the Guarantors have duly executed this Guarantee as of the day and year first above written.

GUARANTORS:

2373138 ONTARIO INC.

By: _____ 
Name: JOSEPH SHILON
Title: PRESIDENT

6721657 MANITOBA LTD.

By: _____ 
Name: JOSEPH SHILON
Title: PRESIDENT

Accepted:

SALUS CAPITAL PARTNERS, LLC, as Agent

By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, the Guarantors have duly executed this Guarantee as of the day and year first above written.

GUARANTORS:

2373138 ONTARIO INC.

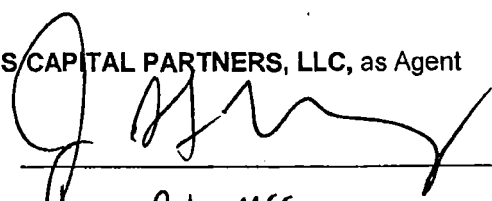
By: _____
Name: _____
Title: _____

6721657 MANITOBA LTD.

By: _____
Name: _____
Title: _____

Accepted:

SALUS CAPITAL PARTNERS, LLC, as Agent

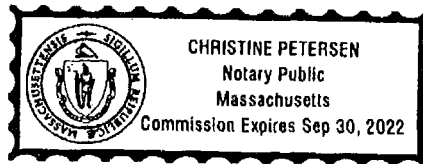
By: 
Name: Dawn D.L. McCamy
Title: Senior vice President

TAB K

Attached is Exhibit "K" Referred to in the
AFFIDAVIT OF KYLE SHONAK
Sworn before me this 3rd day of August, 2016

Christine Petersen

Notary Public



CANADIAN GENERAL SECURITY AGREEMENT

by

J.S.N. JEWELLERY INC.

as Lead Borrower

and

THE OTHER LOAN PARTIES PARTY HERETO
FROM TIME TO TIME

and

SALUS CAPITAL PARTNERS, LLC
as Collateral Agent

Dated as of July 18, 2013

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I DEFINITIONS AND INTERPRETATION.....	1
SECTION 1.1 Definitions.....	1
SECTION 1.2 Interpretation.....	5
SECTION 1.3 Perfection Certificate.....	5
ARTICLE II GRANT OF SECURITY AND SECURED OBLIGATIONS.....	6
SECTION 2.1 Pledge; Grant of Security Interest.....	6
SECTION 2.2 Secured Obligations.....	7
SECTION 2.3 Security Interest.....	7
ARTICLE III PERFECTION; SUPPLEMENTS; FURTHER ASSURANCES; USE OF COLLATERAL	7
SECTION 3.1 Delivery of Certificated Securities Collateral.....	7
SECTION 3.2 Perfection of Uncertificated Securities Collateral.....	8
SECTION 3.3 Financing Statements and Other Filings; Maintenance of Perfected Security Interest.....	8
SECTION 3.4 Other Actions.....	9
SECTION 3.5 Supplements; Further Assurances.....	12
SECTION 3.6 Joinder of Additional Grantors.....	12
ARTICLE IV REPRESENTATIONS, WARRANTIES AND COVENANTS.....	12
SECTION 4.1 Limitation on Liens; Defense of Claims; Transferability of Collateral.....	12
SECTION 4.2 Chief Executive Office; Change of Name; Jurisdiction of Organization.....	13
SECTION 4.3 Location of Inventory and Equipment.....	13
SECTION 4.4 Condition and Maintenance of Equipment.....	13
SECTION 4.5 Due Authorization and Issuance.....	13
SECTION 4.6 No Conflicts, Consents, etc.....	14
SECTION 4.7 Collateral.....	14
SECTION 4.8 Insurance.....	14
SECTION 4.9 Payment of Taxes; Compliance with Laws; Contested Liens; Claims.....	14
SECTION 4.10 Access to Collateral, Books and Records; Other Information.....	14
ARTICLE V CERTAIN PROVISIONS CONCERNING SECURITIES COLLATERAL.....	15
SECTION 5.1 Pledge of Additional Securities Collateral.....	15
SECTION 5.2 Voting Rights; Distributions; etc.....	15
SECTION 5.3 Organization Documents.....	16
SECTION 5.4 Defaults, Etc.....	16

	<u>Page</u>
SECTION 5.5 Certain Agreements of Grantors As Issuers and Holders of Equity Interests	16
 ARTICLE VI CERTAIN PROVISIONS CONCERNING INTELLECTUAL PROPERTY COLLATERAL.....	
SECTION 6.1 Grant of License	17
SECTION 6.2 Registrations.....	17
SECTION 6.3 No Violations or Proceedings.....	17
SECTION 6.4 Protection of Collateral Agent's Security.....	17
SECTION 6.5 After-Acquired Property.....	18
SECTION 6.6 Modifications.....	18
SECTION 6.7 Litigation.....	18
SECTION 6.8 Third Party Consents.....	19
 ARTICLE VII CERTAIN PROVISIONS CONCERNING ACCOUNTS	
SECTION 7.1 Special Representations and Warranties.....	19
SECTION 7.2 Maintenance of Records.....	19
SECTION 7.3 Legend.....	20
SECTION 7.4 Modification of Terms, Etc.....	20
SECTION 7.5 Collection.....	20
 ARTICLE VIII REMEDIES	
SECTION 8.1 Remedies.....	20
SECTION 8.2 Notice of Sale.....	22
SECTION 8.3 Waiver of Notice and Claims.....	23
SECTION 8.4 Sales of Collateral.....	23
SECTION 8.5 No Waiver; Cumulative Remedies.....	24
SECTION 8.6 Certain Additional Actions Regarding Intellectual Property.....	25
SECTION 8.7 Application of Proceeds.....	25
 ARTICLE IX MISCELLANEOUS.....	
SECTION 9.1 Concerning Collateral Agent.....	25
SECTION 9.2 Collateral Agent May Perform; Collateral Agent Appointed Attorney- in-Fact.....	26
SECTION 9.3 Expenses.....	27
SECTION 9.4 Continuing Security Interest; Assignment.....	27
SECTION 9.5 Termination; Release.....	27
SECTION 9.6 Modification in Writing.....	28
SECTION 9.7 Notices.....	28
SECTION 9.8 GOVERNING LAW.....	28
SECTION 9.9 CONSENT TO JURISDICTION; SERVICE OF PROCESS; WAIVER OF JURY TRIAL.....	28

	<u>Page</u>
SECTION 9.10 Severability of Provisions.....	29
SECTION 9.11 Execution in Counterparts; Effectiveness.....	29
SECTION 9.12 No Release.....	29
SECTION 9.13 Obligations Absolute.....	30

SIGNATURES

EXHIBIT 1	Form of Securities Pledge Amendment
SCHEDULE I	Intercompany Notes
SCHEDULE II	Filings, Registrations and Recordings
SCHEDULE III	Securities Collateral

GENERAL SECURITY AGREEMENT

GENERAL SECURITY AGREEMENT dated as of July 18, 2013 (as amended, restated, supplemented or otherwise modified from time to time in accordance with the provisions hereof, this "Security Agreement") made by (i) J.S.N. JEWELLERY INC., a Canadian company having an office at 64 Jardin Drive, Unit 7, Concord, Ontario L4K 3P3, as lead borrower for itself and the other Borrowers (the "Lead Borrower") and (ii) EACH OF THE OTHER ENTITIES LISTED ON THE SIGNATURE PAGES HERETO OR FROM TIME TO TIME PARTY HERETO BY EXECUTION OF A JOINDER AGREEMENT, as pledgors, assignors and debtors (together with the Lead Borrower, in such capacities and together with any successors in such capacities, the "Grantors," and each, a "Grantor"), in favour of SALUS CAPITAL PARTNERS, LLC, having an office at 197 First Avenue, Suite 250, Needham, MA 02494, in its capacity as collateral agent for the Credit Parties (as defined in the Credit Agreement defined below) pursuant to the Credit Agreement, as pledgee, assignee and secured party (in such capacities and together with any successors in such capacities, the "Collateral Agent").

RECITALS:

A. The Lead Borrower, the Collateral Agent, Salus Capital Partners, LLC, as Administrative Agent, and the Lenders party thereto, among others, have, in connection with the execution and delivery of this Security Agreement, entered into that certain Credit Agreement dated as of the date hereof (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement").

B. Each Grantor will receive substantial benefits from the execution, delivery and performance of the Credit Agreement and each is, therefore, willing to enter into this Security Agreement.

C. This Security Agreement is given by each Grantor in favour of the Collateral Agent for the benefit of the Credit Parties to secure the payment and performance of all of the Secured Obligations (as hereinafter defined).

D. It is a condition to the obligations of the Lenders to make the Loans under the Credit Agreement and a condition to the L/C Issuer issuing Letters of Credit under the Credit Agreement that each Grantor execute and deliver the applicable Loan Documents, including this Security Agreement.

AGREEMENT:

NOW THEREFORE, in consideration of the foregoing premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Grantor and the Collateral Agent hereby agree as follows:

ARTICLE I
DEFINITIONS AND INTERPRETATION

SECTION 1.1 Definitions.

(a) "Account", "Chattel Paper", "Certificated Security", "Consumer Goods", "Document of Title", "Equipment", "Futures Account", "Futures Contract", "Futures Intermediary", "Goods", "Instrument", "Intangible", "Inventory", "Investment Property", "Money", "Proceeds", "Securities Account", "Securities Intermediary", "Security", "Security

Certificate, Security Entitlement, and Uncertificated Security have the meanings given to them in the PPSA.

(b) Capitalized terms used but not otherwise defined herein that are defined in the Credit Agreement shall have the meanings given to them in the Credit Agreement.

(c) The following terms shall have the following meanings:

Claims shall mean any and all property taxes and other taxes, assessments and special assessments, levies, fees and all governmental charges imposed upon or assessed against, and all claims (including, without limitation, landlords', carriers', mechanics', workmen's, repairmen's, labourers', materialmen's, suppliers' and warehousemen's Liens and other claims arising by operation of law) against, all or any portion of the Collateral.

Collateral shall have the meaning assigned to such term in SECTION 2.1 hereof.

Collateral Agent shall have the meaning assigned to such term in the Preamble hereof.

Contracts shall mean, collectively, with respect to each Grantor, all sale, service, performance, equipment or property lease contracts, agreements and grants and all other contracts, agreements or grants (in each case, whether written or oral, or third party or intercompany), between such Grantor and any other party, and all assignments, amendments, restatements, supplements, extensions, renewals, replacements or modifications thereof.

Control has the meaning assigned to such term in the STA.

Control Agreements shall mean, collectively, the Blocked Account Agreements and the Securities Account Control Agreements.

Copyrights shall mean, collectively, with respect to each Grantor, all copyrights (whether statutory or common Law, whether established or registered in Canada or any other country or any political subdivision thereof whether registered or unregistered and whether published or unpublished) and all copyright registrations and applications made by such Grantor, in each case, whether now owned or hereafter created or acquired by or assigned to such Grantor, including, without limitation, the registrations and applications listed in Section III of the Perfection Certificate, together with any and all (i) rights and privileges arising under applicable Law with respect to such Grantor's use of such copyrights, (ii) reissues, renewals, continuations and extensions thereof, (iii) income, fees, royalties, damages, claims and payments now or hereafter due and/or payable with respect thereto, including, without limitation, damages and payments for past, present or future infringements thereof, (iv) rights corresponding thereto throughout the world and (v) rights to sue for past, present or future infringements thereof.

Credit Agreement shall have the meaning assigned to such term in Recital A hereof.

Distributions shall mean, collectively, with respect to each Grantor, all Restricted Payments from time to time received, receivable or otherwise distributed to such Grantor in respect of or in exchange for any or all of the Pledged Securities or Intercompany Notes.

Excluded Property shall mean the following:

(a) any license or permit held by any Grantor (i) that validly prohibits the creation by such Grantor of a security interest therein or thereon or (ii) to the extent that applicable Law prohibits the creation of a security interest therein or thereon;

(b) any Intellectual Property Collateral, for which the creation by a Grantor of a security interest therein is prohibited by the terms thereof or by applicable Law;

(c) Consumer Goods; and

(d) the last day of the term of any lease or agreement for lease of real property,

provided, however, that in each case described in clauses (a) and (b) of this definition, such property shall constitute "Excluded Property" only to the extent and for so long as such license, permit, or applicable Law validly prohibits the creation of a Lien on such property in favour of the Collateral Agent and, upon the termination of such prohibition (howsoever occurring), such property shall cease to constitute "Excluded Property"; provided further, that "Excluded Property" shall not include (i) the right to receive any proceeds arising therefrom or any Proceeds, substitutions or replacements of any Excluded Property.

"Goodwill" shall mean, collectively, with respect to each Grantor, the goodwill connected with such Grantor's business including, without limitation, (i) all goodwill connected with the use of and symbolized by any of the Intellectual Property Collateral in which such Grantor has any interest, (ii) all know-how, trade secrets, customer and supplier lists, proprietary information, inventions, methods, procedures, formulae, descriptions, compositions, technical data, drawings, specifications, name plates, catalogs, confidential information and the right to limit the use or disclosure thereof by any Person, pricing and cost information, business and marketing plans and proposals, consulting agreements, engineering contracts and such other assets which relate to such goodwill and (iii) all product lines of such Grantor's business.

"Grantor" shall have the meaning assigned to such term in the Preamble hereof.

"Guaranteed Obligations" shall have the meaning assigned to such term in any Facility Guarantee.

"Intellectual Property Collateral" shall mean, collectively, the Patents, Trademarks, Copyrights, Licenses and Goodwill.

"Intercompany Notes" shall mean, with respect to each Grantor, all intercompany notes described on Schedule I hereto and each intercompany note hereafter acquired by such Grantor and all certificates, instruments or agreements evidencing such intercompany notes, and all assignments, amendments, restatements, supplements, extensions, renewals, replacements or modifications thereof to the extent permitted pursuant to the terms hereof.

"Issuer" shall have the meaning assigned to such term in the STA.

"Lead Borrower" shall have the meaning assigned to such term in the Preamble hereof.

"Licenses" shall mean, collectively, with respect to each Grantor, all license and distribution agreements with any other Person with respect to any Patent, Trademark or Copyright or any other patent, trademark or copyright, whether such Grantor is a licensor or licensee, distributor or distributee under any such license or distribution agreement, together with any and all (i) renewals,

extensions, supplements and continuations thereof, (ii) income, fees, royalties, damages, claims and payments now and hereafter due and/or payable thereunder and with respect thereto including, without limitation, damages and payments for past, present or future infringements or violations thereof, (iii) rights to sue for past, present and future infringements or violations thereof and (iv) other rights to use, exploit or practice any or all of the Patents, Trademarks or Copyrights or any other patent, trademark or copyright.

“Patents” shall mean, collectively, with respect to each Grantor, all patents issued or assigned to and all patent applications made by such Grantor (whether established or registered or recorded in Canada or any other country or any political subdivision thereof), including, without limitation, those patents and patent applications listed in Section III of the Perfection Certificate, together with any and all (i) rights and privileges arising under applicable Law with respect to such Grantor’s use of any patents, (ii) inventions and improvements described and claimed therein, (iii) reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof, (iv) income, fees, royalties, damages, claims and payments now or hereafter due and/or payable thereunder and with respect thereto including, without limitation, damages and payments for past, present or future infringements thereof, (v) rights corresponding thereto throughout the world and (vi) rights to sue for past, present or future infringements thereof.

“Perfection Certificate” shall mean that certain perfection certificate dated as of the date hereof, executed and delivered by each Grantor in favour of the Collateral Agent for the benefit of the Credit Parties, and each other Perfection Certificate (which shall be in form and substance reasonably acceptable to the Collateral Agent) executed and delivered by the applicable Grantor in favour of the Collateral Agent for the benefit of the Credit Parties contemporaneously with the execution and delivery of a joinder agreement executed in accordance with SECTION 3.6 hereof, in each case, as the same may be amended, amended and restated, restated, supplemented or otherwise modified from time to time in accordance with the Credit Agreement.

“Permits” means, with respect to any Grantor, all permits, licences, waivers, exemptions, consents, certificates, authorizations, approvals, franchises, rights-of-way, easements and entitlements that such Grantor has, requires or is required to have, to own, possess or operate any of its property or to operate and carry on any part of its business.

“Pledged Issuer” means, with respect to any Grantor at any time, any Person which is an Issuer of, or with respect to, any Pledged Securities of such Grantor at such time.

“Pledged Securities” means, with respect to any Grantor, any and all Collateral of such Grantor that is a Security.

“PPSA” means the Personal Property Security Act of the Province referred to in the “Governing Law” section of this Agreement, as such legislation may be amended, renamed or replaced from time to time, and includes all regulations from time to time made under such legislation.

“Receiver” means a receiver, a manager or a receiver and manager.

“Secured Obligations” shall mean the Obligations (as defined in the Credit Agreement) and the Guaranteed Obligations.

“Securities Account Control Agreement” shall mean an agreement in form and substance satisfactory to the Collateral Agent with respect to any Securities Account of a Grantor.

"Securities Collateral" shall mean, collectively, the Pledged Securities, the Intercompany Notes and the Distributions.

"Securities Laws" means the securities legislation of the Province referred to in the "Governing Law" section of this Agreement, as such legislation may be amended, renamed or replaced from time to time, and includes all regulations from time to time made under such legislation.

"Security Agreement" shall have the meaning assigned to such in the Preamble hereof.

"STA" means the Securities Transfer Act of the Province referred to in the "Governing Law" section of this Agreement, as such legislation may be amended, renamed or replaced from time to time, and includes all regulations from time to time made under such legislation.

"Successor Interests" shall mean, collectively, with respect to each Grantor, all shares of each class of the capital stock of the successor corporation or interests or certificates of the successor limited liability company, partnership or other entity owned by such Grantor (unless such successor is such Grantor itself) formed by or resulting from any consolidation or merger in which any Person listed in Section I of the Perfection Certificate is not the surviving entity.

"Trademarks" shall mean, collectively, with respect to each Grantor, all trademarks (including service marks), slogans, logos, certification marks, trade dress, uniform resource locations (URLs), domain names, corporate names and trade names, whether registered or unregistered, owned by or assigned to such Grantor and all registrations and applications for the foregoing (whether statutory or common Law and whether established or registered in Canada or any other country or any political subdivision thereof), including, without limitation, the registrations and applications listed in Section III of the Perfection Certificate, together with any and all (i) rights and privileges arising under applicable Law with respect to such Grantor's use of any trademarks, (ii) reissues, continuations, extensions and renewals thereof, (iii) income, fees, royalties, damages and payments now and hereafter due and/or payable thereunder and with respect thereto, including, without limitation, damages, claims and payments for past, present or future infringements thereof, (iv) rights corresponding thereto throughout the world and (v) rights to sue for past, present and future infringements thereof.

"ULC" means an Issuer that is an unlimited company, unlimited liability corporation or unlimited liability company.

"ULC Laws" means the *Companies Act* (Nova Scotia), the *Business Corporations Act* (Alberta), the *Business Corporations Act* (British Columbia) and any other present or future Applicable Laws governing ULCs.

"ULC Shares" means shares or other equity interests in the capital stock of a ULC.

SECTION 1.2 Interpretation. The rules of interpretation specified in Article I of the Credit Agreement shall be applicable to this Security Agreement.

SECTION 1.3 Perfection Certificate. The Collateral Agent and each Grantor agree that the Perfection Certificate, and all schedules, amendments and supplements thereto, are and shall at all times remain a part of this Security Agreement.

ARTICLE II
GRANT OF SECURITY AND SECURED OBLIGATIONS

SECTION 2.1 Pledge; Grant of Security Interest. As collateral security for the payment and performance in full of all the Secured Obligations, each Grantor hereby pledges, grants, charges, mortgages and assigns (by way of security) to the Collateral Agent for its benefit and for the benefit of the other Credit Parties, a lien on and security interest in and to all of the right, title and interest of such Grantor in, to and under all undertaking, personal property and interests in such personal property, whether owned, licensed, possessed, leased or otherwise held by such Grantor, wherever located, and whether now existing or hereafter arising or acquired from time to time (collectively, the "Collateral"), including, without limitation:

- (a) all Accounts;
- (b) all Goods, including Equipment and Inventory;
- (c) all Document of Title, Instruments and Chattel Paper;
- (d) all Contracts;
- (e) all Intangibles;
- (f) all Securities Collateral;
- (g) all Investment Property;
- (h) all Intellectual Property Collateral;
- (i) all fixtures;
- (j) all Permits;
- (k) all Money;
- (l) all books, files, records, papers, documents, disks and other repositories of data recording in any form, evidence or relating to the Collateral; and
- (m) to the extent not covered by clauses (a) through (l) of this sentence, all other personal property of such Grantor, whether tangible or intangible and all Proceeds and products of each of the foregoing and all accessions to, substitutions and replacements for, and rents, profits and products of, each of the foregoing, any and all proceeds of any insurance, indemnity, warranty or guaranty payable to such Grantor from time to time with respect to any of the foregoing.

Notwithstanding anything to the contrary contained in clauses (a) through (m) above, the security interest created by this Security Agreement shall not extend to, and the term "Collateral" shall not include, any Excluded Property and the Grantors shall from time to time at the request of the Collateral Agent give written notice to the Collateral Agent identifying in reasonable detail the Excluded Property and shall provide to the Collateral Agent such other information regarding the Excluded Property as the Collateral Agent may reasonably request; provided, however, that if and when any

property shall cease to be Excluded Property, a Lien on a security in such property shall be deemed granted therein. Each Grantor hereby represents and warrants that the Excluded Property, when taken as a whole, is not material to the business operations or financial condition of the Grantors, taken as a whole. All Excluded Property shall be held in trust by the applicable Grantor for the benefit of the Collateral Agent for its benefit and for the benefit of the other Credit Parties and, on the exercise by the Collateral Agent of any of its rights and remedies under this Agreement following an Event of Default shall be assigned by such Grantor as the Collateral Agent shall direct.

SECTION 2.2 Secured Obligations. This Security Agreement secures, and the Collateral is collateral security for, the payment and performance in full when due of the Secured Obligations.

SECTION 2.3 Security Interest.

(a) Each Grantor hereby irrevocably authorizes the Collateral Agent at any time and from time to time to authenticate and file in any relevant jurisdiction any financing statements (including fixture filings) and amendments thereto pursuant to the PPSA and any similar legislation in each applicable jurisdiction for the filing of any financing statement or amendment relating to the Collateral as the Collateral Agent may require. Each Grantor agrees to provide all information as may be necessary or desirable to complete such filings promptly upon request by the Collateral Agent.

(b) Each Grantor hereby ratifies its prior authorization for the Collateral Agent to file in any relevant jurisdiction any financing statements or amendments thereto relating to the Collateral if filed prior to the date hereof.

(c) Each Grantor hereby further authorizes the Collateral Agent to make filings with the Canadian Intellectual Property Office (or any successor office or any similar office in any other country) or other necessary documents for the purpose of perfecting, confirming, continuing, enforcing or protecting the security interest granted by such Grantor hereunder in any Intellectual Property Collateral, without the signature of such Grantor, and naming such Grantor, as debtor, and the Collateral Agent, as secured party.

ARTICLE III PERFECTION; SUPPLEMENTS; FURTHER ASSURANCES; USE OF COLLATERAL

SECTION 3.1 Delivery of Certificated Securities Collateral. Each Grantor represents and warrants that all certificates, agreements or instruments representing or evidencing the Securities Collateral in existence on the date hereof have been delivered to the Collateral Agent in suitable form for transfer by delivery, and accompanied by duly executed instruments of transfer or assignment in blank and that the Collateral Agent has a perfected first priority security interest therein. Each Grantor hereby agrees that all certificates, agreements or instruments representing or evidencing Securities Collateral acquired by such Grantor after the date hereof, shall promptly (and in any event within three (3) Business Days) upon receipt thereof by such Grantor be delivered to and held by or on behalf of the Collateral Agent pursuant hereto. All certificated Securities Collateral shall be in suitable form for transfer by delivery, and shall be accompanied by duly executed instruments of transfer or assignment in blank, all in form and substance reasonably satisfactory to the Collateral Agent. The

Collateral Agent shall have the right, at any time upon the occurrence and during the continuance of any Event of Default, to endorse, assign or otherwise transfer to or to register in the name of the Collateral Agent or any of its nominees or endorse for negotiation any or all of the Securities Collateral, without any indication that such Securities Collateral is subject to the security interest hereunder. In addition, the Collateral Agent shall have the right with written notice to exchange certificates representing or evidencing Securities Collateral for certificates of smaller or larger denominations, accompanied by instruments of transfer or assignment and letters of direction duly executed in blank.

SECTION 3.2 Perfection of Uncertificated Securities Collateral. Each Grantor represents and warrants that the Collateral Agent has a perfected first priority security interest in all uncertificated Pledged Securities pledged by it hereunder that is in existence on the date hereof and that, except as otherwise disclosed in writing to the Collateral Agent, the applicable Organization Documents do not require the consent of the other shareholders, members, partners or other Person to permit the Collateral Agent or its designee to be substituted for the applicable Grantor as a shareholder, member, partner or other equity owner, as applicable, thereto. Each Grantor hereby agrees that if any of the Pledged Securities are at any time not evidenced by certificates of ownership, then each applicable Grantor shall, to the extent permitted by applicable Law and upon the request of the Collateral Agent, cause such pledge to be recorded on the equityholder register or the books of the issuer, execute customary pledge forms or other documents necessary or reasonably requested to complete the pledge and give the Collateral Agent the right to transfer such Pledged Securities under the terms hereof and, provide to the Collateral Agent an opinion of counsel, in form and substance reasonably satisfactory to the Collateral Agent, confirming such pledge and perfection thereof.

SECTION 3.3 Financing Statements and Other Filings; Maintenance of Perfected Security Interest. Each Grantor represents and warrants that the only filings, registrations and recordings necessary and appropriate to create, preserve, protect, publish notice of and perfect the security interest granted by each Grantor to the Collateral Agent (for the benefit of the Credit Parties) pursuant to this Security Agreement in respect of the Collateral are listed on Schedule II hereto. Each Grantor represents and warrants that all such filings, registrations and recordings have been delivered to the Collateral Agent in completed and, to the extent necessary or appropriate, duly executed form for filing in each governmental, municipal or other office specified in Schedule II. Each Grantor agrees that, at the sole cost and expense of the Grantors, (i) such Grantor will maintain the security interest created by this Security Agreement in the Collateral as a perfected first priority security interest and shall defend such security interest against the claims and demands of all Persons (other than with respect to Permitted Encumbrances), (ii) such Grantor shall furnish to the Collateral Agent from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Collateral Agent may reasonably request, all in reasonable detail and (iii) at any time and from time to time, upon the written request of the Collateral Agent, such Grantor shall promptly and duly execute and deliver, and file and have recorded, such further instruments and documents and take such further action as the Collateral Agent may reasonably request, including the filing of any financing statements, continuation statements and other documents (including this Security Agreement) under the PPSA (or other applicable Laws) in effect in any jurisdiction with respect to the security interest created hereby and the execution and delivery of Control Agreements, all in form reasonably satisfactory to the Collateral Agent and in such offices (including, without limitation, the Canadian Intellectual Property Office) wherever required by applicable Law in each case to perfect, continue and maintain a valid, enforceable, first priority security interest in the Collateral as provided herein and to preserve the other rights and interests granted to the Collateral Agent hereunder, as against the Grantors and third parties (other than with respect to Permitted Encumbrances), with respect to the Collateral.

SECTION 3.4 Other Actions. In order to further evidence the attachment, perfection and priority of, and the ability of the Collateral Agent to enforce, the Collateral Agent's security interest in the Collateral, each Grantor represents, warrants and agrees, in each case at such Grantor's own expense, with respect to the following Collateral that:

(a) Instruments and Tangible Chattel Paper. As of the date hereof (i) no amount payable under or in connection with any of the Collateral is evidenced by any Instrument or Chattel Paper other than such Instruments and Chattel Paper listed in Section II.D of the Perfection Certificate and (ii) each Instrument and each item of Chattel Paper listed in Section II.D of the Perfection Certificate, to the extent requested by the Collateral Agent, has been properly endorsed, assigned and delivered to the Collateral Agent, accompanied by instruments of transfer or assignment and letters of direction duly executed in blank. If any amount payable under or in connection with any of the Collateral shall be evidenced by any Instrument or Chattel Paper, the Grantor acquiring such Instrument or Chattel Paper shall forthwith endorse, assign and deliver the same to the Collateral Agent, accompanied by such instruments of transfer or assignment duly executed in blank as the Collateral Agent may reasonably request from time to time.

(b) Investment Property.

(i) As of the date hereof (1) it has no Securities Accounts other than those listed in Section II.B of the Perfection Certificate, (2) it does not hold, own or have any interest in any certificated securities or uncertificated securities other than those constituting Pledged Securities with respect to which the Collateral Agent has a perfected first priority security interest in such Pledged Securities, and (3) it has entered into a duly authorized, executed and delivered Securities Account Control Agreement with respect to each Securities Account listed in Section II.B of the Perfection Certificate with respect to which the Collateral Agent has a perfected first priority security interest in such Securities Accounts by Control.

(ii) If any Grantor shall at any time hold or acquire any certificated securities, such Grantor shall promptly notify the Collateral Agent thereof and (a) promptly deliver to the Collateral Agent such certificated securities and other materials as may be necessary or advisable from time to time to provide the Collateral Agent with control over all such certificated securities in the manner provided under section 23 of the STA, accompanied by such instruments of transfer or assignment duly executed in blank, all in form and substance reasonably satisfactory to the Collateral Agent or (b) deliver such securities into a Securities Account with respect to which a Securities Account Control Agreement is in effect in favour of the Collateral Agent. If any Grantor shall at any time hold or acquire any uncertificated securities, such Grantor shall promptly notify the Collateral Agent thereof and pursuant to an agreement in form and substance reasonably satisfactory to the Collateral Agent, either (a) promptly deliver to the Collateral Agent such documents, agreements and other materials as may be required from time to time to provide the Collateral Agent with control over such uncertificated securities in the manner provided under section 24 of the STA (and, for the purposes of section 27(1) of the STA, this Security Agreement shall constitute the Grantors' irrevocable consent to entry into an agreement of the kind referred to in clause 24(1)(b) of the STA), (b) cause a security entitlement with respect to such uncertificated security to be held in a Securities Account with respect to which the Collateral Agent has Control or (c) arrange for the Collateral Agent to become the registered owner of the securities.

Grantor shall not hereafter establish or maintain any Securities Account with any Securities Intermediary unless (1) the applicable Grantor shall have given the Collateral Agent ten (10) Business Days' prior written notice of its intention to establish such new Securities Account with such Securities Intermediary, (2) such Securities Intermediary shall be reasonably acceptable to the Collateral Agent and (3) such Securities Intermediary and such Grantor shall have duly executed and delivered a Control Agreement with respect to such Securities Account. Each Grantor shall accept any cash and Investment Property which are proceeds of the Pledged Securities in trust for the benefit of the Collateral Agent and promptly upon receipt thereof, deposit any cash received by it into an account in which the Collateral Agent has Control, or with respect to any Investment Properties or additional securities, take such actions as required above with respect to such securities. The Collateral Agent agrees with each Grantor that the Collateral Agent shall not give any entitlement orders or instructions or directions to any issuer of uncertificated securities or Securities Intermediary, and shall not withhold its consent to the exercise of any withdrawal or dealing rights by such Grantor, unless a Event of Default has occurred and is continuing. No Grantor shall grant control over any Pledged Securities to any Person other than the Collateral Agent.

(iii) Each Grantor shall deliver to the Collateral Agent any and all such documents, agreements and other materials as may be required from time to time to provide the Collateral Agent with control over all security entitlements of such Grantor in the manner provided under section 25 or 26 of the STA.

(iv) Each Grantor shall deliver to the Collateral Agent any and all such documents, agreements and other materials as may be required from time to time to provide the Collateral Agent with control over all Futures Contracts of such Grantor in the manner provided under subsection 1(2) of the PPSA.

(v) Each Grantor shall ensure that the terms of any interest in a partnership or limited liability company that is Collateral of such Grantor shall expressly provide that such interest is a "security" for the purposes of the STA.

(vi) If the constating documents of any Pledged Issuer (other than a ULC) restrict the transfer of the Securities of such Pledged Issuer, then such Grantor shall deliver to the Collateral Agent a certified copy of a resolution of the directors, shareholders, unitholders or partners of such Pledged Issuer, as applicable, consenting to the transfer(s) contemplated by this Security Agreement, including any prospective transfer of the Collateral of such Grantor by the Collateral Agent upon a realization on the Security Interests.

(vii) As between the Collateral Agent and the Grantors, the Grantors shall bear the investment risk with respect to the Investment Property and Pledged Securities, and the risk of loss of, damage to, or the destruction of the Investment Property and Pledged Securities, whether in the possession of, or maintained as a security entitlement or deposit by, or subject to the control of, the Collateral Agent, a Securities Intermediary, any Grantor or any other Person; provided, however, that nothing contained in this SECTION 3.4(b) shall release or relieve any Securities Intermediary of its duties and obligations to the Grantors or any other Person under any Control Agreement or under applicable Law. Each Grantor shall promptly pay all Claims and fees of whatever kind or nature with respect to the Pledged Securities pledged by it under this Security Agreement.

In the event any Grantor shall fail to make such payment contemplated in the immediately preceding sentence, the Collateral Agent may do so for the account of such Grantor and the Grantors shall promptly reimburse and indemnify the Collateral Agent for all costs and expenses incurred by the Collateral Agent under this SECTION 3.4(b) and under SECTION 9.3 hereof.

(viii) Each Grantor acknowledges that certain of the Collateral of such Grantor may now or in the future consist of ULC Shares, and that it is the intention of the Collateral Agent and each Grantor that neither the Collateral Agent nor any other Credit Party should under any circumstances prior to realization thereon be held to be a "member" or a "shareholder", as applicable, of a ULC for the purposes of any ULC Laws. Therefore, notwithstanding any provisions to the contrary contained in this Agreement, the Credit Agreement or any other Loan Document, where a Grantor is the registered owner of ULC Shares which are Collateral of such Grantor, such Grantor shall remain the sole registered owner of such ULC Shares until such time as such ULC Shares are effectively transferred into the name of the Agent, any other Credit Party, or any other Person on the books and records of the applicable ULC. Accordingly, each Grantor shall be entitled to receive and retain for its own account any dividend on or other distribution, if any, with respect to such ULC Shares (except for any dividend or distribution comprised of Pledged Security Certificates of such Grantor, which shall be delivered to the Agent to hold hereunder) and shall have the right to vote such ULC Shares and to control the direction, management and policies of the applicable ULC to the same extent as such Grantor would if such ULC Shares were not pledged to the Agent pursuant hereto. Nothing in this Agreement, the Credit Agreement or any other Loan Document is intended to, and nothing in this Agreement, the Credit Agreement or any other Loan Document shall, constitute the Agent, any other Credit Party, or any other Person other than the applicable Grantor, a member or shareholder of a ULC for the purposes of any ULC Laws (whether listed or unlisted, registered or beneficial), until such time as notice is given to such Grantor and further steps are taken pursuant hereto or thereto so as to register the Agent, any other Credit Party, or such other Person, as specified in such notice, as the holder of the ULC Shares. To the extent any provision hereof would have the effect of constituting the Agent or any other Credit Party as a member or a shareholder, as applicable, of any ULC prior to such time, such provision shall be severed herefrom and shall be ineffective with respect to ULC Shares which are Collateral of any Grantor without otherwise invalidating or rendering unenforceable this Agreement or invalidating or rendering unenforceable such provision insofar as it relates to Collateral of any Grantor which is not ULC Shares. Except upon the exercise of rights of the Agent to sell, transfer or otherwise dispose of ULC Shares in accordance with this Agreement, each Grantor shall not cause or permit, or enable a Pledged Issuer that is a ULC to cause or permit, the Agent or any other Credit Party to: (a) be registered as a shareholder or member of such Pledged Issuer; (b) have any notation entered in their favour in the share register of such Pledged Issuer; (c) be held out as shareholders or members of such Pledged Issuer; (d) receive, directly or indirectly, any dividends, property or other distributions from such Pledged Issuer by reason of the Agent holding the Security Interests over the ULC Shares; or (e) act as a shareholder of such Pledged Issuer, or exercise any rights of a shareholder including the right to attend a meeting of shareholders of such Pledged Issuer or to vote its ULC Shares.

(c) Letter-of-Credit Rights. If such Grantor is at any time a beneficiary under a letter of credit now or hereafter issued in favour of such Grantor (which, for the avoidance of doubt,

shall not include any letter of credit issued pursuant to the Credit Agreement), such Grantor shall promptly notify the Collateral Agent thereof and such Grantor shall, at the request of the Collateral Agent, pursuant to an agreement in form and substance reasonably satisfactory to the Collateral Agent, either (i) arrange for the issuer and any confirmer of such letter of credit to consent to an assignment to the Collateral Agent of, and to pay to the Collateral Agent, the proceeds of any drawing under the letter of credit or (ii) arrange for the Collateral Agent to become the beneficiary of such letter of credit, with the Collateral Agent agreeing, in each case, that the proceeds of any drawing under the letter of credit are to be applied as provided in the Credit Agreement.

(d) Motor Vehicles. As of the date hereof, it has no motor vehicles other than those listed in the Perfection Certificate.

SECTION 3.5 Supplements; Further Assurances. Each Grantor shall take such further actions, and execute and deliver to the Collateral Agent such additional assignments, agreements, supplements, powers and instruments, as the Collateral Agent may in its reasonable judgment deem necessary or appropriate, in order to perfect, preserve and protect the security interest in the Collateral as provided herein and the rights and interests granted to the Collateral Agent hereunder, to carry into effect the purposes hereof or better to assure and confirm unto the Collateral Agent or permit the Collateral Agent to exercise and enforce its rights, powers and remedies hereunder with respect to any Collateral. If an Event of Default has occurred and is continuing, the Collateral Agent may institute and maintain, in its own name or in the name of any Grantor, such suits and proceedings as the Collateral Agent may be advised by counsel shall be necessary or expedient to prevent any impairment of the security interest in or the perfection thereof in the Collateral. All of the foregoing shall be at the sole cost and expense of the Grantors.

SECTION 3.6 Joinder of Additional Grantors. The Grantors shall cause each direct or indirect Subsidiary of any Loan Party which, from time to time, after the date hereof shall be required to pledge any assets to the Collateral Agent for the benefit of the Credit Parties pursuant to the provisions of the Credit Agreement, to execute and deliver to the Collateral Agent a Perfection Certificate and a Joinder, in each case, within five (5) Business Days of the date on which it was acquired or created and, upon such execution and delivery, such Subsidiary shall constitute a "Grantor" for all purposes hereunder with the same force and effect as if originally named as a Grantor herein, including, but not limited to, granting the Collateral Agent a security interest in all Securities Collateral of such Subsidiary. The rights and obligations of each Grantor hereunder shall remain in full force and effect notwithstanding the addition of any new Grantor as a party to this Security Agreement.

ARTICLE IV REPRESENTATIONS, WARRANTIES AND COVENANTS

In addition to, and without limitation of, each of the representations, warranties and covenants set forth in the Credit Agreement and the other Loan Documents, each Grantor represents, warrants and covenants as follows:

SECTION 4.1 Limitation on Liens; Defense of Claims; Transferability of Collateral. Each Grantor is as of the date hereof, and, as to Collateral acquired by it from time to time after the date hereof, such Grantor will be, the sole direct and beneficial owner of all Collateral pledged by it hereunder free from any Lien or other right, title or interest of any Person other than the Liens and

security interest created by this Security Agreement and Permitted Encumbrances. Each Grantor shall, at its own cost and expense, defend title to the Collateral pledged by it hereunder and the security interest therein and Lien thereon granted to the Collateral Agent and the priority thereof against all claims and demands of all Persons, at its own cost and expense, at any time claiming any interest therein adverse to the Collateral Agent or any other Credit Party other than Permitted Encumbrances. There is no agreement, and no Grantor shall enter into any agreement or take any other action, that would restrict the transferability of any of the Collateral or otherwise impair or conflict with such Grantors' obligations or the rights of the Collateral Agent hereunder.

SECTION 4.2 Chief Executive Office; Change of Name; Jurisdiction of Organization. The exact legal name, type of organization, jurisdiction of organization, all taxpayer account numbers, organizational identification number, chief executive office and domicile of such Grantor is indicated next to its name in Sections I.A and I.B of the Perfection Certificate. Such Grantor shall furnish to the Collateral Agent prompt written notice of any change in (i) its legal name, (ii) the location of its chief executive office, its principal place of business, its domicile, any office in which it maintains books or records relating to Collateral owned by it or any office or facility at which Collateral owned by it is located (including the establishment of any such new office or facility) or any additional jurisdiction in which it carries on business, has tangible Collateral or where any of its material account debtors are located, (iii) its identity or type of organization or corporate structure, (iv) any of its taxpayer account numbers or organizational identification number or, (v) its jurisdiction of organization (in each case, including, without limitation, by merging with or into any other entity, reorganizing, dissolving, liquidating, reincorporating or incorporating in any other jurisdiction).. Such Grantor agrees (A) not to effect or permit any such change unless all filings have been made under the PPSA or otherwise that are required or advisable in order for the Collateral Agent to continue at all times following such change to have a valid, legal and perfected first priority security interest in all the Collateral (subject to, with respect to priority, Permitted Encumbrances having priority by operation of law) and (B) to take all action reasonably satisfactory to the Collateral Agent to maintain the perfection and priority of the security interest of the Collateral Agent for the benefit of the Credit Parties in the Collateral intended to be granted hereunder. Each Grantor agrees to promptly provide the Collateral Agent with certified Organization Documents reflecting any of the changes described in the preceding sentence.

SECTION 4.3 Location of Inventory and Equipment. As of the Closing Date, all Equipment and Inventory of such Grantor is located at the chief executive office or such other location listed in Schedule 5.08(b)(1) of the Credit Agreement.

SECTION 4.4 Condition and Maintenance of Equipment. The Equipment of such Grantor is in good repair, working order and condition, reasonable wear and tear excepted. Each Grantor shall cause the Equipment to be maintained and preserved in good repair, working order and condition, reasonable wear and tear excepted, and shall as quickly as commercially reasonable make or cause to be made all repairs, replacements and other improvements which are necessary in the conduct of such Grantor's business.

SECTION 4.5 Due Authorization and Issuance. All of the Pledged Securities have been, and to the extent any Pledged Securities are hereafter issued, such shares or other equity interests will be, upon such issuance, duly authorized, validly issued and, to the extent applicable, fully paid and non-assessable. All of the Securities Collateral has been fully paid for, and there is no amount or other obligation owing by any Grantor to any issuer of the Securities Collateral in exchange for or in connection with the issuance of the Securities Collateral or any Grantor's status as a partner or a member of any issuer of the Securities Collateral.

SECTION 4.6 No Conflicts, Consents, etc. No consent of any party (including, without limitation, equity holders or creditors of such Grantor) and no consent, authorization, approval, license or other action by, and no notice to or filing with, any Governmental Authority or regulatory body or other Person is required (A) for the grant of the security interest by such Grantor of the Collateral pledged by it pursuant to this Security Agreement or for the execution, delivery or performance hereof by such Grantor, (B) for the exercise by the Collateral Agent of the voting or other rights provided for in this Security Agreement or (C) for the exercise by the Collateral Agent of the remedies in respect of the Collateral pursuant to this Security Agreement except, in each case, for such consents which have been obtained prior to the date hereof. Following the occurrence and during the continuation of an Event of Default, if the Collateral Agent desires to exercise any remedies, voting or consensual rights or attorney-in-fact powers set forth in this Security Agreement and determines it necessary to obtain any approvals or consents of any Governmental Authority or any other Person therefor, then, upon the reasonable request of the Collateral Agent, such Grantor agrees to use commercially reasonable efforts to assist and aid the Collateral Agent to obtain as soon as commercially practicable any necessary approvals or consents for the exercise of any such remedies, rights and powers.

SECTION 4.7 Collateral. All information set forth herein, including the schedules annexed hereto, and all information contained in any documents, schedules and lists heretofore delivered to any Credit Party in connection with this Security Agreement, including the Perfection Certificate, in each case, relating to the Collateral, is accurate and complete in all material respects. The Collateral described on the schedules annexed hereto constitutes all of the property of such type of Collateral owned or held by the Grantors.

SECTION 4.8 Insurance. Such Grantor shall maintain or shall cause to be maintained such insurance as is required pursuant to Section 6.07 of the Credit Agreement.

SECTION 4.9 Payment of Taxes; Compliance with Laws; Contested Liens; Claims. All Claims imposed upon or assessed against the Collateral have been paid and discharged except to the extent such Claims constitute a Lien not yet due and payable or a Permitted Encumbrance. Each Grantor shall comply with all applicable Law relating to the Collateral the failure to comply with which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. Each Grantor may at its own expense contest the validity, amount or applicability of any Claims so long as the contest thereof shall be conducted in accordance with, and permitted pursuant to the provisions of, the Credit Agreement. Notwithstanding the foregoing provisions of this SECTION 4.9, no contest of any such obligation may be pursued by such Grantor if such contest would expose the Collateral Agent or any other Credit Party to (i) any possible criminal liability or (ii) any additional civil liability for failure to comply with such obligations unless such Grantor shall have furnished a bond or other security therefor satisfactory to the Collateral Agent, or such other Credit Party, as the case may be.

SECTION 4.10 Access to Collateral, Books and Records; Other Information. Without limitation or duplication of the provisions of Section 6.10 of the Credit Agreement, upon reasonable prior request to each Grantor, the Collateral Agent, its agents, accountants and legal counsel shall have full and free access to visit and inspect, as applicable, during normal business hours, all of the Collateral including, without limitation, all of the books, correspondence and records of such Grantor relating thereto. The Collateral Agent and its representatives may examine the same, take extracts therefrom and make photocopies thereof, and such Grantor agrees to render to the Collateral Agent, at such Grantor's cost and expense, such clerical and other assistance as may be reasonably requested by the Collateral Agent with regard thereto. Such Grantor shall, at any and all times, within

a reasonable time after written request by the Collateral Agent, furnish or cause to be furnished to the Collateral Agent, in such manner and in such detail as may be reasonably requested by the Collateral Agent, additional information with respect to the Collateral.

ARTICLE V
CERTAIN PROVISIONS CONCERNING SECURITIES COLLATERAL

SECTION 5.1 Pledge of Additional Securities Collateral. Each Grantor shall, upon obtaining any Securities Collateral of any Person required to be pledged hereunder, accept the same in trust for the benefit of the Collateral Agent and forthwith deliver to the Collateral Agent a pledge amendment, duly executed by such Grantor, in substantially the form of Exhibit 1 annexed hereto (each, a "Pledge Amendment"), and the certificates and other documents required under SECTION 3.1 and SECTION 3.2 hereof in respect of the additional Securities Collateral which are to be pledged pursuant to this Security Agreement, and confirming the attachment of the Lien hereby created on and in respect of such Securities Collateral. Each Grantor hereby authorizes the Collateral Agent to attach each Pledge Amendment to this Security Agreement and agrees that all Securities Collateral listed on any Pledge Amendment delivered to the Collateral Agent shall for all purposes hereunder be considered Collateral.

SECTION 5.2 Voting Rights; Distributions; etc.

(a) So long as no Event of Default shall have occurred and be continuing, each Grantor shall be entitled to exercise any and all voting and other consensual rights pertaining to the Securities Collateral or any part thereof for any purpose not inconsistent with the terms or purposes hereof, the Credit Agreement or any other Loan Document evidencing the Secured Obligations. The Collateral Agent shall be deemed without further action or formality to have granted to each Grantor all necessary consents relating to voting rights and shall, if necessary, upon written request of any Grantor and at the sole cost and expense of the Grantors, from time to time execute and deliver (or cause to be executed and delivered) to such Grantor all such instruments as such Grantor may reasonably request in order to permit such Grantor to exercise the voting and other rights which it is entitled to exercise pursuant to this SECTION 5.2(a).

(b) Upon the occurrence and during the continuance of any Event of Default, all rights of each Grantor to exercise the voting and other consensual rights it would otherwise be entitled to exercise pursuant to SECTION 5.2(a) hereof without any action (other than, in the case of any Securities Collateral, the giving of any notice) shall immediately cease, and all such rights shall thereupon become vested in the Collateral Agent, which shall thereupon have the sole right to exercise such voting and other consensual rights; provided, that the Collateral Agent shall have the right, in its sole discretion, from time to time following the occurrence and continuance of an Event of Default to permit such Grantor to exercise such rights under SECTION 5.2(a).

(c) So long as no Event of Default shall have occurred and be continuing, each Grantor shall be entitled to receive and retain, and to utilize free and clear of the Lien hereof, any and all Distributions, but only if and to the extent made in accordance with, and to the extent permitted by, the provisions of the Credit Agreement; provided, however, that any and all such Distributions consisting of rights or interests in the form of securities shall be forthwith delivered to the Collateral Agent to be held as Collateral and shall, if received by any Grantor, be received in trust for the benefit of the Collateral Agent, be segregated from the other property or funds of

such Grantor and be forthwith delivered to the Collateral Agent as Collateral in the same form as so received (with any necessary endorsement). The Collateral Agent shall, if necessary, upon written request of any Grantor and at the sole cost and expense of the Grantors, from time to time execute and deliver (or cause to be executed and delivered) to such Grantor all such instruments as such Grantor may reasonably request in order to permit such Grantor to receive the Distributions which it is authorized to receive and retain pursuant to this SECTION 5.2(c).

(d) Upon the occurrence and during the continuance of any Event of Default, all rights of each Grantor to receive Distributions which it would otherwise be authorized to receive and retain pursuant to SECTION 5.2(c) hereof shall cease and all such rights shall thereupon become vested in the Collateral Agent, which shall thereupon have the sole right to receive and hold as Collateral such Distributions.

(e) Each Grantor shall, at its sole cost and expense, from time to time execute and deliver to the Collateral Agent appropriate instruments as the Collateral Agent may reasonably request in order to permit the Collateral Agent to exercise the voting and other rights which it may be entitled to exercise pursuant to SECTION 5.2(b) hereof and to receive all Distributions which it may be entitled to receive under SECTION 5.2(c) hereof.

(f) All Distributions which are received by any Grantor contrary to the provisions of SECTION 5.2(c) hereof shall be received in trust for the benefit of the Collateral Agent, shall be segregated from other funds of such Grantor and shall immediately be paid over to the Collateral Agent as Collateral in the same form as so received (with any necessary endorsement).

SECTION 5.3 Organization Documents. Each Grantor has delivered to the Collateral Agent true, correct and complete copies of its Organization Documents. The Organization Documents are in full force and effect. No Grantor will terminate or agree to terminate any Organization Documents or make any amendment or modification to any Organization Documents in a manner adverse to the Credit Parties.

SECTION 5.4 Defaults, Etc. Such Grantor is not in default in the payment of any portion of any mandatory capital contribution, if any, required to be made under any agreement to which such Grantor is a party relating to the Pledged Securities pledged by it, and such Grantor is not in violation of any other provisions of any such agreement to which such Grantor is a party, or otherwise in default or violation thereunder. No Securities Collateral pledged by such Grantor is subject to any defense, offset or counterclaim, nor have any of the foregoing been asserted or alleged against such Grantor by any Person with respect thereto, and as of the date hereof, there are no certificates, instruments, documents or other writings (other than the Organization Documents and certificates, if any, delivered to the Collateral Agent) which evidence any Pledged Securities of such Grantor.

SECTION 5.5 Certain Agreements of Grantors As Issuers and Holders of Equity Interests.

(a) In the case of each Grantor which is an issuer of Securities Collateral, such Grantor agrees to be bound by the terms of this Security Agreement relating to the Securities Collateral issued by it and will comply with such terms insofar as such terms are applicable to it.

(b) In the case of each Grantor which is a partner in a partnership, limited liability company or other entity, such Grantor hereby consents to the extent required by the applicable

Organization Documents to the pledge by each other Grantor, pursuant to the terms hereof, of the Securities Collateral in such partnership, limited liability company or other entity and, upon the occurrence and during the continuance of an Event of Default, to the transfer of such Securities Collateral to the Collateral Agent or its nominee and to the substitution of the Collateral Agent or its nominee as a substituted partner or member in such partnership, limited liability company or other entity with all the rights, powers and duties of a general partner or a limited partner or member, as the case may be.

ARTICLE VI
CERTAIN PROVISIONS CONCERNING INTELLECTUAL
PROPERTY COLLATERAL

SECTION 6.1 Grant of License. Without limiting the rights of Collateral Agent as the holder of a Lien on the Intellectual Property Collateral, for the purpose of enabling the Collateral Agent, during the continuance of an Event of Default, to exercise rights and remedies under Article VIII hereof at such time as the Collateral Agent shall be lawfully entitled to exercise such rights and remedies, and for no other purpose, each Grantor hereby grants to the Collateral Agent, to the extent assignable, an irrevocable, non-exclusive license (exercisable without payment of royalty or other compensation to such Grantor) to use, assign, license or sublicense any of the Intellectual Property Collateral now owned or hereafter acquired by such Grantor, wherever the same may be located, including in such license access to all media in which any of the licensed items may be recorded or stored and to all computer programs used for the compilation or printout hereof.

SECTION 6.2 Registrations. Except pursuant to licenses and other user agreements entered into by any Grantor in the ordinary course of business that are listed in Section III of the Perfection Certificate, on and as of the date hereof (i) each Grantor owns and possesses the right to use, and has done nothing to authorize or enable any other Person to use, any material Copyright, Patent or Trademark listed in Section III of the Perfection Certificate, and (ii) all registrations listed in Section III of the Perfection Certificate are valid and in full force and effect.

SECTION 6.3 No Violations or Proceedings. To each Grantor's knowledge, on and as of the date hereof, there is no violation by others of any right of such Grantor with respect to any Copyright, Patent or Trademark listed in Section III of the Perfection Certificate, respectively, pledged by it under the name of such Grantor.

SECTION 6.4 Protection of Collateral Agent's Security. On a continuing basis, each Grantor shall, at its sole cost and expense, (i) promptly following its becoming aware thereof, notify the Collateral Agent of (A) any adverse determination in any proceeding in the Canadian Intellectual Property Office (or any comparable office in any other jurisdiction) with respect to any Patent, Trademark or Copyright necessary for the conduct of business of such Grantor or (B) the institution of any proceeding or any adverse determination in any court or administrative body regarding such Grantor's claim of ownership in or right to use any of the Intellectual Property Collateral material to the use and operation of the Collateral, its right to register such Intellectual Property Collateral or its right to keep and maintain such registration in full force and effect, (ii) maintain and protect the Intellectual Property Collateral necessary for the conduct of business of such Grantor, (iii) not permit to lapse or become abandoned any Intellectual Property Collateral necessary for the conduct of business of such Grantor, and not settle or compromise any pending or future litigation or administrative proceeding with respect to such Intellectual Property Collateral, in

each case except as shall be consistent with commercially reasonable business judgment and, if any Event of Default has occurred and is continuing, with the prior approval of the Collateral Agent (such approval not to be unreasonably withheld), (iv) upon such Grantor's obtaining knowledge thereof, promptly notify the Collateral Agent in writing of any event which may be reasonably expected to materially and adversely affect the value or utility of the Intellectual Property Collateral or any portion thereof material to the use and operation of the Collateral, the ability of such Grantor or the Collateral Agent to dispose of the Intellectual Property Collateral or any portion thereof or the rights and remedies of the Collateral Agent in relation thereto including, without limitation, a levy or threat of levy or any legal process against the Intellectual Property Collateral or any portion thereof, (v) not license the Intellectual Property Collateral other than licenses entered into by such Grantor in, or incidental to, the ordinary course of business, or amend or permit the amendment of any of the material licenses in a manner that materially and adversely affects the right to receive payments thereunder, or in any manner that would materially impair the value of the Intellectual Property Collateral or the Lien on and security interest in the Intellectual Property Collateral intended to be granted to the Collateral Agent for the benefit of the Credit Parties, without the consent of the Collateral Agent, (vi) until the Collateral Agent exercises its rights to make collection, diligently keep adequate records respecting the Intellectual Property Collateral and (vii) furnish to the Collateral Agent from time to time upon the Collateral Agent's reasonable request therefor detailed statements and amended schedules further identifying and describing the Intellectual Property Collateral and such other materials evidencing or reports pertaining to the Intellectual Property Collateral as the Collateral Agent may from time to time request. Notwithstanding the foregoing, nothing herein shall prevent any Grantor from selling, disposing of or otherwise using any Intellectual Property Collateral as permitted under the Credit Agreement.

SECTION 6.5 After-Acquired Property. If any Grantor shall, at any time before this Security Agreement shall have been terminated in accordance with SECTION 9.5(a), (i) obtain any rights to any additional Intellectual Property Collateral or (ii) become entitled to the benefit of any additional Intellectual Property Collateral or any renewal or extension thereof, including any reissue, division, continuation, or continuation-in-part of any Intellectual Property Collateral, or any improvement on any Intellectual Property Collateral, the provisions hereof shall automatically apply thereto and any such item enumerated in clause (i) or (ii) of this SECTION 6.5 with respect to such Grantor shall automatically constitute Intellectual Property Collateral if such would have constituted Intellectual Property Collateral at the time of execution hereof and be subject to the Lien and security interest created by this Security Agreement without further action by any party. With respect to any registered Intellectual Property Collateral, each Grantor shall promptly (a) provide to the Collateral Agent written notice of any of the foregoing and (b) confirm the attachment of the Lien and security interest created by this Security Agreement to any rights described in clauses (i) and (ii) of the immediately preceding sentence of this SECTION 6.5 by execution of an instrument in form reasonably acceptable to the Collateral Agent.

SECTION 6.6 Modifications. Each Grantor authorizes the Collateral Agent to modify this Security Agreement by amending Section III of the Perfection Certificate to include any Intellectual Property Collateral acquired or arising after the date hereof of such Grantor including, without limitation, any of the items listed in SECTION 6.5 hereof.

SECTION 6.7 Litigation. Unless there shall occur and be continuing any Event of Default, each Grantor shall have the right to commence and prosecute in its own name, as the party in interest, for its own benefit and at the sole cost and expense of the Grantors, such applications for protection of the Intellectual Property Collateral and suits, proceedings or other actions to prevent the infringement, counterfeiting, unfair competition, dilution, diminution in value or other damage as are

necessary to protect the Intellectual Property Collateral. Upon the occurrence and during the continuance of any Event of Default, the Collateral Agent shall have the right but shall in no way be obligated to file applications for protection of the Intellectual Property Collateral and/or bring suit in the name of any Grantor, the Collateral Agent or the other Credit Parties to enforce the Intellectual Property Collateral and any license thereunder. In the event of such suit, each Grantor shall, at the reasonable request of the Collateral Agent, do any and all lawful acts and execute any and all documents requested by the Collateral Agent in aid of such enforcement and the Grantors shall promptly reimburse and indemnify the Collateral Agent, as the case may be, for all costs and expenses incurred by the Collateral Agent in the exercise of its rights under this SECTION 6.7 in accordance with SECTION 9.3 hereof. In the event that the Collateral Agent shall elect not to bring suit to enforce the Intellectual Property Collateral, each Grantor agrees, at the request of the Collateral Agent, to take all commercially reasonable actions necessary, whether by suit, proceeding or other action, to prevent the infringement, counterfeiting, unfair competition, dilution, diminution in value of or other damage to any of the Intellectual Property Collateral by others and for that purpose agrees to diligently maintain any suit, proceeding or other action against any Person so infringing necessary to prevent such infringement.

SECTION 6.8 Third Party Consents. Each Grantor shall use commercially reasonable efforts to obtain the consent of third parties to the extent such consent is necessary or desirable to create a valid, perfected security interest in favour of the Collateral Agent in any Intellectual Property Collateral.

ARTICLE VII CERTAIN PROVISIONS CONCERNING ACCOUNTS

SECTION 7.1 Special Representations and Warranties. As of the time when any of its Accounts is included in the Borrowing Base, each Grantor shall be deemed to have represented and warranted that such Account and all records, papers and documents relating thereto (i) are genuine and correct and in all material respects what they purport to be, (ii) represent the legal, valid and binding obligation of the account debtor, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar Laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability, evidencing indebtedness unpaid and owed by such account debtor, arising out of the performance of labour or services or the sale, lease, license, assignment or other disposition and delivery of the goods or other property listed therein or out of an advance or a loan, and (iii) are in all material respects in compliance and conform with all applicable material federal, provincial and local Laws and applicable Laws of any relevant foreign jurisdiction.

SECTION 7.2 Maintenance of Records. Each Grantor shall keep and maintain at its own cost and expense materially complete records of each Account, in a manner consistent with prudent business practice, including, without limitation, records of all payments received, all credits granted thereon, all merchandise returned and all other documentation relating thereto. Each Grantor shall, at such Grantor's sole cost and expense, upon the Collateral Agent's demand made at any time after the occurrence and during the continuance of any Event of Default, deliver all tangible evidence of Accounts, including, without limitation, all documents evidencing Accounts and any books and records relating thereto to the Collateral Agent or to its representatives (copies of which evidence and books and records may be retained by such Grantor). Upon the occurrence and during the continuance of any Event of Default, the Collateral Agent may transfer a full and complete copy of any Grantor's

books, records, credit information, reports, memoranda and all other writings relating to the Accounts to and for the use by any Person that has acquired or is contemplating acquisition of an interest in the Accounts or the Collateral Agent's security interest therein in accordance with applicable Law without the consent of any Grantor.

SECTION 7.3 Legend. Each Grantor shall legend, at the request of the Collateral Agent made at any time after the occurrence and during the continuance of any Event of Default and in form and manner reasonably satisfactory to the Collateral Agent, the Accounts and the other books, records and documents of such Grantor evidencing or pertaining to the Accounts with an appropriate reference to the fact that the Accounts have been collaterally assigned to the Collateral Agent for the benefit of the Credit Parties and that the Collateral Agent has a security interest therein.

SECTION 7.4 Modification of Terms, Etc. No Grantor shall rescind or cancel any indebtedness evidenced by any Account or modify any term thereof or make any adjustment with respect thereto except in the ordinary course of business consistent with prudent business practice, or extend or renew any such indebtedness except in the ordinary course of business consistent with prudent business practice or compromise or settle any dispute, claim, suit or legal proceeding relating thereto or sell any Account or interest therein except in the ordinary course of business consistent with prudent business practice or in accordance with the Credit Agreement without the prior written consent of the Collateral Agent.

SECTION 7.5 Collection. Each Grantor shall cause to be collected from the account debtor of each of the Accounts, as and when due in the ordinary course of business consistent with prudent business practice (including, without limitation, Accounts that are delinquent, such Accounts to be collected in accordance with generally accepted commercial collection procedures), any and all amounts owing under or on account of such Account, and apply forthwith upon receipt thereof all such amounts as are so collected to the outstanding balance of such Account. The costs and expenses (including, without limitation, legal fees) of collection, in any case, whether incurred by any Grantor, the Collateral Agent or any other Credit Party, shall be paid by the Grantors.

ARTICLE VIII REMEDIES

SECTION 8.1 Remedies. Upon the occurrence and during the continuance of any Event of Default the Collateral Agent may, and at the direction of the Required Lenders, shall, from time to time in respect of the Collateral, in addition to the other rights and remedies provided for herein, under applicable Law or otherwise available to it:

(a) Personally, or by agents or attorneys, immediately take possession of the Collateral or any part thereof, from any Grantor or any other Person who then has possession of any part thereof with or without notice or process of law, and for that purpose may enter upon any Grantor's premises where any of the Collateral is located, remove such Collateral, remain present at such premises to receive copies of all communications and remittances relating to the Collateral and use in connection with such removal and possession any and all services, supplies, aids and other facilities of any Grantor;

(b) Demand, sue for, collect or receive any money or property at any time payable or receivable in respect of the Collateral including, without limitation, instructing the obligor or

obligors on any agreement, instrument or other obligation constituting part of the Collateral to make any payment required by the terms of such agreement, instrument or other obligation directly to the Collateral Agent, and in connection with any of the foregoing, compromise, settle, extend the time for payment and make other modifications with respect thereto; provided, however, that in the event that any such payments are made directly to any Grantor, prior to receipt by any such obligor of such instruction, such Grantor shall segregate all amounts received pursuant thereto in trust for the benefit of the Collateral Agent and shall promptly pay such amounts to the Collateral Agent;

(c) Sell, assign, grant a license to use or otherwise liquidate, or direct any Grantor to sell, assign, grant a license to use or otherwise liquidate, any and all investments made in whole or in part with the Collateral or any part thereof, and take possession of the proceeds of any such sale, assignment, license or liquidation;

(d) Take possession of the Collateral or any part thereof, by directing any Grantor in writing to deliver the same to the Collateral Agent at any place or places so designated by the Collateral Agent, in which event such Grantor shall at its own expense: (A) forthwith cause the same to be moved to the place or places designated by the Collateral Agent and therewith delivered to the Collateral Agent, (B) store and keep any Collateral so delivered to the Collateral Agent at such place or places pending further action by the Collateral Agent and (C) while the Collateral shall be so stored and kept, provide such security and maintenance services as shall be necessary to protect the same and to preserve and maintain them in good condition. Each Grantor's obligation to deliver the Collateral as contemplated in this SECTION 8.1 is of the essence hereof. Upon application to any court having jurisdiction, the Collateral Agent shall be entitled to a decree requiring specific performance by any Grantor of such obligation;

(e) Withdraw all moneys, instruments, securities and other property in any bank, financial securities, deposit or other account of any Grantor constituting Collateral for application to the Secured Obligations as provided in SECTION 8.7 hereof;

(f) Retain and apply the Distributions to the Secured Obligations as provided in Article V hereof;

(g) Carry on, or concur in the carrying on of, any or all of the business or undertaking of any Grantor;

(h) Obtain from any court an order for the sale or foreclosure of any of the Collateral;

(i) Appoint by instrument in writing one or more Receivers of any or all Grantors or any or all of the Collateral of any or all Grantor with such rights, powers and authority (including any or all of the rights, powers and authority of the Collateral Agent under this Security Agreement) as may be provided for in the instrument of appointment or any supplemental instrument, and remove and replace any such Receiver from time to time. To the extent permitted by applicable Law, any Receiver appointed by the Collateral Agent shall (for purposes relating to responsibility for the Receiver's acts or omissions) be considered to be the agent of any such Grantor and not of the Collateral Agent or any of the other Credit Parties;

(j) Obtain from any court an order for the appointment of a Receiver of any or all Grantors or of any or all of the Collateral of any or all Grantors;

(k) Deal with any Contract or Permit of any Grantor to the same extent as any such Grantor might;

(l) Exercise any and all rights as beneficial and legal owner of the Collateral, including, without limitation, perfecting assignment of and exercising any and all voting, consensual and other rights and powers with respect to any Collateral; and

(m) Exercise all the rights and remedies of a secured party under the PPSA and any other applicable statute, or otherwise available to the Agent at law or in equity, and the Collateral Agent may also in its sole discretion, without notice except as specified in SECTION 8.2 hereof, sell, assign or grant a license to use the Collateral or any part thereof in one or more parcels at public or private sale, at any exchange, broker's board or at any of the Collateral Agent's offices or elsewhere, as part of one or more going out of business sales in the Collateral Agent's own right or by one or more agents and contractors, all as the Collateral Agent, in its sole discretion, may deem advisable, for cash, on credit or for future delivery, and at such price or prices and upon such other terms as the Collateral Agent may deem advisable. The Collateral Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. The Collateral Agent shall have the right to conduct such sales on any Grantor's premises and shall have the right to use any Grantor's premises without charge for such sales for such time or times as the Collateral Agent may see fit. The Collateral Agent and any agent or contractor, in conjunction with any such sale, may augment the Inventory with other goods (all of which other goods shall remain the sole property of the Collateral Agent or such agent or contractor). Any amounts realized from the sale of such goods which constitute augmentations to the Inventory (net of an allocable share of the costs and expenses incurred in their disposition) shall be the sole property of the Collateral Agent or such agent or contractor and neither any Grantor nor any Person claiming under or in right of any Grantor shall have any interest therein. The Collateral Agent or any other Credit Party or any of their respective Affiliates may be the purchaser, licensee, assignee or recipient of any or all of the Collateral at any such sale and shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold, assigned or licensed at such sale, to use and apply any of the Secured Obligations owed to such Person as a credit on account of the purchase price of any Collateral payable by such Person at such sale. Each purchaser, assignee, licensee or recipient at any such sale shall acquire the property sold, assigned or licensed absolutely free from any claim or right on the part of any Grantor, and each Grantor hereby waives, to the fullest extent permitted by Law, all rights of redemption, stay and/or appraisal which it now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted. The Collateral Agent shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. To the fullest extent permitted by Law, each Grantor hereby waives any claims against the Collateral Agent arising by reason of the fact that the price at which any Collateral may have been sold, assigned or licensed at such a private sale was less than the price which might have been obtained at a public sale, even if the Collateral Agent accepts the first offer received and does not offer such Collateral to more than one offeree.

SECTION 8.2 Notice of Sale. Each Grantor acknowledges and agrees that, to the extent notice of sale or other disposition of Collateral shall be required by applicable Law and unless the Collateral is perishable or threatens to decline speedily in value, or is of a type customarily sold on a recognized market (in which event the Collateral Agent shall provide such Grantor such advance notice as may be practicable under the circumstances), ten (10) days' prior notice to such Grantor of the time and place of any public sale or of the time after which any private sale or other

intended disposition is to take place shall be commercially reasonable notification of such matters. No notification need be given to any Grantor if it has signed, after the occurrence of an Event of Default, a statement renouncing or modifying (as permitted under Law) any right to notification of sale or other intended disposition.

SECTION 8.3 Waiver of Notice and Claims. Each Grantor hereby waives, to the fullest extent permitted by applicable Law, notice or judicial hearing in connection with the Collateral Agent's exercise of the remedies set forth in SECTION 8.1 (including, without limitation, the taking possession or the Collateral Agent's disposition of any of the Collateral), including, without limitation, any and all prior notice and hearing for any prejudgment remedy or remedies and any such right which such Grantor would otherwise have under law, and each Grantor hereby further waives, to the fullest extent permitted by applicable Law: (i) all damages occasioned by such taking of possession, (ii) all other requirements as to the time, place and terms of sale or other requirements with respect to the enforcement of the Collateral Agent's rights hereunder and (iii) all rights of redemption, appraisal, valuation, stay, extension or moratorium now or hereafter in force under any applicable Law. The Collateral Agent shall not be liable for any incorrect or improper payment made pursuant to this Article VIII in the absence of its own gross negligence or willful misconduct. Any sale of, or the grant of options to purchase, or any other realization upon, any Collateral shall operate to divest all right, title, interest, claim and demand, either at law or in equity, of the applicable Grantor therein and thereto, and shall be a perpetual bar both at law and in equity against such Grantor and against any and all Persons claiming or attempting to claim the Collateral so sold, optioned or realized upon, or any part thereof, from, through or under such Grantor.

SECTION 8.4 Sales of Collateral.

(a) To the extent that any applicable Law imposes duties on the Collateral Agent to exercise remedies in a commercially reasonable manner and without prejudice to the ability of the Agent to dispose of the Collateral in any such manner, each Grantor acknowledges and agrees that it is not commercially unreasonable for the Collateral Agent to (a) incur expenses reasonably deemed significant by the Collateral Agent to prepare the Collateral of such Grantor for disposition or otherwise to complete raw material or work in process into finished goods or other finished products for disposition, (b) fail to obtain third party consents for access to the Collateral of such Grantor to be disposed of, (c) fail to exercise collection remedies against account Grantors or other Persons obligated on the Collateral of such Grantor or to remove Liens against the Collateral of such Grantor, (d) exercise collection remedies against account Grantors and other Persons obligated on the Collateral of such Grantor directly or through the use of collection agencies and other collection specialists, (e) dispose of Collateral of such Grantor by way of public auction, public tender or private contract, with or without advertising and without any other formality, (f) contact other Persons, whether or not in the same business of such Grantor, for expressions of interest in acquiring all or any portion of the Collateral of such Grantor, (g) hire one or more professional auctioneers to assist in the disposition of the Collateral of such Grantor, whether or not such Collateral is of a specialized nature or an upset or reserve bid or price is established, (h) dispose of the Collateral of such Grantor by utilizing internet sites that provide for the auction of assets of the types included in such Collateral or that have the reasonable capacity of doing so, or that match buyers and sellers of assets, (i) dispose of assets in wholesale rather than retail markets, (j) disclaim disposition warranties, such as title, possession or quiet enjoyment, (k) purchase insurance or credit enhancements to insure the Collateral Agent against risks of loss, collection or disposition of the Collateral of such Grantor or to provide to the Collateral Agent a guaranteed return from the collection or disposition of such Collateral, (l) to the extent deemed appropriate by the Collateral Agent, obtain the services of other brokers,

investment bankers, consultants and other professionals to assist the Collateral Agent in the collection or disposition of any of the Collateral of such Grantor, (m) dispose of Collateral of such Grantor in whole or in part, and (n) dispose of Collateral of such Grantor to a customer of the Collateral Agent, and (o) establish an upset or reserve bid price with respect to Collateral of such Grantor.

(b) Each Grantor recognizes that, by reason of certain prohibitions contained in law, rules, regulations or orders of any Governmental Authority, the Collateral Agent may be compelled, with respect to any sale of all or any part of the Collateral, to limit purchasers to those who meet the requirements of such Governmental Authority. Each Grantor acknowledges that any such sales may be at prices and on terms less favourable to the Collateral Agent than those obtainable through a public sale without such restrictions, and, notwithstanding such circumstances, agrees that any such restricted sale shall be deemed to have been made in a commercially reasonable manner and that, except as may be required by applicable Law, the Collateral Agent shall have no obligation to engage in public sales.

(c) Each Grantor recognizes that, by reason of certain prohibitions contained in applicable securities Laws, the Collateral Agent may be compelled, with respect to any sale of all or any part of the Securities Collateral and Investment Property, to limit purchasers to Persons who will agree, among other things, to acquire such Securities Collateral or Investment Property for their own account, for investment and not with a view to the distribution or resale thereof. Each Grantor acknowledges that any such private sales may be at prices and on terms less favourable to the Collateral Agent than those obtainable through a public sale without such restrictions, and, notwithstanding such circumstances, agrees that any such private sale shall be deemed to have been made in a commercially reasonable manner and that the Collateral Agent shall have no obligation to engage in public sales and no obligation to delay the sale of any Securities Collateral or Investment Property for the period of time necessary to permit the issuer thereof to register it for a form of public sale requiring registration under applicable securities Laws, even if such issuer would agree to do so.

(d) If the Collateral Agent determines to exercise its right to sell any or all of the Securities Collateral or Investment Property, upon written request, the applicable Grantor shall from time to time furnish to the Collateral Agent all such information as the Collateral Agent may reasonably request in order to determine the number of securities included in the Securities Collateral or Investment Property which may be sold by the Collateral Agent as exempt transactions under applicable securities Laws, as the same are from time to time in effect.

(e) Each Grantor further agrees that a breach of any of the covenants contained in this SECTION 8.4 will cause irreparable injury to the Collateral Agent and the other Credit Parties, that the Collateral Agent and the other Credit Parties have no adequate remedy at law in respect of such breach and, as a consequence, that each and every covenant contained in this SECTION 8.4 shall be specifically enforceable against such Grantor, and such Grantor hereby waives and agrees not to assert any defenses against an action for specific performance of such covenants except for a defense that no Event of Default has occurred and is continuing.

SECTION 8.5 No Waiver; Cumulative Remedies.

(a) No failure on the part of the Collateral Agent to exercise, no course of dealing with respect to, and no delay on the part of the Collateral Agent in exercising, any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any

such right, power or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right, power or remedy; nor shall the Collateral Agent be required to look first to, enforce or exhaust any other security, collateral or guaranties. The remedies herein provided are cumulative and are not exclusive of any remedies provided by law.

(b) In the event that the Collateral Agent shall have instituted any proceeding to enforce any right, power or remedy under this Security Agreement by foreclosure, sale, entry or otherwise, and such proceeding shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Collateral Agent, then and in every such case, the Grantors, the Collateral Agent and each other Credit Party shall be restored to their respective former positions and rights hereunder with respect to the Collateral, and all rights, remedies and powers of the Collateral Agent and the other Credit Parties shall continue as if no such proceeding had been instituted.

SECTION 8.6 Certain Additional Actions Regarding Intellectual Property. If any Event of Default shall have occurred and be continuing, upon the written demand of Collateral Agent, each Grantor shall execute and deliver to Collateral Agent an assignment or assignments of the registered Patents, Trademarks and/or Copyrights and such other documents as are necessary or appropriate to carry out the intent and purposes hereof to the extent such assignment does not result in any loss of rights therein under applicable Law. Within five (5) Business Days of written notice thereafter from Collateral Agent, each Grantor shall make available to Collateral Agent, to the extent within such Grantor's power and authority, such personnel in such Grantor's employ on the date of the Event of Default as Collateral Agent may reasonably designate to permit such Grantor to continue, directly or indirectly, to produce, advertise and sell the products and services sold by such Grantor under the registered Patents, Trademarks and/or Copyrights, and such Persons shall be available to perform their prior functions on Collateral Agent's behalf.

SECTION 8.7 Application of Proceeds. The proceeds received by the Collateral Agent or any Receiver in respect of any sale of, collection from or other realization upon all or any part of the Collateral pursuant to the exercise by the Collateral Agent or any Receiver of its remedies shall be applied, together with any other sums then held by the Collateral Agent or any Receiver pursuant to this Security Agreement, in accordance with and as set forth in Section 8.03 of the Credit Agreement.

ARTICLE IX MISCELLANEOUS

SECTION 9.1 Concerning Collateral Agent.

(a) The Collateral Agent may employ agents and attorneys-in-fact in connection herewith and shall not be liable for the negligence or misconduct of any such agents or attorneys-in-fact. The Collateral Agent may resign and a successor Collateral Agent may be appointed in the manner provided in the Credit Agreement. Upon the acceptance of any appointment as the Collateral Agent by a successor Collateral Agent, that successor Collateral Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Collateral Agent under this Security Agreement, and the retiring Collateral Agent shall thereupon be discharged from its duties and obligations under this Security Agreement. After any retiring Collateral Agent's resignation, the provisions hereof shall inure to its benefit as to any actions

taken or omitted to be taken by it under this Security Agreement while it was the Collateral Agent.

(b) The Collateral Agent shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral in its possession if such Collateral is accorded treatment substantially equivalent to that which the Collateral Agent, in its individual capacity, accords its own property consisting of similar instruments or interests, it being understood that neither the Collateral Agent nor any of the other Credit Parties shall have responsibility for, without limitation (i) ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relating to any Securities Collateral, whether or not the Collateral Agent or any other Credit Party has or is deemed to have knowledge of such matters or (ii) taking any necessary steps to preserve rights against any Person with respect to any Collateral.

(c) The Collateral Agent shall be entitled to rely upon any written notice, statement, certificate, order or other document or any telephone message believed by it to be genuine and correct and to have been signed, sent or made by the proper Person, and, with respect to all matters pertaining to this Security Agreement and its duties hereunder, upon advice of counsel selected by it.

(d) If any item of Collateral also constitutes collateral granted to Collateral Agent under any other deed of trust, mortgage, security agreement, pledge or instrument of any type, in the event of any conflict between the provisions hereof and the provisions of such other deed of trust, mortgage, security agreement, pledge or instrument of any type in respect of such collateral, Collateral Agent, in its sole discretion, shall select which provision or provisions shall control.

SECTION 9.2 Collateral Agent May Perform; Collateral Agent Appointed Attorney-in-Fact. If any Grantor shall fail to perform any covenants contained in this Security Agreement or in the Credit Agreement (including, without limitation, such Grantor's covenants to (i) pay the premiums in respect of all required insurance policies hereunder, (ii) pay Claims, (iii) make repairs, (iv) discharge Liens, or (v) pay or perform any other obligations of such Grantor with respect to any Collateral) or if any warranty on the part of any Grantor contained herein shall be breached, the Collateral Agent may (but shall not be obligated to) do the same or cause it to be done or remedy any such breach, and may expend funds for such purpose; provided, however, that Collateral Agent shall in no event be bound to inquire into the validity of any tax, lien, imposition or other obligation which such Grantor fails to pay or perform as and when required hereby. Any and all amounts so expended by the Collateral Agent shall be paid by the Grantors in accordance with the provisions of SECTION 9.3 hereof. Neither the provisions of this SECTION 9.2 nor any action taken by Collateral Agent pursuant to the provisions of this SECTION 9.2 shall prevent any such failure to observe any covenant contained in this Security Agreement nor any breach of warranty from constituting an Event of Default. Each Grantor hereby appoints the Collateral Agent its attorney-in-fact, with full authority in the place and stead of such Grantor and in the name of such Grantor, or otherwise, from time to time after the occurrence and during the continuation of an Event of Default in the Collateral Agent's discretion to take any action and to execute any instrument consistent with the terms of the Credit Agreement and the other Security Documents which the Collateral Agent may deem necessary to accomplish the purposes hereof. The foregoing grant of authority is a power of attorney coupled with an interest and such appointment shall be irrevocable for the term hereof. Each Grantor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof.

SECTION 9.3 Expenses. Each Grantor will upon demand pay to the Collateral Agent the amount of any and all amounts required to be paid pursuant to Section 10.04 of the Credit Agreement.

SECTION 9.4 Continuing Security Interest; Assignment. This Security Agreement shall create a continuing security interest in the Collateral and shall (i) be binding upon the Grantors, their respective successors and assigns, and (ii) inure, together with the rights and remedies of the Collateral Agent hereunder, to the benefit of the Collateral Agent and the other Credit Parties and each of their respective successors, transferees and assigns. No other Persons (including, without limitation, any other creditor of any Grantor) shall have any interest herein or any right or benefit with respect hereto. Without limiting the generality of the foregoing clause (ii), any Credit Party may assign or otherwise transfer any indebtedness held by it secured by this Security Agreement to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted to such Credit Party, herein or otherwise, subject, however, to the provisions of the Credit Agreement.

SECTION 9.5 Termination; Release.

(a) If (i) the Commitments shall have expired or been terminated, (ii) the principal of and interest on each Loan and all fees and other Secured Obligations shall have been indefeasibly paid in full in cash, (iii) all Letters of Credit (as defined in the Credit Agreement) shall have (A) expired or terminated and have been reduced to zero, (B) been Cash Collateralized to the extent required by the Credit Agreement, or (C) been supported by another letter of credit in a manner reasonably satisfactory to the L/C Issuer and the Administrative Agent, and (iv) all Unreimbursed Amounts shall have been indefeasibly paid in full in cash; the Grantors make request that the Agent release the Grantors and the Collateral from the Liens created by this Security Agreement; provided, however, that the Collateral Agent may require such indemnities as it shall reasonably deem necessary or appropriate to protect the Credit Parties against (x) loss on account of credits previously applied to the Secured Obligations that may subsequently be reversed or revoked, (y) any obligations that may thereafter arise with respect to the Other Liabilities, and (z) any Secured Obligations that may thereafter arise under Section 10.04 of the Credit Agreement.

(b) In connection with any release contemplated by clause (a) of this SECTION 9.5, the Collateral Agent shall, upon the request and at the sole cost and expense of the Grantors, assign, transfer and deliver to the Grantors, against receipt and without recourse to or warranty by the Collateral Agent, such of the Collateral to be released (in the case of a release) or all of the Collateral (in the case of termination of this Security Agreement) as may be in possession of the Collateral Agent and as shall not have been sold or otherwise applied pursuant to the terms hereof, and, with respect to any other Collateral, proper documents and instruments acknowledging the termination hereof or the release of such Collateral, as the case may be.

(c) At any time that the respective Grantor desires that the Collateral Agent take any action described in clause (b) of this SECTION 9.5, such Grantor shall, upon request of the Collateral Agent, deliver to the Collateral Agent an officer's certificate certifying that the release of the respective Collateral is permitted pursuant to clause (a) or (b) of this SECTION 9.5. The Collateral Agent shall have no liability whatsoever to any other Credit Party as the result of any release of Collateral by it as permitted (or which the Collateral Agent in good faith believes to be permitted) by this SECTION 9.5.

SECTION 9.6 Modification in Writing. No amendment, modification, supplement, termination or waiver of or to any provision hereof, nor consent to any departure by any Grantor therefrom, shall be effective unless the same shall be made in accordance with the terms of the Credit Agreement and unless in writing and signed by the Collateral Agent and the Grantors. Any amendment, modification or supplement of or to any provision hereof, any waiver of any provision hereof and any consent to any departure by any Grantor from the terms of any provision hereof shall be effective only in the specific instance and for the specific purpose for which made or given. Except where notice is specifically required by this Security Agreement or any other document evidencing the Secured Obligations, no notice to or demand on any Grantor in any case shall entitle any Grantor to any other or further notice or demand in similar or other circumstances.

SECTION 9.7 Notices. Unless otherwise provided herein or in the Credit Agreement, any notice or other communication herein required or permitted to be given shall be given in the manner and become effective as set forth in the Credit Agreement, as to any Grantor, addressed to it at the address of the Lead Borrower set forth in the Credit Agreement and as to the Collateral Agent, addressed to it at the address set forth in the Credit Agreement, or in each case at such other address as shall be designated by such party in a written notice to the other parties hereto complying as to delivery with the terms of this SECTION 9.7.

SECTION 9.8 GOVERNING LAW. THIS SECURITY AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN.

SECTION 9.9 CONSENT TO JURISDICTION; SERVICE OF PROCESS; WAIVER OF JURY TRIAL.

(a) EACH GRANTOR IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF THE COURTS LOCATED IN THE PROVINCE OF ONTARIO AND ANY APPELLATE COURT THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS SECURITY AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH GRANTOR IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH COURT. EACH GRANTOR AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS SECURITY AGREEMENT OR IN ANY OTHER LOAN DOCUMENT SHALL AFFECT ANY RIGHT THAT ANY CREDIT PARTY MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS SECURITY AGREEMENT OR ANY OTHER LOAN DOCUMENT AGAINST ANY GRANTOR OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

(b) EACH GRANTOR IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS SECURITY AGREEMENT OR ANY OTHER LOAN DOCUMENT IN ANY COURT REFERRED TO IN PARAGRAPH (A) OF THIS SECTION. EACH GRANTOR HEREBY IRREVOCABLY

WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(c) EACH GRANTOR AGREES THAT ANY ACTION COMMENCED BY ANY GRANTOR ASSERTING ANY CLAIM OR COUNTERCLAIM ARISING UNDER OR IN CONNECTION WITH THIS SECURITY AGREEMENT OR ANY OTHER LOAN DOCUMENT SHALL BE BROUGHT SOLELY IN A COURT LOCATED IN THE PROVINCE OF ONTARIO AS THE COLLATERAL AGENT MAY ELECT IN ITS SOLE DISCRETION AND CONSENTS TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS WITH RESPECT TO ANY SUCH ACTION.

(d) EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 9.7. NOTHING IN THIS SECURITY AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

(e) EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS SECURITY AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY AND WHETHER INITIATED BY OR AGAINST ANY SUCH PERSON OR IN WHICH ANY SUCH PERSON IS JOINED AS A PARTY LITIGANT). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS SECURITY AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 9.10 Severability of Provisions. Any provision hereof which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

SECTION 9.11 Execution in Counterparts; Effectiveness. This Security Agreement may be executed in any number of counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Security Agreement by telecopy, pdf or other electronic transmission shall be as effective as delivery of a manually executed counterpart of this Security Agreement.

SECTION 9.12 No Release. Nothing set forth in this Security Agreement shall relieve any Grantor from the performance of any term, covenant, condition or agreement on such Grantor's part to be performed or observed under or in respect of any of the Collateral or from any liability to any Person under or in respect of any of the Collateral or shall impose any obligation on the Collateral Agent or any other Credit Party to perform or observe any such term, covenant, condition or

agreement on such Grantor's part to be so performed or observed or shall impose any liability on the Collateral Agent, any Receiver or any other Credit Party for any act or omission on the part of such Grantor relating thereto or for any breach of any representation or warranty on the part of such Grantor contained in this Security Agreement, the Credit Agreement or the other Loan Documents, or under or in respect of the Collateral or made in connection herewith or therewith. The obligations of each Grantor contained in this SECTION 9.12 shall survive the termination hereof and the discharge of such Grantor's other obligations under this Security Agreement, the Credit Agreement and the other Loan Documents.

SECTION 9.13 Obligations Absolute. All obligations of each Grantor hereunder shall be absolute and unconditional irrespective of:

- (a) any bankruptcy, insolvency, reorganization, arrangement, readjustment, composition, liquidation, winding-up, restructuring or the like of any Grantor;
- (b) any lack of validity or enforceability of the Credit Agreement or any other Loan Document, or any other agreement or instrument relating thereto;
- (c) any change in the time, manner or place of payment of, or in any other term of, all or any of the Secured Obligations, or any other amendment or waiver of or any consent to any departure from the Credit Agreement or any other Loan Document or any other agreement or instrument relating thereto;
- (d) any pledge, exchange, release or non-perfection of any other collateral, or any release or amendment or waiver of or consent to any departure from any guarantee, for all or any of the Secured Obligations;
- (e) any exercise, non-exercise or waiver of any right, remedy, power or privilege under or in respect hereof, the Credit Agreement or any other Loan Document except as specifically set forth in a waiver granted pursuant to the provisions of SECTION 9.6 hereof; or
- (f) any other circumstances which might otherwise constitute a defense available to, or a discharge of, any Grantor (other than the termination of this Security Agreement in accordance with SECTION 9.5(a) hereof).

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Grantors and the Collateral Agent have caused this Security Agreement to be duly executed and delivered by their duly authorized officers as of the date first above written.

J.S.N. JEWELLERY INC., as a Grantor

By: _____
Name: _____
Title: _____

2373138 ONTARIO INC., as a Grantor

By: _____
Name: _____
Title: _____

6721657 MANITOBA LTD., as a Grantor

By: _____
Name: _____
Title: _____

FOREVER JEWELLERY INC., as a Grantor

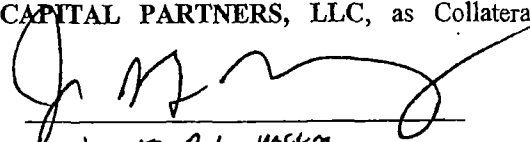
By: _____
Name: _____
Title: _____

SALUS CAPITAL PARTNERS, LLC, as Collateral Agent

By:

Name:

Title:



James D. Kelly

Senior Vice President

EXHIBIT 1

[Form of]

SECURITIES PLEDGE AMENDMENT

This Securities Pledge Amendment, dated as of _____, is delivered pursuant to SECTION 5.1 of that certain General Security Agreement (as amended, amended and restated, restated, supplemented or otherwise modified from time to time, the "Security Agreement;" capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Security Agreement), dated as of [_____, 201_] made by (i) [_____] as lead borrower for itself and the other Borrowers (the "Lead Borrower"), (ii) EACH OF THE OTHER ENTITIES LISTED ON THE SIGNATURE PAGES HERETO BY EXECUTION OF A JOINDER AGREEMENT (together with the Lead Borrower, in such capacities and together with any successors in such capacities, the "Grantors," and each, a "Grantor"), in favour of SALUS CAPITAL PARTNERS, LLC, having an office at 197 First Avenue, Suite 250, Needham, MA 02494, in its capacity as collateral agent for the Credit Parties, as pledgee, assignee and secured party (in such capacities and together with any successors in such capacities, the "Collateral Agent"). The undersigned hereby agrees that this Securities Pledge Amendment may be attached to the Security Agreement and that the Pledged Securities and/or Intercompany Notes listed on this Securities Pledge Amendment shall be deemed to be and shall become part of the Collateral and shall secure all Secured Obligations.

PLEDGED SECURITIES

<u>ISSUER</u>	<u>CLASS OF STOCK OR INTERESTS</u>	<u>[PAR VALUE]</u>	<u>CERTIFICATE NO(S).</u>	<u>NUMBER OF SHARES OR INTERESTS</u>	<u>PERCENTAGE OF ALL ISSUED CAPITAL OR OTHER EQUITY INTERESTS OF ISSUER</u>
---------------	--	------------------------	-------------------------------	--	---

INTERCOMPANY NOTES

<u>ISSUER</u>	<u>PRINCIPAL AMOUNT</u>	<u>DATE OF ISSUANCE</u>	<u>INTEREST RATE</u>	<u>MATURITY DATE</u>
---------------	-----------------------------	-----------------------------	--------------------------	--------------------------

[_____],
as Grantor

By: _____
Name:
Title:

AGREED TO AND ACCEPTED:

SALUS CAPITAL PARTNERS, LLC, as Collateral Agent.

By: _____
Name:
Title:

SCHEDULE I

Intercompany Notes

<u>Name of Company</u>	<u>Issuer of Instrument</u>	<u>Principal Amount of Instrument</u>	<u>Maturity Date</u>	<u>Notes</u>
J.S.N. Jewellery Inc.	2373138 Ontario Inc.	<u>\$35,696,000</u>	Demand Note	Upon J.S.N. Jewellery Inc. closing the financing transactions with Salus, J.S.N. will loan 2373138 Ontario Inc. \$35,696,000, such amount to be subsequently loaned by 2373138 Ontario Inc. to
2373138 Ontario Inc.	6721657 Manitoba Ltd	<u>\$35,696,000</u>	Demand Note	6721657 Manitoba Ltd. in order to finance the acquisition of Ben Moss.

SCHEDULE II

Filings, Registrations and Recordings

1. By Salus Capital Partners, LLC as Creditor against J.S.N. Jewellery Inc. as Debtor in Ontario via the *Personal Property Security Act* (Ontario)
2. By Salus Capital Partners, LLC as Creditor against 2373138 Ontario Inc. as Debtor in Ontario via the *Personal Property Security Act* (Ontario)
3. By Salus Capital Partners, LLC as Creditor against Forever Jewellery Inc. as Debtor in Ontario via the *Personal Property Security Act* (Ontario)
4. By Salus Capital Partners, LLC as Creditor against 6721657 Manitoba Ltd. as Debtor in Manitoba via the *Personal Property Security Act* (Manitoba)
5. By Salus Capital Partners, LLC as Creditor against Ben Moss Jewellers Western Canada Inc. in Manitoba via the *Personal Property Security Act* (Manitoba)
6. By Salus Capital Partners, LLC as Creditor against Ben Moss Jewellers Western Canada Inc. in Saskatchewan via the *Personal Property Security Act, 1993* (Saskatchewan)
7. By Salus Capital Partners, LLC as Creditor against Ben Moss Jewellers Western Canada Inc. in Alberta via the *Personal Property Security Act* (Alberta)
8. By Salus Capital Partners, LLC as Creditor against Ben Moss Jewellers Western Canada Inc. in British Columbia via the *Personal Property Security Act* (British Columbia)
9. By Salus Capital Partners, LLC as Creditor against Ben Moss Jewellers Western Canada Inc. in New Brunswick via the *Personal Property Security Act* (New Brunswick)
10. By Salus Capital Partners, LLC as Creditor against Ben Moss Jewellers Western Canada Inc. in Nova Scotia via the *Personal Property Security Act* (Nova Scotia)
11. By Salus Capital Partners, LLC as Creditor against GMJ Corporation as Debtor in Delaware via the *Uniform Commercial Code* (Delaware)

12. By Salus Capital Partners, LLC as Creditor against GMJ Corporation as Debtor in Washington via the *Uniform Commercial Code* (Washington)

13. By Salus Capital Partners, LLC as Creditor against J.S.N. Jewellery UK Limited as Debtor in the United Kingdom via the *Companies Act, 2006* (United Kingdom)

SCHEDULE III
Securities Collateral

<u>Grantor</u>	<u>Issuer</u>	<u>Type of Organization</u>	<u># of Shares Owned</u>	<u>Total Shares Outstanding</u>	<u>% of Interest Pledged</u>	<u>Certificate No. (if uncertificated, please indicate so)</u>
J.S.N. Jewellery Inc.	2373138 Ontario Inc.	Corporation	100 Common Shares	100 Common Shares	0.1	C-1
J.S.N. Jewellery Inc.	2373138 Ontario Inc.	Corporation	100,000 Common Shares	100,100 Common Shares	99.9	C-2
J.S.N. Jewellery Inc.	J.S.N. Jewellery UK Limited	Company	999,900 Ordinary "A" Shares	1,700,000	100	36
J.S.N. Jewellery Inc.	J.S.N. Jewellery UK Limited	Company	350,000 Ordinary "A" Shares	1,700,000	100	35
J.S.N. Jewellery Inc.	J.S.N. Jewellery UK Limited	Company	350,000 Ordinary "A" Shares	1,700,000	100	32
2373138 Ontario Inc.	6721657 Manitoba Ltd.	Corporation	100 Class A Common Shares	100 Class A Common Shares	0.1	1AC
2373138 Ontario Inc.	6721657 Manitoba Ltd.	Corporation	100,000 Class A Common Shares	100,100 Class A Common Shares	99.9	2AC
2373138 Ontario Inc.	Ben Moss Jewellers Western Canada Inc. (post-amalgamation)	Corporation	100,100 Class A Common Shares	100,100 Class A Common Shares	100	1AC

Also see Schedule I, "Intercompany Notes", above.

All Distributions.

SECURITIES PLEDGE AMENDMENT

This Securities Pledge Amendment, dated as of July 18, 2013 is delivered pursuant to SECTION 5.1 of that certain General Security Agreement (as amended, amended and restated, restated, supplemented or otherwise modified from time to time, the "Security Agreement;" capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Security Agreement), dated as of July 18, 2013 made by (i) J.S.N. Jewellery Inc. as lead borrower for itself and the other Borrowers (the "Lead Borrower"), (ii) EACH OF THE OTHER ENTITIES LISTED ON THE SIGNATURE PAGES HERETO BY EXECUTION OF A JOINDER AGREEMENT (together with the Lead Borrower, in such capacities and together with any successors in such capacities, the "Grantors," and each, a "Grantor"), in favour of SALUS CAPITAL PARTNERS, LLC, having an office at 197 First Avenue, Suite 250, Needham, MA 02494, in its capacity as collateral agent for the Credit Parties, as pledgee, assignee and secured party (in such capacities and together with any successors in such capacities, the "Collateral Agent"). The undersigned hereby agrees that this Securities Pledge Amendment may be attached to the Security Agreement and that the Pledged Securities and/or Intercompany Notes listed on this Securities Pledge Amendment shall be deemed to be and shall become part of the Collateral and shall secure all Secured Obligations.

PLEDGED SECURITIES

<u>ISSUER</u>	<u>CLASS OF STOCK OR INTERESTS</u>	<u>[PAR VALUE]</u>	<u>CERTIFICATE NO(S).</u>	<u>NUMBER OF SHARES OR INTERESTS</u>	<u>PERCENTAGE OF ALL ISSUED CAPITAL OR OTHER EQUITY INTERESTS OF ISSUER</u>
2373138 Ontario Inc.	Common shares	-	C1	100	0.09
2373138 Ontario Inc	Common shares	\$200	C2	100,000	99.9

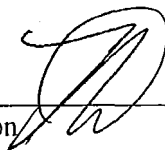
INTERCOMPANY NOTES

<u>Name of Company</u>	<u>Issuer of Instrument</u>	<u>Principal Amount of Instrument</u>	<u>Maturity Date</u>	<u>Notes</u>
J.S.N. Jewellery Inc.	2373138 Ontario Inc.	<u>\$35,696,000</u>	Demand Note	Upon J.S.N. Jewellery Inc. closing the financing transactions with Salus, J.S.N. will loan 2373138 Ontario Inc. \$35,696,000, such amount to be subsequently loaned by 2373138 Ontario Inc. to 6721657 Manitoba Ltd. in order to finance the acquisition of Ben Moss.
2373138 Ontario Inc.	6721657 Manitoba Ltd	<u>\$35,696,000</u>	Demand Note	

[signature on following page]

J.S.N. JEWELLERY INC.
as Grantor

By: _____
Name: Joseph Shilon
Title: President



AGREED TO AND ACCEPTED:

SALUS CAPITAL PARTNERS, LLC, as Collateral Agent

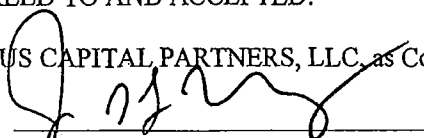
By: _____
Name:
Title:

J.S.N. JEWELLERY INC.
as Grantor

By: _____
Name: Joseph Shilon
Title: President

AGREED TO AND ACCEPTED:

SALUS CAPITAL PARTNERS, LLC, as Collateral Agent

By: 
Name: James D.L. McElroy
Title: Senior Vice President

SECURITIES PLEDGE AMENDMENT

This Securities Pledge Amendment, dated as of July 18, 2013 is delivered pursuant to SECTION 5.1 of that certain General Security Agreement (as amended, amended and restated, restated, supplemented or otherwise modified from time to time, the "Security Agreement," capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Security Agreement), dated as of July 18, 2013 made by (i) J.S.N. Jewellery Inc. as lead borrower for itself and the other Borrowers (the "Lead Borrower"), (ii) EACH OF THE OTHER ENTITIES LISTED ON THE SIGNATURE PAGES HERETO BY EXECUTION OF A JOINDER AGREEMENT (together with the Lead Borrower, in such capacities and together with any successors in such capacities, the "Grantors," and each, a "Grantor"), in favour of SALUS CAPITAL PARTNERS, LLC, having an office at 197 First Avenue, Suite 250, Needham, MA 02494, in its capacity as collateral agent for the Credit Parties, as pledgee, assignee and secured party (in such capacities and together with any successors in such capacities, the "Collateral Agent"). The undersigned hereby agrees that this Securities Pledge Amendment may be attached to the Security Agreement and that the Pledged Securities and/or Intercompany Notes listed on this Securities Pledge Amendment shall be deemed to be and shall become part of the Collateral and shall secure all Secured Obligations.

PLEDGED SECURITIES

<u>ISSUER</u>	<u>CLASS OF STOCK OR INTERESTS</u>	<u>[PAR VALUE]</u>	<u>CERTIFICATE NO(S).</u>	<u>NUMBER OF SHARES OR INTERESTS</u>	<u>PERCENTAGE OF ALL ISSUED CAPITAL OR OTHER EQUITY INTERESTS OF ISSUER</u>
6721657 Manitoba Ltd.	Class Common shares	A	1AC	100	0.09
6721657 Manitoba Ltd.	Class Common shares	A \$200	2AC	100,000	99.9
Ben Moss Jewellers Western Canada Inc. (post- amalgamati on)	Class Common shares	A	1AC	100,100	100

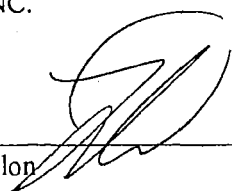
INTERCOMPANY NOTES

<u>Name of Company</u>	<u>Issuer of Instrument</u>	<u>Principal Amount of Instrument</u>	<u>Maturity Date</u>	<u>Notes</u>
J.S.N. Jewellery Inc.	2373138 Ontario Inc.	<u>\$35,696,000</u>	Demand Note	Upon J.S.N. Jewellery Inc. closing the financing transactions with Salus, J.S.N. will loan 2373138 Ontario Inc. \$35,696,000, such amount to be subsequently loaned by 2373138 Ontario Inc. to 6721657 Manitoba Ltd. in order to finance the acquisition of Ben Moss.
2373138 Ontario Inc.	6721657 Manitoba Ltd	<u>\$35,696,000</u>	Demand Note	

[signature on following page]

2373138 ONTARIO INC.
as Grantor

By: _____
Name: Joseph Shilon
Title: President



AGREED TO AND ACCEPTED:

SALUS CAPITAL PARTNERS, LLC, as Collateral Agent


By: _____
Name:
Title:

2373138 ONTARIO INC.
as Grantor

By: _____
Name: Joseph Shilon
Title: President

AGREED TO AND ACCEPTED:

SALUS CAPITAL PARTNERS, LLC, as Collateral Agent

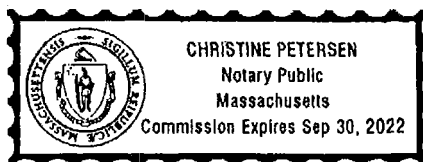
By: 
Name: Joan A. L. Macey
Title: Senior Vice President

TAB L

Attached is Exhibit "L" Referred to in the
AFFIDAVIT OF KYLE SHONAK
Sworn before me this 3rd day of August, 2016

Christine Petersen

Notary Public



EXECUTION COPY

SECURITY AGREEMENT

by

GMJ CORPORATION, and
J.S.N. JEWELLERY INC.
each as a Grantor

and

THE OTHER LOAN PARTIES PARTY HERETO
FROM TIME TO TIME

and

SALUS CAPITAL PARTNERS, LLC,
as Collateral Agent

Dated as of July 18, 2013

TABLE OF CONTENTS

	<u>Page</u>
PREAMBLE	1
RECITALS	1
AGREEMENT	2
ARTICLE I DEFINITIONS AND INTERPRETATION	1
SECTION 1.1 <u>Definitions</u>	1
SECTION 1.2 <u>Interpretation</u>	6
SECTION 1.3 <u>Perfection Certificate</u>	6
ARTICLE II GRANT OF SECURITY AND SECURED OBLIGATIONS	6
SECTION 2.1 <u>Pledge; Grant of Security Interest</u>	6
SECTION 2.2 <u>Secured Obligations</u>	7
SECTION 2.3 <u>Security Interest</u>	7
ARTICLE III PERFECTION; SUPPLEMENTS; FURTHER ASSURANCES; USE OF COLLATERAL	8
SECTION 3.1 <u>Delivery of Certificated Securities Collateral</u>	8
SECTION 3.2 <u>Perfection of Uncertificated Securities Collateral</u>	8
SECTION 3.3 <u>Other Actions</u>	9
SECTION 3.4 <u>Supplements; Further Assurances</u>	11
SECTION 3.5 <u>Joinder of Additional Grantors</u>	11
ARTICLE IV REPRESENTATIONS, WARRANTIES AND COVENANTS	12
SECTION 4.1 <u>Limitation on Liens; Defense of Claims; Transferability of Collateral</u>	12
SECTION 4.2 <u>Chief Executive Office; Change of Name; Jurisdiction of Organization</u>	12
SECTION 4.3 <u>Location of Inventory and Equipment</u>	13
SECTION 4.4 <u>Condition and Maintenance of Equipment</u>	13
SECTION 4.5 <u>Due Authorization and Issuance</u>	13
SECTION 4.6 <u>No Conflicts, Consents, etc</u>	13
SECTION 4.7 <u>Collateral</u>	13
SECTION 4.8 <u>Insurance</u>	13
SECTION 4.9 <u>Payment of Taxes; Compliance with Laws; Contested Liens; Claims</u>	14
SECTION 4.10 <u>Access to Collateral, Books and Records; Other Information</u>	14

	<u>Page</u>
ARTICLE V CERTAIN PROVISIONS CONCERNING SECURITIES COLLATERAL	14
SECTION 5.1 <u>Pledge of Additional Securities Collateral</u>	14
SECTION 5.2 <u>Voting Rights; Distributions; etc.</u>	14
SECTION 5.3 <u>Organization Documents</u>	16
SECTION 5.4 <u>Defaults, Etc.</u>	16
SECTION 5.5 <u>Certain Agreements of Grantors As Issuers and Holders of Equity</u> <u>Interests</u>	16
ARTICLE VI CERTAIN PROVISIONS CONCERNING INTELLECTUAL PROPERTY COLLATERAL	16
SECTION 6.1 <u>Grant of License</u>	16
SECTION 6.2 <u>Registrations</u>	17
SECTION 6.3 <u>No Violations or Proceedings</u>	17
SECTION 6.4 <u>Protection of Collateral Agent's Security</u>	17
SECTION 6.5 <u>After-Acquired Property</u>	18
SECTION 6.6 <u>Modifications</u>	18
SECTION 6.7 <u>Litigation</u>	18
SECTION 6.8 <u>Third Party Consents</u>	18
ARTICLE VII CERTAIN PROVISIONS CONCERNING ACCOUNTS.....	19
SECTION 7.1 <u>Special Representations and Warranties</u>	19
SECTION 7.2 <u>Maintenance of Records</u>	19
SECTION 7.3 <u>Legend</u>	19
SECTION 7.4 <u>Modification of Terms, Etc.</u>	19
SECTION 7.5 <u>Collection</u>	20
ARTICLE VIII REMEDIES	20
SECTION 8.1 <u>Remedies</u>	20
SECTION 8.2 <u>Notice of Sale</u>	22
SECTION 8.3 <u>Waiver of Notice and Claims</u>	22
SECTION 8.4 <u>Certain Sales of Collateral</u>	22
SECTION 8.5 <u>No Waiver; Cumulative Remedies</u>	24
SECTION 8.6 <u>Certain Additional Actions Regarding Intellectual Property</u>	24
SECTION 8.7 <u>Application of Proceeds</u>	24
ARTICLE IX MISCELLANEOUS	25
SECTION 9.1 <u>Concerning Collateral Agent</u>	25
SECTION 9.2 <u>Collateral Agent May Perform; Collateral Agent Appointed Attorney-</u> <u>in-Fact</u>	25
SECTION 9.3 <u>Expenses</u>	26

	<u>Page</u>
SECTION 9.4	<u>Continuing Security Interest; Assignment</u>26
SECTION 9.5	<u>Termination; Release</u>26
SECTION 9.6	<u>Modification in Writing</u>27
SECTION 9.7	<u>Notices</u>27
SECTION 9.8	<u>GOVERNING LAW</u>27
SECTION 9.9	<u>CONSENT TO JURISDICTION; SERVICE OF PROCESS; WAIVER</u>
	<u>OF JURY TRIAL</u>28
SECTION 9.10	<u>Severability of Provisions</u>29
SECTION 9.11	<u>Execution in Counterparts; Effectiveness</u>29
SECTION 9.12	<u>No Release</u>29
SECTION 9.13	<u>Obligations Absolute</u>29

SIGNATURES

EXHIBIT 1	Form of Securities Pledge Amendment
SCHEDULE I	Intercompany Notes
SCHEDULE II	Filings, Registrations and Recordings
SCHEDULE III	Pledged Interests

SECURITY AGREEMENT

SECURITY AGREEMENT dated as of July 18, 2013 (as amended, restated, supplemented or otherwise modified from time to time in accordance with the provisions hereof, this "Security Agreement") made by (i) GMJ CORPORATION, a Delaware corporation having an office at 64 Jardin Drive, Unit 7, Concord, Ontario L4K 3P3 ("GMJ"), (ii) J.S.N. JEWELLERY INC., a Canadian company having an office at 64 Jardin Drive, Unit 7, Concord, Ontario L4K 3P3 ("Lead Borrower"), and (iii) EACH OF THE OTHER ENTITIES FROM TIME TO TIME PARTY HERETO BY EXECUTION OF A JOINDER AGREEMENT, as pledgors, assignors and debtors (together with GMJ and the Lead Borrower, in such capacities and together with any successors in such capacities, the "Grantors," and each, a "Grantor"), in favor of SALUS CAPITAL PARTNERS, LLC, having an office at 197 First Avenue, Suite 250, Needham, MA 02494, in its capacity as collateral agent for the Credit Parties (as defined in the Credit Agreement defined below) pursuant to the Credit Agreement, as pledgee, assignee and secured party (in such capacities and together with any successors in such capacities, the "Collateral Agent").

RECITALS:

A. Lead Borrower, GMJ, as a Guarantor, the Collateral Agent, Salus Capital Partners, LLC, as Administrative Agent, and the Lenders party thereto, among others, have, in connection with the execution and delivery of this Security Agreement, entered into that certain Credit Agreement dated as of the date hereof (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement").

B. Each Grantor will receive substantial benefits from the execution, delivery and performance of the Credit Agreement and each is, therefore, willing to enter into this Security Agreement.

C. This Security Agreement is given by each Grantor in favor of the Collateral Agent for the benefit of the Credit Parties to secure the payment and performance of all of the Secured Obligations (as hereinafter defined).

D. It is a condition to the obligations of the Lenders to make the Loans under the Credit Agreement and a condition to the L/C Issuer issuing Letters of Credit under the Credit Agreement that each Grantor execute and deliver the applicable Loan Documents, including this Security Agreement.

AGREEMENT:

NOW THEREFORE, in consideration of the foregoing premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Grantor and the Collateral Agent hereby agree as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATION

SECTION 1.1 Definitions.

(a) Unless otherwise defined herein or in the Credit Agreement, capitalized terms used herein that are defined in the UCC shall have the meanings assigned to them in the UCC.

(b) Capitalized terms used but not otherwise defined herein that are defined in the Credit Agreement shall have the meanings given to them in the Credit Agreement.

(c) The following terms shall have the following meanings:

"CFC" means a Person that is a controlled foreign corporation under Section 957 of the Code.

"Claims" shall mean any and all property taxes and other taxes, assessments and special assessments, levies, fees and all governmental charges imposed upon or assessed against, and all claims (including, without limitation, landlords', carriers', mechanics', workmen's, repairmen's, laborers', materialmen's, suppliers' and warehousemen's Liens and other claims arising by operation of law) against, all or any portion of the Collateral.

"Collateral" shall have the meaning assigned to such term in SECTION 2.1 hereof.

"Collateral Agent" shall have the meaning assigned to such term in the Preamble hereof.

"Contracts" shall mean, collectively, with respect to each Grantor, all sale, service, performance, equipment or property lease contracts, agreements and grants and all other contracts, agreements or grants (in each case, whether written or oral, or third party or intercompany), between such Grantor and any other party, and all assignments, amendments, restatements, supplements, extensions, renewals, replacements or modifications thereof.

"Control" shall mean (i) in the case of each DDA, "control," as such term is defined in Section 9-104 of the UCC, and (ii) in the case of any security entitlement, "control," as such term is defined in Section 8-106 of the UCC.

"Control Agreements" shall mean, collectively, the Blocked Account Agreements and the Securities Account Control Agreements.

"Copyrights" shall mean, collectively, with respect to each Grantor, all copyrights (whether statutory or common Law, whether established or registered in the United States or any other country or any political subdivision thereof whether registered or unregistered and whether published or unpublished) and all copyright registrations and applications made by such Grantor, in each case, whether now owned or hereafter created or acquired by or assigned to such Grantor, including, without limitation, the registrations and applications listed in Section III of the Perfection Certificate, together with any and all (i) rights and privileges arising under applicable Law with respect to such Grantor's use of such copyrights, (ii) reissues, renewals, continuations and extensions thereof, (iii) income, fees, royalties, damages, claims and payments now or hereafter due and/or payable with respect thereto, including, without limitation, damages and payments for past, present or future infringements thereof, (iv) rights corresponding thereto throughout the world and (v) rights to sue for past, present or future infringements thereof.

"Credit Agreement" shall have the meaning assigned to such term in Recital A hereof.

"Distributions" shall mean, collectively, with respect to each Grantor, all Restricted Payments from time to time received, receivable or otherwise distributed to such Grantor in respect of or in exchange for any or all of the Pledged Securities or Intercompany Notes.

"Excluded Property" shall mean the following:

(a) any license or permit held by any Grantor (i) that validly prohibits the creation by such Grantor of a security interest therein or thereon or (ii) to the extent that applicable Law prohibits the creation of a security interest therein or thereon; and

(b) any Intellectual Property Collateral consisting of intent-to-use trademark applications, for which the creation by a Grantor of a security interest therein is prohibited without the consent of third party or by applicable Law;

provided, however, that in each case described in clauses (a) and (b) of this definition, such property shall constitute "Excluded Property" only to the extent and for so long as such license, permit, or applicable Law validly prohibits the creation of a Lien on such property in favor of the Collateral Agent and, upon the termination of such prohibition (howsoever occurring), such property shall cease to constitute "Excluded Property"; provided further, that "Excluded Property" shall not include (i) the right to receive any proceeds arising therefrom or any other rights referred to in Sections 9-406(f), 9-407(a) or 9-408(a) of the UCC or any Proceeds, substitutions or replacements of any Excluded Property.

"Goodwill" shall mean, collectively, with respect to each Grantor, the goodwill connected with such Grantor's business including, without limitation, (i) all goodwill connected with the use of and symbolized by any of the Intellectual Property Collateral in which such Grantor has any interest, (ii) all know-how, trade secrets, customer and supplier lists, proprietary information, inventions, methods, procedures, formulae, descriptions, compositions, technical data, drawings, specifications, name plates, catalogs, confidential information and the right to limit the use or disclosure thereof by any Person, pricing and cost information, business and marketing plans and proposals, consulting agreements, engineering contracts and such other assets which relate to such goodwill and (iii) all product lines of such Grantor's business.

"Grantor" shall have the meaning assigned to such term in the Preamble hereof.

"Guaranteed Obligations" shall have the meaning assigned to such term in any Facility Guarantee.

"Intellectual Property Collateral" shall mean, collectively, the Patents, Trademarks, Copyrights, Licenses and Goodwill.

"Intercompany Notes" shall mean, with respect to each Grantor, all intercompany notes described on Schedule I hereto and each intercompany note hereafter acquired by such Grantor and all certificates, instruments or agreements evidencing such intercompany notes, and all assignments, amendments, restatements, supplements, extensions, renewals, replacements or modifications thereof to the extent permitted pursuant to the terms hereof.

"Lead Borrower" shall have the meaning assigned to such term in the Preamble hereof.

"Letters of Credit" unless the context otherwise requires, shall have the meaning given to such term in the UCC.

"Licenses" shall mean, collectively, with respect to each Grantor, all license and distribution agreements with any other Person with respect to any Patent, Trademark or Copyright or any other patent, trademark or copyright, whether such Grantor is a licensor or licensee, distributor or distributee under any such license or distribution agreement, together with any and all (i) renewals, extensions, supplements and continuations thereof, (ii) income, fees, royalties, damages, claims and payments now and hereafter due and/or payable thereunder and with respect thereto including, without limitation, damages and payments for past, present or future infringements or violations thereof, (iii) rights to sue for past, present and future infringements or violations thereof and (iv) other rights to use, exploit or practice any or all of the Patents, Trademarks or Copyrights or any other patent, trademark or copyright.

"Patents" shall mean, collectively, with respect to each Grantor, all patents issued or assigned to and all patent applications made by such Grantor (whether established or registered or recorded in the United States or any other country or any political subdivision thereof), including, without limitation, those patents and patent applications listed in Section III of the Perfection Certificate, together with any and all (i) rights and privileges arising under applicable Law with respect to such Grantor's use of any patents, (ii) inventions and improvements described and claimed therein, (iii) reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof, (iv) income, fees, royalties, damages, claims and payments now or hereafter due and/or payable thereunder and with respect thereto including, without limitation, damages and payments for past, present or future infringements thereof, (v) rights corresponding thereto throughout the world and (vi) rights to sue for past, present or future infringements thereof.

"Perfection Certificate" shall mean that certain perfection certificate dated as of the date hereof, executed and delivered by each Grantor in favor of the Collateral Agent for the benefit of the Credit Parties, and each other Perfection Certificate (which shall be in form and substance reasonably acceptable to the Collateral Agent) executed and delivered by the applicable Grantor in favor of the Collateral Agent for the benefit of the Credit Parties contemporaneously with the execution and delivery of a joinder agreement executed in accordance with SECTION 3.6 hereof, in each case, as the same may be amended, amended and restated, restated, supplemented or otherwise modified from time to time in accordance with the Credit Agreement.

"Pledged Interests" shall mean, collectively, with respect to each Grantor, all Equity Interest in any issuer now existing or hereafter acquired or formed, including, without limitation, all Equity Interests of such issuer described in Schedule III hereof, together with all rights, privileges, authority and powers of such Grantor relating to such Equity Interests issued by any such issuer under the Organization Documents of any such issuer, and the certificates, instruments and agreements representing such Equity Interests and any and all interest of such Grantor in the entries on the books of any financial intermediary pertaining to such Equity Interests, from time to time acquired by such Grantor in any manner, and all other Investment Property owned by such Grantor; provided, however, that to the extent applicable, Pledged Interests shall not include any interest possessing more than 65% of the voting power or control of all classes of interests entitled to vote of any CFC to the extent such pledge would result in an adverse tax consequence to the Grantor.

"Pledged Securities" shall mean, collectively, the Pledged Interests and the Successor Interests.

“Secured Obligations” shall mean the Obligations (as defined in the Credit Agreement) and the Guaranteed Obligations; provided, however, that Other Liabilities shall be Secured Obligations solely to the extent that there is sufficient Collateral following satisfaction of the Obligations described in clause (a) of the definition of Obligations.

“Securities Account Control Agreement” shall mean an agreement in form and substance satisfactory to the Collateral Agent with respect to any Securities Account of a Grantor.

“Securities Act” means the Securities Exchange Act of 1934 and the applicable regulations promulgated by the Securities and Exchange Commission pursuant to such Act.

“Securities Collateral” shall mean, collectively, the Pledged Securities, the Intercompany Notes and the Distributions.

“Security Agreement” shall have the meaning assigned to such in the Preamble hereof.

“Successor Interests” shall mean, collectively, with respect to each Grantor, all shares of each class of the capital stock of the successor corporation or interests or certificates of the successor limited liability company, partnership or other entity owned by such Grantor (unless such successor is such Grantor itself) formed by or resulting from any consolidation or merger in which any Person listed in Section I of the Perfection Certificate is not the surviving entity; provided, however, that Successor Interests shall not include shares or interests possessing more than 65% of the voting power or control of all classes of capital stock or interests entitled to vote of any CFC to the extent such pledge would result in an adverse tax consequence to such Grantor.

“Trademarks” shall mean, collectively, with respect to each Grantor, all trademarks (including service marks), slogans, logos, certification marks, trade dress, uniform resource locations (URLs), domain names, corporate names and trade names, whether registered or unregistered, owned by or assigned to such Grantor and all registrations and applications for the foregoing (whether statutory or common Law and whether established or registered in the United States or any other country or any political subdivision thereof), including, without limitation, the registrations and applications listed in Section III of the Perfection Certificate, together with any and all (i) rights and privileges arising under applicable Law with respect to such Grantor’s use of any trademarks, (ii) reissues, continuations, extensions and renewals thereof, (iii) income, fees, royalties, damages and payments now and hereafter due and/or payable thereunder and with respect thereto, including, without limitation, damages, claims and payments for past, present or future infringements thereof, (iv) rights corresponding thereto throughout the world and (v) rights to sue for past, present and future infringements thereof.

“UCC” or “Uniform Commercial Code” means the Uniform Commercial Code as in effect from time to time in the State of New York; provided, however, that if a term is defined in Article 9 of the Uniform Commercial Code differently than in another Article thereof, the term shall have the meaning set forth in Article 9; provided further that, if by reason of mandatory provisions of law, perfection, or the effect of perfection or non-perfection, of a security interest in any Collateral or the availability of any remedy hereunder is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New York, “Uniform Commercial Code” means the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such perfection or effect of perfection or non-perfection or availability of such remedy, as the case may be.

SECTION 1.2 Interpretation. The rules of interpretation specified in Article I of the Credit Agreement shall be applicable to this Security Agreement.

SECTION 1.3 Perfection Certificate. The Collateral Agent and each Grantor agree that the Perfection Certificate, and all schedules, amendments and supplements thereto, are and shall at all times remain a part of this Security Agreement.

ARTICLE II

GRANT OF SECURITY AND SECURED OBLIGATIONS

SECTION 2.1 Pledge; Grant of Security Interest. As collateral security for the payment and performance in full of all the Secured Obligations, each Grantor hereby pledges and grants to the Collateral Agent for its benefit and for the benefit of the other Credit Parties, a lien on and security interest in and to all of the right, title and interest of such Grantor in, to and under all personal property and interests in such personal property, wherever located, and whether now existing or hereafter arising or acquired from time to time (collectively, the "Collateral"), including, without limitation:

- (a) all Accounts;
- (b) all Goods, including Equipment, Inventory and Fixtures;
- (c) all Documents, Instruments and Chattel Paper;
- (d) all Letters of Credit and Letter-of-Credit Rights;
- (e) all Securities Collateral;
- (f) all Investment Property;
- (g) all Intellectual Property Collateral;
- (h) all Commercial Tort Claims, including, without limitation, those described in Section V of the Perfection Certificate;
- (i) all General Intangibles, including, without limitation, all Payment Intangibles;
- (j) all Deposit Accounts;
- (k) all Supporting Obligations;
- (l) all books and records relating to the Collateral; and
- (m) to the extent not covered by clauses (a) through (l) of this sentence, all other personal property of such Grantor, whether tangible or intangible and all Proceeds and products of each of the foregoing and all accessions to, substitutions and replacements for, and rents, profits and products of, each of the foregoing, any and all proceeds of any insurance, indemnity,

warranty or guaranty payable to such Grantor from time to time with respect to any of the foregoing.

Notwithstanding anything to the contrary contained in clauses (a) through (m) above, the security interest created by this Security Agreement shall not extend to, and the term "Collateral" shall not include, any Excluded Property and the Grantors shall from time to time at the request of the Collateral Agent give written notice to the Collateral Agent identifying in reasonable detail the Excluded Property and shall provide to the Collateral Agent such other information regarding the Excluded Property as the Collateral Agent may reasonably request; provided, however, that if and when any property shall cease to be Excluded Property, a Lien on a security in such property shall be deemed granted therein. Each Grantor hereby represents and warrants that the Excluded Property, when taken as a whole, is not material to the business operations or financial condition of the Grantors, taken as a whole. All Excluded Property shall be held in trust by the applicable Grantor for the benefit of the Collateral Agent for its benefit and for the benefit of the other Credit Parties and, on the exercise by the Collateral Agent of any of its rights and remedies under this Agreement following an Event of Default shall be assigned by such Grantor as the Collateral Agent shall direct.

SECTION 2.2 Secured Obligations. This Security Agreement secures, and the Collateral is collateral security for, the payment and performance in full when due of the Secured Obligations.

SECTION 2.3 Security Interest.

(a) Each Grantor hereby irrevocably authorizes the Collateral Agent at any time and from time to time to authenticate and file in any relevant jurisdiction any financing statements (including fixture filings) and amendments thereto that contain the information required by Article 9 of the Uniform Commercial Code of each applicable jurisdiction for the filing of any financing statement or amendment relating to the Collateral, including, without limitation, (i) whether such Grantor is an organization, the type of organization and any organizational identification number issued to such Grantor, (ii) a description of the Collateral as "all assets of the Debtor, wherever located, whether now owned or hereafter acquired" and (iii) in the case of a financing statement filed as a fixture filing, a sufficient description of the real property to which such Collateral relates. Each Grantor agrees to provide all information described in the immediately preceding sentence to the Collateral Agent promptly upon request.

(b) Each Grantor hereby ratifies its prior authorization for the Collateral Agent to file in any relevant jurisdiction any financing statements or amendments thereto relating to the Collateral if filed prior to the date hereof.

(c) Each Grantor hereby further authorizes the Collateral Agent to file filings with the United States Patent and Trademark Office and United States Copyright Office (or any successor office or any similar office in any other country) or other necessary documents for the purpose of perfecting, confirming, continuing, enforcing or protecting the security interest granted by such Grantor hereunder in any Intellectual Property Collateral, without the signature of such Grantor, and naming such Grantor, as debtor, and the Collateral Agent, as secured party.

ARTICLE III

PERFECTION; SUPPLEMENTS; FURTHER ASSURANCES;
USE OF COLLATERAL

SECTION 3.1 Delivery of Certificated Securities Collateral. Each Grantor represents and warrants that all certificates, agreements or instruments representing or evidencing the Securities Collateral in existence on the date hereof have been delivered to the Collateral Agent in suitable form for transfer by delivery, and accompanied by duly executed instruments of transfer or assignment in blank and that the Collateral Agent has a perfected first priority security interest therein. Each Grantor hereby agrees that all certificates, agreements or instruments representing or evidencing Securities Collateral acquired by such Grantor after the date hereof, shall promptly (and in any event within three (3) Business Days) upon receipt thereof by such Grantor be delivered to and held by or on behalf of the Collateral Agent pursuant hereto. All certificated Securities Collateral shall be in suitable form for transfer by delivery, and shall be accompanied by duly executed instruments of transfer or assignment in blank, all in form and substance reasonably satisfactory to the Collateral Agent. The Collateral Agent shall have the right, at any time upon the occurrence and during the continuance of any Event of Default, to endorse, assign or otherwise transfer to or to register in the name of the Collateral Agent or any of its nominees or endorse for negotiation any or all of the Securities Collateral, without any indication that such Securities Collateral is subject to the security interest hereunder. In addition, the Collateral Agent shall have the right with written notice to exchange certificates representing or evidencing Securities Collateral for certificates of smaller or larger denominations, accompanied by instruments of transfer or assignment and letters of direction duly executed in blank.

SECTION 3.2 Perfection of Uncertificated Securities Collateral. Each Grantor represents and warrants that the Collateral Agent has a perfected first priority security interest in all uncertificated Pledged Securities pledged by it hereunder that is in existence on the date hereof and that, except as otherwise disclosed in writing to the Collateral Agent, the applicable Organization Documents do not require the consent of the other shareholders, members, partners or other Person to permit the Collateral Agent or its designee to be substituted for the applicable Grantor as a shareholder, member, partner or other equity owner, as applicable, thereto. Each Grantor hereby agrees that if any of the Pledged Securities are at any time not evidenced by certificates of ownership, then each applicable Grantor shall, to the extent permitted by applicable Law and upon the request of the Collateral Agent, cause such pledge to be recorded on the equityholder register or the books of the issuer, execute customary pledge forms or other documents necessary or reasonably requested to complete the pledge and give the Collateral Agent the right to transfer such Pledged Securities under the terms hereof and, provide to the Collateral Agent an opinion of counsel, in form and substance reasonably satisfactory to the Collateral Agent, confirming such pledge and perfection thereof.

SECTION 3.3 Financing Statements and Other Filings; Maintenance of Perfected Security Interest. Each Grantor represents and warrants that the only filings, registrations and recordings necessary and appropriate to create, preserve, protect, publish notice of and perfect the security interest granted by each Grantor to the Collateral Agent (for the benefit of the Credit Parties) pursuant to this Security Agreement in respect of the Collateral are listed on Schedule II hereto. Each Grantor represents and warrants that all such filings, registrations and recordings have been delivered to the Collateral Agent in completed and, to the extent necessary or appropriate, duly executed form for filing in each governmental, municipal or other office specified in Schedule II. Each Grantor agrees that, at the sole cost and expense of the Grantors, (i) such Grantor will maintain the security interest

created by this Security Agreement in the Collateral as a perfected first priority security interest and shall defend such security interest against the claims and demands of all Persons (other than with respect to Permitted Encumbrances), (ii) such Grantor shall furnish to the Collateral Agent from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Collateral Agent may reasonably request, all in reasonable detail and (iii) at any time and from time to time, upon the written request of the Collateral Agent, such Grantor shall promptly and duly execute and deliver, and file and have recorded, such further instruments and documents and take such further action as the Collateral Agent may reasonably request, including the filing of any financing statements, continuation statements and other documents (including this Security Agreement) under the UCC (or other applicable Laws) in effect in any jurisdiction with respect to the security interest created hereby and the execution and delivery of Control Agreements, all in form reasonably satisfactory to the Collateral Agent and in such offices (including, without limitation, the United States Patent and Trademark Office and the United States Copyright Office) wherever required by applicable Law in each case to perfect, continue and maintain a valid, enforceable, first priority security interest in the Collateral as provided herein and to preserve the other rights and interests granted to the Collateral Agent hereunder, as against the Grantors and third parties (other than with respect to Permitted Encumbrances), with respect to the Collateral.

SECTION 3.4 Other Actions. In order to further evidence the attachment, perfection and priority of, and the ability of the Collateral Agent to enforce, the Collateral Agent's security interest in the Collateral, each Grantor represents, warrants and agrees, in each case at such Grantor's own expense, with respect to the following Collateral that:

(a) Instruments and Tangible Chattel Paper. As of the date hereof (i) no amount payable under or in connection with any of the Collateral is evidenced by any Instrument or Tangible Chattel Paper other than such Instruments and Tangible Chattel Paper listed in Section II.D of the Perfection Certificate and (ii) each Instrument and each item of Tangible Chattel Paper listed in Section II.D of the Perfection Certificate, to the extent requested by the Collateral Agent, has been properly endorsed, assigned and delivered to the Collateral Agent, accompanied by instruments of transfer or assignment and letters of direction duly executed in blank. If any amount payable under or in connection with any of the Collateral shall be evidenced by any Instrument or Tangible Chattel Paper, the Grantor acquiring such Instrument or Tangible Chattel Paper shall forthwith endorse, assign and deliver the same to the Collateral Agent, accompanied by such instruments of transfer or assignment duly executed in blank as the Collateral Agent may reasonably request from time to time.

(b) Investment Property.

(i) As of the date hereof (1) it has no Securities Accounts other than those listed in Section II.B of the Perfection Certificate, (2) it does not hold, own or have any interest in any certificated securities or uncertificated securities other than those constituting Pledged Securities with respect to which the Collateral Agent has a perfected first priority security interest in such Pledged Securities, and (3) it has entered into a duly authorized, executed and delivered Securities Account Control Agreement with respect to each Securities Account listed in Section II.B of the Perfection Certificate with respect to which the Collateral Agent has a perfected first priority security interest in such Securities Accounts by Control.

(ii) If any Grantor shall at any time hold or acquire any certificated securities, other than any securities of any CFC not required to be pledged hereunder,

such Grantor shall promptly (a) notify the Collateral Agent thereof and endorse, assign and deliver the same to the Collateral Agent, accompanied by such instruments of transfer or assignment duly executed in blank, all in form and substance reasonably satisfactory to the Collateral Agent or (b) deliver such securities into a Securities Account with respect to which a Securities Account Control Agreement is in effect in favor of the Collateral Agent. If any securities now or hereafter acquired by any Grantor, other than any securities of any CFC not required to be pledged hereunder, are uncertificated, such Grantor shall promptly notify the Collateral Agent thereof and pursuant to an agreement in form and substance reasonably satisfactory to the Collateral Agent, either (a) grant Control to the Collateral Agent and cause the issuer to agree to comply with instructions from the Collateral Agent as to such securities, without further consent of any Grantor or such nominee, (b) cause a security entitlement with respect to such uncertificated security to be held in a Securities Account with respect to which the Collateral Agent has Control or (c) arrange for the Collateral Agent to become the registered owner of the securities. Grantor shall not hereafter establish and maintain any Securities Account with any Securities Intermediary unless (1) the applicable Grantor shall have given the Collateral Agent ten (10) Business Days' prior written notice of its intention to establish such new Securities Account with such Securities Intermediary, (2) such Securities Intermediary shall be reasonably acceptable to the Collateral Agent and (3) such Securities Intermediary and such Grantor shall have duly executed and delivered a Control Agreement with respect to such Securities Account. Each Grantor shall accept any cash and Investment Property which are proceeds of the Pledged Interests in trust for the benefit of the Collateral Agent and promptly upon receipt thereof, deposit any cash received by it into an account in which the Collateral Agent has Control, or with respect to any Investment Properties or additional securities, take such actions as required above with respect to such securities. The Collateral Agent agrees with each Grantor that the Collateral Agent shall not give any entitlement orders or instructions or directions to any issuer of uncertificated securities or Securities Intermediary, and shall not withhold its consent to the exercise of any withdrawal or dealing rights by such Grantor, unless a Event of Default has occurred and is continuing. No Grantor shall grant control over any Pledged Securities to any Person other than the Collateral Agent.

(iii) As between the Collateral Agent and the Grantors, the Grantors shall bear the investment risk with respect to the Investment Property and Pledged Securities, and the risk of loss of, damage to, or the destruction of the Investment Property and Pledged Securities, whether in the possession of, or maintained as a security entitlement or deposit by, or subject to the control of, the Collateral Agent, a Securities Intermediary, any Grantor or any other Person; provided, however, that nothing contained in this SECTION 3.4(b) shall release or relieve any Securities Intermediary of its duties and obligations to the Grantors or any other Person under any Control Agreement or under applicable Law. Each Grantor shall promptly pay all Claims and fees of whatever kind or nature with respect to the Pledged Securities pledged by it under this Security Agreement. In the event any Grantor shall fail to make such payment contemplated in the immediately preceding sentence, the Collateral Agent may do so for the account of such Grantor and the Grantors shall promptly reimburse and indemnify the Collateral Agent for all costs and expenses incurred by the Collateral Agent under this SECTION 3.4(b) and under SECTION 9.3 hereof.

(c) Electronic Chattel Paper and Transferable Records. As of the date hereof no amount payable under or in connection with any of the Collateral is evidenced by any Electronic

Chattel Paper or any "transferable record" (as that term is defined in Section 201 of the Federal Electronic Signatures in Global and National Commerce Act, or in Section 16 of the Uniform Electronic Transactions Act as in effect in any relevant jurisdiction). If any amount payable under or in connection with any of the Collateral shall be evidenced by any Electronic Chattel Paper or any transferable record, the Grantor acquiring such Electronic Chattel Paper or transferable record shall promptly notify the Collateral Agent thereof and shall take such action as the Collateral Agent may reasonably request to vest in the Collateral Agent control under UCC Section 9-105 of such Electronic Chattel Paper or control under Section 201 of the Federal Electronic Signatures in Global and National Commerce Act or, as the case may be, Section 16 of the Uniform Electronic Transactions Act, as so in effect in such jurisdiction, of such transferable record.

(d) Letter-of-Credit Rights. If such Grantor is at any time a beneficiary under a Letter of Credit now or hereafter issued in favor of such Grantor (which, for the avoidance of doubt, shall not include any Letter of Credit issued pursuant to the Credit Agreement), such Grantor shall promptly notify the Collateral Agent thereof and such Grantor shall, at the request of the Collateral Agent, pursuant to an agreement in form and substance reasonably satisfactory to the Collateral Agent, either (i) arrange for the issuer and any confirmer of such Letter of Credit to consent to an assignment to the Collateral Agent of, and to pay to the Collateral Agent, the proceeds of any drawing under the Letter of Credit or (ii) arrange for the Collateral Agent to become the beneficiary of such Letter of Credit, with the Collateral Agent agreeing, in each case, that the proceeds of any drawing under the Letter of Credit are to be applied as provided in the Credit Agreement.

(e) Commercial Tort Claims. As of the date hereof it holds no Commercial Tort Claims other than those listed in Section V of the Perfection Certificate. If any Grantor shall at any time hold or acquire a Commercial Tort Claim, such Grantor shall immediately notify the Collateral Agent in writing signed by such Grantor of the brief details thereof and grant to the Collateral Agent in such writing a security interest therein and in the Proceeds thereof, all upon the terms of this Security Agreement, with such writing to be in form and substance reasonably satisfactory to the Collateral Agent.

(f) Motor Vehicles. As of the date hereof, it has no motor vehicles.

SECTION 3.5 Supplements; Further Assurances. Each Grantor shall take such further actions, and execute and deliver to the Collateral Agent such additional assignments, agreements, supplements, powers and instruments, as the Collateral Agent may in its reasonable judgment deem necessary or appropriate, in order to perfect, preserve and protect the security interest in the Collateral as provided herein and the rights and interests granted to the Collateral Agent hereunder, to carry into effect the purposes hereof or better to assure and confirm unto the Collateral Agent or permit the Collateral Agent to exercise and enforce its rights, powers and remedies hereunder with respect to any Collateral. If an Event of Default has occurred and is continuing, the Collateral Agent may institute and maintain, in its own name or in the name of any Grantor, such suits and proceedings as the Collateral Agent may be advised by counsel shall be necessary or expedient to prevent any impairment of the security interest in or the perfection thereof in the Collateral. All of the foregoing shall be at the sole cost and expense of the Grantors.

SECTION 3.6 Joinder of Additional Grantors. The Grantors shall cause each direct or indirect Subsidiary of any Loan Party which, from time to time, after the date hereof shall be required to pledge any assets to the Collateral Agent for the benefit of the Credit Parties pursuant to the

provisions of the Credit Agreement, to execute and deliver to the Collateral Agent a Perfection Certificate and a Joinder, in each case, within five (5) Business Days of the date on which it was acquired or created and, upon such execution and delivery, such Subsidiary shall constitute a "Grantor" for all purposes hereunder with the same force and effect as if originally named as a Grantor herein, including, but limited to, granting the Collateral Agent a security interest in all Securities Collateral of such Subsidiary. The rights and obligations of each Grantor hereunder shall remain in full force and effect notwithstanding the addition of any new Grantor as a party to this Security Agreement.

ARTICLE IV

REPRESENTATIONS, WARRANTIES AND COVENANTS

In addition to, and without limitation of, each of the representations, warranties and covenants set forth in the Credit Agreement and the other Loan Documents, each Grantor represents, warrants and covenants as follows:

SECTION 4.1 Limitation on Liens; Defense of Claims; Transferability of Collateral. Each Grantor is as of the date hereof, and, as to Collateral acquired by it from time to time after the date hereof, such Grantor will be, the sole direct and beneficial owner of all Collateral pledged by it hereunder free from any Lien or other right, title or interest of any Person other than the Liens and security interest created by this Security Agreement and Permitted Encumbrances. Each Grantor shall, at its own cost and expense, defend title to the Collateral pledged by it hereunder and the security interest therein and Lien thereon granted to the Collateral Agent and the priority thereof against all claims and demands of all Persons, at its own cost and expense, at any time claiming any interest therein adverse to the Collateral Agent or any other Credit Party other than Permitted Encumbrances. There is no agreement, and no Grantor shall enter into any agreement or take any other action, that would restrict the transferability of any of the Collateral or otherwise impair or conflict with such Grantors' obligations or the rights of the Collateral Agent hereunder.

SECTION 4.2 Chief Executive Office; Change of Name; Jurisdiction of Organization. The exact legal name, type of organization, jurisdiction of organization, federal taxpayer identification number, organizational identification number and chief executive office of such Grantor is indicated next to its name in Sections I.A and I.B of the Perfection Certificate. Such Grantor shall furnish to the Collateral Agent prompt written notice of any change in (i) its legal name, (ii) the location of its chief executive office, its principal place of business, any office in which it maintains books or records relating to Collateral owned by it or any office or facility at which Collateral owned by it is located (including the establishment of any such new office or facility) or any additional jurisdiction in which it carries on business, has tangible Collateral or where any of its material account debtors are located, (iii) its identity or type of organization or corporate structure, (iv) its federal taxpayer identification number or organizational identification number, or (v) its jurisdiction of organization (in each case, including, without limitation, by merging with or into any other entity, reorganizing, dissolving, liquidating, reincorporating or incorporating in any other jurisdiction). Such Grantor agrees (A) not to effect or permit any such change unless all filings have been made under the UCC or otherwise that are required or advisable in order for the Collateral Agent to continue at all times following such change to have a valid, legal and perfected first priority security interest in all the Collateral (subject to, with respect to priority, Permitted Encumbrances having priority by operation of law) and (B) to take all action reasonably satisfactory to the Collateral Agent to maintain the perfection and priority of the security interest of the Collateral Agent for the benefit of the Credit Parties in the

Collateral intended to be granted hereunder. Each Grantor agrees to promptly provide the Collateral Agent with certified Organization Documents reflecting any of the changes described in the preceding sentence.

SECTION 4.3 Location of Inventory and Equipment. As of the Closing Date, all Equipment and Inventory of such Grantor is located at the chief executive office or such other location listed in Schedule 5.08(b)(1) of the Credit Agreement.

SECTION 4.4 Condition and Maintenance of Equipment. The Equipment of such Grantor is in good repair, working order and condition, reasonable wear and tear excepted. Each Grantor shall cause the Equipment to be maintained and preserved in good repair, working order and condition, reasonable wear and tear excepted, and shall as quickly as commercially reasonable make or cause to be made all repairs, replacements and other improvements which are necessary in the conduct of such Grantor's business.

SECTION 4.5 Due Authorization and Issuance. All of the Pledged Interests have been, and to the extent any Pledged Interests are hereafter issued, such shares or other equity interests will be, upon such issuance, duly authorized, validly issued and, to the extent applicable, fully paid and non-assessable. All of the Pledged Interests have been fully paid for, and there is no amount or other obligation owing by any Grantor to any issuer of the Pledged Interests in exchange for or in connection with the issuance of the Pledged Interests or any Grantor's status as a partner or a member of any issuer of the Pledged Interests.

SECTION 4.6 No Conflicts, Consents, etc. No consent of any party (including, without limitation, equity holders or creditors of such Grantor) and no consent, authorization, approval, license or other action by, and no notice to or filing with, any Governmental Authority or regulatory body or other Person is required (A) for the grant of the security interest by such Grantor of the Collateral pledged by it pursuant to this Security Agreement or for the execution, delivery or performance hereof by such Grantor, (B) for the exercise by the Collateral Agent of the voting or other rights provided for in this Security Agreement or (C) for the exercise by the Collateral Agent of the remedies in respect of the Collateral pursuant to this Security Agreement except, in each case, for such consents which have been obtained prior to the date hereof. Following the occurrence and during the continuation of an Event of Default, if the Collateral Agent desires to exercise any remedies, voting or consensual rights or attorney-in-fact powers set forth in this Security Agreement and determines it necessary to obtain any approvals or consents of any Governmental Authority or any other Person therefor, then, upon the reasonable request of the Collateral Agent, such Grantor agrees to use commercially reasonable efforts to assist and aid the Collateral Agent to obtain as soon as commercially practicable any necessary approvals or consents for the exercise of any such remedies, rights and powers.

SECTION 4.7 Collateral. All information set forth herein, including the schedules annexed hereto, and all information contained in any documents, schedules and lists heretofore delivered to any Credit Party in connection with this Security Agreement, including the Perfection Certificate, in each case, relating to the Collateral, is accurate and complete in all material respects. The Collateral described on the schedules annexed hereto constitutes all of the property of such type of Collateral owned or held by the Grantors.

SECTION 4.8 Insurance. Such Grantor shall maintain or shall cause to be maintained such insurance as is required pursuant to Section 6.07 of the Credit Agreement.

SECTION 4.9 Payment of Taxes; Compliance with Laws; Contested Liens; Claims. All Claims imposed upon or assessed against the Collateral have been paid and discharged except to the extent such Claims constitute a Lien not yet due and payable or a Permitted Encumbrance. Each Grantor shall comply with all applicable Law relating to the Collateral the failure to comply with which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. Each Grantor may at its own expense contest the validity, amount or applicability of any Claims so long as the contest thereof shall be conducted in accordance with, and permitted pursuant to the provisions of, the Credit Agreement. Notwithstanding the foregoing provisions of this SECTION 4.9, no contest of any such obligation may be pursued by such Grantor if such contest would expose the Collateral Agent or any other Credit Party to (i) any possible criminal liability or (ii) any additional civil liability for failure to comply with such obligations unless such Grantor shall have furnished a bond or other security therefor satisfactory to the Collateral Agent, or such other Credit Party, as the case may be.

SECTION 4.10 Access to Collateral, Books and Records; Other Information. Without limitation or duplication of the provisions of Section 6.10 of the Credit Agreement, upon reasonable prior request to each Grantor, the Collateral Agent, its agents, accountants and legal counsel shall have full and free access to visit and inspect, as applicable, during normal business hours, all of the Collateral including, without limitation, all of the books, correspondence and records of such Grantor relating thereto. The Collateral Agent and its representatives may examine the same, take extracts therefrom and make photocopies thereof, and such Grantor agrees to render to the Collateral Agent, at such Grantor's cost and expense, such clerical and other assistance as may be reasonably requested by the Collateral Agent with regard thereto. Such Grantor shall, at any and all times, within a reasonable time after written request by the Collateral Agent, furnish or cause to be furnished to the Collateral Agent, in such manner and in such detail as may be reasonably requested by the Collateral Agent, additional information with respect to the Collateral.

ARTICLE V

CERTAIN PROVISIONS CONCERNING SECURITIES COLLATERAL

SECTION 5.1 Pledge of Additional Securities Collateral. Each Grantor shall, upon obtaining any Pledged Securities or Intercompany Notes of any Person required to be pledged hereunder, accept the same in trust for the benefit of the Collateral Agent and forthwith deliver to the Collateral Agent a pledge amendment, duly executed by such Grantor, in substantially the form of Exhibit 1 annexed hereto (each, a "Pledge Amendment"), and the certificates and other documents required under SECTION 3.1 and SECTION 3.2 hereof in respect of the additional Pledged Securities or Intercompany Notes which are to be pledged pursuant to this Security Agreement, and confirming the attachment of the Lien hereby created on and in respect of such additional Pledged Securities or Intercompany Notes. Each Grantor hereby authorizes the Collateral Agent to attach each Pledge Amendment to this Security Agreement and agrees that all Pledged Securities or Intercompany Notes listed on any Pledge Amendment delivered to the Collateral Agent shall for all purposes hereunder be considered Collateral.

SECTION 5.2 Voting Rights; Distributions; etc.

(a) So long as no Event of Default shall have occurred and be continuing, each Grantor shall be entitled to exercise any and all voting and other consensual rights pertaining to

the Securities Collateral or any part thereof for any purpose not inconsistent with the terms or purposes hereof, the Credit Agreement or any other Loan Document evidencing the Secured Obligations. The Collateral Agent shall be deemed without further action or formality to have granted to each Grantor all necessary consents relating to voting rights and shall, if necessary, upon written request of any Grantor and at the sole cost and expense of the Grantors, from time to time execute and deliver (or cause to be executed and delivered) to such Grantor all such instruments as such Grantor may reasonably request in order to permit such Grantor to exercise the voting and other rights which it is entitled to exercise pursuant to this SECTION 5.2(a).

(b) Upon the occurrence and during the continuance of any Event of Default, all rights of each Grantor to exercise the voting and other consensual rights it would otherwise be entitled to exercise pursuant to SECTION 5.2(a) hereof without any action (other than, in the case of any Securities Collateral, the giving of any notice) shall immediately cease, and all such rights shall thereupon become vested in the Collateral Agent, which shall thereupon have the sole right to exercise such voting and other consensual rights; provided, that the Collateral Agent shall have the right, in its sole discretion, from time to time following the occurrence and continuance of an Event of Default to permit such Grantor to exercise such rights under SECTION 5.2(a).

(c) So long as no Event of Default shall have occurred and be continuing, each Grantor shall be entitled to receive and retain, and to utilize free and clear of the Lien hereof, any and all Distributions, but only if and to the extent made in accordance with, and to the extent permitted by, the provisions of the Credit Agreement; provided, however, that any and all such Distributions consisting of rights or interests in the form of securities shall be forthwith delivered to the Collateral Agent to be held as Collateral and shall, if received by any Grantor, be received in trust for the benefit of the Collateral Agent, be segregated from the other property or funds of such Grantor and be forthwith delivered to the Collateral Agent as Collateral in the same form as so received (with any necessary endorsement). The Collateral Agent shall, if necessary, upon written request of any Grantor and at the sole cost and expense of the Grantors, from time to time execute and deliver (or cause to be executed and delivered) to such Grantor all such instruments as such Grantor may reasonably request in order to permit such Grantor to receive the Distributions which it is authorized to receive and retain pursuant to this SECTION 5.2(c).

(d) Upon the occurrence and during the continuance of any Event of Default, all rights of each Grantor to receive Distributions which it would otherwise be authorized to receive and retain pursuant to SECTION 5.2(c) hereof shall cease and all such rights shall thereupon become vested in the Collateral Agent, which shall thereupon have the sole right to receive and hold as Collateral such Distributions.

(e) Each Grantor shall, at its sole cost and expense, from time to time execute and deliver to the Collateral Agent appropriate instruments as the Collateral Agent may reasonably request in order to permit the Collateral Agent to exercise the voting and other rights which it may be entitled to exercise pursuant to SECTION 5.2(b) hereof and to receive all Distributions which it may be entitled to receive under SECTION 5.2(c) hereof.

(f) All Distributions which are received by any Grantor contrary to the provisions of SECTION 5.2(c) hereof shall be received in trust for the benefit of the Collateral Agent, shall be segregated from other funds of such Grantor and shall immediately be paid over to the Collateral Agent as Collateral in the same form as so received (with any necessary endorsement).

SECTION 5.3 Organization Documents. Each Grantor has delivered to the Collateral Agent true, correct and complete copies of its Organization Documents. The Organization Documents are in full force and effect. No Grantor will terminate or agree to terminate any Organization Documents or make any amendment or modification to any Organization Documents in a manner adverse to the Credit Parties, including electing to treat any Pledged Interests of such Grantor as a security under Section 8-103 of the UCC.

SECTION 5.4 Defaults, Etc. Such Grantor is not in default in the payment of any portion of any mandatory capital contribution, if any, required to be made under any agreement to which such Grantor is a party relating to the Pledged Securities pledged by it, and such Grantor is not in violation of any other provisions of any such agreement to which such Grantor is a party, or otherwise in default or violation thereunder. No Securities Collateral pledged by such Grantor is subject to any defense, offset or counterclaim, nor have any of the foregoing been asserted or alleged against such Grantor by any Person with respect thereto, and as of the date hereof, there are no certificates, instruments, documents or other writings (other than the Organization Documents and certificates, if any, delivered to the Collateral Agent) which evidence any Pledged Securities of such Grantor.

SECTION 5.5 Certain Agreements of Grantors As Issuers and Holders of Equity Interests.

(a) In the case of each Grantor which is an issuer of Securities Collateral, such Grantor agrees to be bound by the terms of this Security Agreement relating to the Securities Collateral issued by it and will comply with such terms insofar as such terms are applicable to it.

(b) In the case of each Grantor which is a partner in a partnership, limited liability company or other entity, such Grantor hereby consents to the extent required by the applicable Organization Documents to the pledge by each other Grantor, pursuant to the terms hereof, of the Pledged Interests in such partnership, limited liability company or other entity and, upon the occurrence and during the continuance of an Event of Default, to the transfer of such Pledged Interests to the Collateral Agent or its nominee and to the substitution of the Collateral Agent or its nominee as a substituted partner or member in such partnership, limited liability company or other entity with all the rights, powers and duties of a general partner or a limited partner or member, as the case may be.

ARTICLE VI

CERTAIN PROVISIONS CONCERNING INTELLECTUAL PROPERTY COLLATERAL

SECTION 6.1 Grant of License. Without limiting the rights of Collateral Agent as the holder of a Lien on the Intellectual Property Collateral, for the purpose of enabling the Collateral Agent, during the continuance of an Event of Default, to exercise rights and remedies under Article VIII hereof at such time as the Collateral Agent shall be lawfully entitled to exercise such rights and remedies, and for no other purpose, each Grantor hereby grants to the Collateral Agent, to the extent assignable, an irrevocable, non-exclusive license (exercisable without payment of royalty or other compensation to such Grantor) to use, assign, license or sublicense any of the Intellectual Property Collateral now owned or hereafter acquired by such Grantor, wherever the same may be located,

including in such license access to all media in which any of the licensed items may be recorded or stored and to all computer programs used for the compilation or printout hereof.

SECTION 6.2 Registrations. Except pursuant to licenses and other user agreements entered into by any Grantor in the ordinary course of business that are listed in Section III of the Perfection Certificate, on and as of the date hereof (i) each Grantor owns and possesses the right to use, and has done nothing to authorize or enable any other Person to use, any material Copyright, Patent or Trademark listed in Section III of the Perfection Certificate, and (ii) all registrations listed in Section III of the Perfection Certificate are valid and in full force and effect.

SECTION 6.3 No Violations or Proceedings. To each Grantor's knowledge, on and as of the date hereof, there is no violation by others of any right of such Grantor with respect to any Copyright, Patent or Trademark listed in Section III of the Perfection Certificate, respectively, pledged by it under the name of such Grantor.

SECTION 6.4 Protection of Collateral Agent's Security. On a continuing basis, each Grantor shall, at its sole cost and expense, (i) promptly following its becoming aware thereof, notify the Collateral Agent of (A) any adverse determination in any proceeding in the United States Patent and Trademark Office or the United States Copyright Office with respect to any Patent, Trademark or Copyright necessary for the conduct of business of such Grantor or (B) the institution of any proceeding or any adverse determination in any federal, state or local court or administrative body regarding such Grantor's claim of ownership in or right to use any of the Intellectual Property Collateral material to the use and operation of the Collateral, its right to register such Intellectual Property Collateral or its right to keep and maintain such registration in full force and effect, (ii) maintain and protect the Intellectual Property Collateral necessary for the conduct of business of such Grantor, (iii) not permit to lapse or become abandoned any Intellectual Property Collateral necessary for the conduct of business of such Grantor, and not settle or compromise any pending or future litigation or administrative proceeding with respect to such Intellectual Property Collateral, in each case except as shall be consistent with commercially reasonable business judgment and, if any Event of Default has occurred and is continuing, with the prior approval of the Collateral Agent (such approval not to be unreasonably withheld), (iv) upon such Grantor's obtaining knowledge thereof, promptly notify the Collateral Agent in writing of any event which may be reasonably expected to materially and adversely affect the value or utility of the Intellectual Property Collateral or any portion thereof material to the use and operation of the Collateral, the ability of such Grantor or the Collateral Agent to dispose of the Intellectual Property Collateral or any portion thereof or the rights and remedies of the Collateral Agent in relation thereto including, without limitation, a levy or threat of levy or any legal process against the Intellectual Property Collateral or any portion thereof, (v) not license the Intellectual Property Collateral other than licenses entered into by such Grantor in, or incidental to, the ordinary course of business, or amend or permit the amendment of any of the material licenses in a manner that materially and adversely affects the right to receive payments thereunder, or in any manner that would materially impair the value of the Intellectual Property Collateral or the Lien on and security interest in the Intellectual Property Collateral intended to be granted to the Collateral Agent for the benefit of the Credit Parties, without the consent of the Collateral Agent, (vi) until the Collateral Agent exercises its rights to make collection, diligently keep adequate records respecting the Intellectual Property Collateral and (vii) furnish to the Collateral Agent from time to time upon the Collateral Agent's reasonable request therefor detailed statements and amended schedules further identifying and describing the Intellectual Property Collateral and such other materials evidencing or reports pertaining to the Intellectual Property Collateral as the Collateral Agent may from time to time request. Notwithstanding the foregoing, nothing herein shall prevent any Grantor from selling,

disposing of or otherwise using any Intellectual Property Collateral as permitted under the Credit Agreement.

SECTION 6.5 After-Acquired Property. If any Grantor shall, at any time before this Security Agreement shall have been terminated in accordance with SECTION 9.5(a), (i) obtain any rights to any additional Intellectual Property Collateral or (ii) become entitled to the benefit of any additional Intellectual Property Collateral or any renewal or extension thereof, including any reissue, division, continuation, or continuation-in-part of any Intellectual Property Collateral, or any improvement on any Intellectual Property Collateral, the provisions hereof shall automatically apply thereto and any such item enumerated in clause (i) or (ii) of this SECTION 6.5 with respect to such Grantor shall automatically constitute Intellectual Property Collateral if such would have constituted Intellectual Property Collateral at the time of execution hereof and be subject to the Lien and security interest created by this Security Agreement without further action by any party. With respect to any federally registered Intellectual Property Collateral, each Grantor shall promptly (a) provide to the Collateral Agent written notice of any of the foregoing and (b) confirm the attachment of the Lien and security interest created by this Security Agreement to any rights described in clauses (i) and (ii) of the immediately preceding sentence of this SECTION 6.5 by execution of an instrument in form reasonably acceptable to the Collateral Agent.

SECTION 6.6 Modifications. Each Grantor authorizes the Collateral Agent to modify this Security Agreement by amending Section III of the Perfection Certificate to include any Intellectual Property Collateral acquired or arising after the date hereof of such Grantor including, without limitation, any of the items listed in SECTION 6.5 hereof.

SECTION 6.7 Litigation. Unless there shall occur and be continuing any Event of Default, each Grantor shall have the right to commence and prosecute in its own name, as the party in interest, for its own benefit and at the sole cost and expense of the Grantors, such applications for protection of the Intellectual Property Collateral and suits, proceedings or other actions to prevent the infringement, counterfeiting, unfair competition, dilution, diminution in value or other damage as are necessary to protect the Intellectual Property Collateral. Upon the occurrence and during the continuance of any Event of Default, the Collateral Agent shall have the right but shall in no way be obligated to file applications for protection of the Intellectual Property Collateral and/or bring suit in the name of any Grantor, the Collateral Agent or the other Credit Parties to enforce the Intellectual Property Collateral and any license thereunder. In the event of such suit, each Grantor shall, at the reasonable request of the Collateral Agent, do any and all lawful acts and execute any and all documents requested by the Collateral Agent in aid of such enforcement and the Grantors shall promptly reimburse and indemnify the Collateral Agent, as the case may be, for all costs and expenses incurred by the Collateral Agent in the exercise of its rights under this SECTION 6.7 in accordance with SECTION 9.3 hereof. In the event that the Collateral Agent shall elect not to bring suit to enforce the Intellectual Property Collateral, each Grantor agrees, at the request of the Collateral Agent, to take all commercially reasonable actions necessary, whether by suit, proceeding or other action, to prevent the infringement, counterfeiting, unfair competition, dilution, diminution in value of or other damage to any of the Intellectual Property Collateral by others and for that purpose agrees to diligently maintain any suit, proceeding or other action against any Person so infringing necessary to prevent such infringement.

SECTION 6.8 Third Party Consents. Each Grantor shall use commercially reasonable efforts to obtain the consent of third parties to the extent such consent is necessary or desirable to create a valid, perfected security interest in favor of the Collateral Agent in any Intellectual Property Collateral.

ARTICLE VII

CERTAIN PROVISIONS CONCERNING ACCOUNTS

SECTION 7.1 Special Representations and Warranties. As of the time when any of its Accounts is included in the Borrowing Base, each Grantor shall be deemed to have represented and warranted that such Account and all records, papers and documents relating thereto (i) are genuine and correct and in all material respects what they purport to be, (ii) represent the legal, valid and binding obligation of the account debtor, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar Laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability, evidencing indebtedness unpaid and owed by such account debtor, arising out of the performance of labor or services or the sale, lease, license, assignment or other disposition and delivery of the goods or other property listed therein or out of an advance or a loan, and (iii) are in all material respects in compliance and conform with all applicable material federal, state and local Laws and applicable Laws of any relevant foreign jurisdiction.

SECTION 7.2 Maintenance of Records. Each Grantor shall keep and maintain at its own cost and expense materially complete records of each Account, in a manner consistent with prudent business practice, including, without limitation, records of all payments received, all credits granted thereon, all merchandise returned and all other documentation relating thereto. Each Grantor shall, at such Grantor's sole cost and expense, upon the Collateral Agent's demand made at any time after the occurrence and during the continuance of any Event of Default, deliver all tangible evidence of Accounts, including, without limitation, all documents evidencing Accounts and any books and records relating thereto to the Collateral Agent or to its representatives (copies of which evidence and books and records may be retained by such Grantor). Upon the occurrence and during the continuance of any Event of Default, the Collateral Agent may transfer a full and complete copy of any Grantor's books, records, credit information, reports, memoranda and all other writings relating to the Accounts to and for the use by any Person that has acquired or is contemplating acquisition of an interest in the Accounts or the Collateral Agent's security interest therein in accordance with applicable Law without the consent of any Grantor.

SECTION 7.3 Legend. Each Grantor shall legend, at the request of the Collateral Agent made at any time after the occurrence and during the continuance of any Event of Default and in form and manner reasonably satisfactory to the Collateral Agent, the Accounts and the other books, records and documents of such Grantor evidencing or pertaining to the Accounts with an appropriate reference to the fact that the Accounts have been collaterally assigned to the Collateral Agent for the benefit of the Credit Parties and that the Collateral Agent has a security interest therein.

SECTION 7.4 Modification of Terms, Etc. No Grantor shall rescind or cancel any indebtedness evidenced by any Account or modify any term thereof or make any adjustment with respect thereto except in the ordinary course of business consistent with prudent business practice, or extend or renew any such indebtedness except in the ordinary course of business consistent with prudent business practice or compromise or settle any dispute, claim, suit or legal proceeding relating thereto or sell any Account or interest therein except in the ordinary course of business consistent with prudent business practice or in accordance with the Credit Agreement without the prior written consent of the Collateral Agent.

SECTION 7.5 Collection. Each Grantor shall cause to be collected from the account debtor of each of the Accounts, as and when due in the ordinary course of business consistent with prudent business practice (including, without limitation, Accounts that are delinquent, such Accounts to be collected in accordance with generally accepted commercial collection procedures), any and all amounts owing under or on account of such Account, and apply forthwith upon receipt thereof all such amounts as are so collected to the outstanding balance of such Account. The costs and expenses (including, without limitation, legal fees) of collection, in any case, whether incurred by any Grantor, the Collateral Agent or any other Credit Party, shall be paid by the Grantors.

ARTICLE VIII

REMEDIES

SECTION 8.1 Remedies. Upon the occurrence and during the continuance of any Event of Default the Collateral Agent may, and at the direction of the Required Lenders, shall, from time to time in respect of the Collateral, in addition to the other rights and remedies provided for herein, under applicable Law or otherwise available to it:

(a) Personally, or by agents or attorneys, immediately take possession of the Collateral or any part thereof, from any Grantor or any other Person who then has possession of any part thereof with or without notice or process of law, and for that purpose may enter upon any Grantor's premises where any of the Collateral is located, remove such Collateral, remain present at such premises to receive copies of all communications and remittances relating to the Collateral and use in connection with such removal and possession any and all services, supplies, aids and other facilities of any Grantor;

(b) Demand, sue for, collect or receive any money or property at any time payable or receivable in respect of the Collateral including, without limitation, instructing the obligor or obligors on any agreement, instrument or other obligation constituting part of the Collateral to make any payment required by the terms of such agreement, instrument or other obligation directly to the Collateral Agent, and in connection with any of the foregoing, compromise, settle, extend the time for payment and make other modifications with respect thereto; provided, however, that in the event that any such payments are made directly to any Grantor, prior to receipt by any such obligor of such instruction, such Grantor shall segregate all amounts received pursuant thereto in trust for the benefit of the Collateral Agent and shall promptly pay such amounts to the Collateral Agent;

(c) Sell, assign, grant a license to use or otherwise liquidate, or direct any Grantor to sell, assign, grant a license to use or otherwise liquidate, any and all investments made in whole or in part with the Collateral or any part thereof, and take possession of the proceeds of any such sale, assignment, license or liquidation;

(d) Take possession of the Collateral or any part thereof, by directing any Grantor in writing to deliver the same to the Collateral Agent at any place or places so designated by the Collateral Agent, in which event such Grantor shall at its own expense: (A) forthwith cause the same to be moved to the place or places designated by the Collateral Agent and therewith delivered to the Collateral Agent, (B) store and keep any Collateral so delivered to the Collateral Agent at such place or places pending further action by the Collateral Agent and (C) while the

Collateral shall be so stored and kept, provide such security and maintenance services as shall be necessary to protect the same and to preserve and maintain them in good condition. Each Grantor's obligation to deliver the Collateral as contemplated in this SECTION 8.1 is of the essence hereof. Upon application to any court having jurisdiction, the Collateral Agent shall be entitled to a decree requiring specific performance by any Grantor of such obligation;

(e) Withdraw all moneys, instruments, securities and other property in any bank, financial securities, deposit or other account of any Grantor constituting Collateral for application to the Secured Obligations as provided in SECTION 8.7 hereof;

(f) Retain and apply the Distributions to the Secured Obligations as provided in Article V hereof;

(g) Carry on, or concur in the carrying on of, any or all of the business or undertaking of any Grantor;

(h) Obtain from any court an order for the sale or foreclosure of any of the Collateral;

(i) Deal with any Contract or Permit of any Grantor to the same extent as any such Grantor might;

(j) Exercise any and all rights as beneficial and legal owner of the Collateral, including, without limitation, perfecting assignment of and exercising any and all voting, consensual and other rights and powers with respect to any Collateral; and

(k) Exercise all the rights and remedies of a secured party under the UCC and any other applicable statute, or otherwise available to the Agent at law or in equity, and the Collateral Agent may also in its sole discretion, without notice except as specified in SECTION 8.2 hereof, sell, assign or grant a license to use the Collateral or any part thereof in one or more parcels at public or private sale, at any exchange, broker's board or at any of the Collateral Agent's offices or elsewhere, as part of one or more going out of business sales in the Collateral Agent's own right or by one or more agents and contractors, all as the Collateral Agent, in its sole discretion, may deem advisable, for cash, on credit or for future delivery, and at such price or prices and upon such other terms as the Collateral Agent may deem advisable. The Collateral Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. The Collateral Agent shall have the right to conduct such sales on any Grantor's premises and shall have the right to use any Grantor's premises without charge for such sales for such time or times as the Collateral Agent may see fit. The Collateral Agent and any agent or contractor, in conjunction with any such sale, may augment the Inventory with other goods (all of which other goods shall remain the sole property of the Collateral Agent or such agent or contractor). Any amounts realized from the sale of such goods which constitute augmentations to the Inventory (net of an allocable share of the costs and expenses incurred in their disposition) shall be the sole property of the Collateral Agent or such agent or contractor and neither any Grantor nor any Person claiming under or in right of any Grantor shall have any interest therein. The Collateral Agent or any other Credit Party or any of their respective Affiliates may be the purchaser, licensee, assignee or recipient of any or all of the Collateral at any such sale and shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold, assigned or licensed at such sale, to use and apply any of

the Secured Obligations owed to such Person as a credit on account of the purchase price of any Collateral payable by such Person at such sale. Each purchaser, assignee, licensee or recipient at any such sale shall acquire the property sold, assigned or licensed absolutely free from any claim or right on the part of any Grantor, and each Grantor hereby waives, to the fullest extent permitted by Law, all rights of redemption, stay and/or appraisal which it now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted. The Collateral Agent shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. To the fullest extent permitted by Law, each Grantor hereby waives any claims against the Collateral Agent arising by reason of the fact that the price at which any Collateral may have been sold, assigned or licensed at such a private sale was less than the price which might have been obtained at a public sale, even if the Collateral Agent accepts the first offer received and does not offer such Collateral to more than one offeree.

SECTION 8.2 Notice of Sale. Each Grantor acknowledges and agrees that, to the extent notice of sale or other disposition of Collateral shall be required by applicable Law and unless the Collateral is perishable or threatens to decline speedily in value, or is of a type customarily sold on a recognized market (in which event the Collateral Agent shall provide such Grantor such advance notice as may be practicable under the circumstances), ten (10) days' prior notice to such Grantor of the time and place of any public sale or of the time after which any private sale or other intended disposition is to take place shall be commercially reasonable notification of such matters. No notification need be given to any Grantor if it has signed, after the occurrence of an Event of Default, a statement renouncing or modifying (as permitted under Law) any right to notification of sale or other intended disposition.

SECTION 8.3 Waiver of Notice and Claims. Each Grantor hereby waives, to the fullest extent permitted by applicable Law, notice or judicial hearing in connection with the Collateral Agent's exercise of the remedies set forth in SECTION 8.1 (including, without limitation, the taking possession or the Collateral Agent's disposition of any of the Collateral), including, without limitation, any and all prior notice and hearing for any prejudgment remedy or remedies and any such right which such Grantor would otherwise have under law, and each Grantor hereby further waives, to the fullest extent permitted by applicable Law: (i) all damages occasioned by such taking of possession, (ii) all other requirements as to the time, place and terms of sale or other requirements with respect to the enforcement of the Collateral Agent's rights hereunder and (iii) all rights of redemption, appraisal, valuation, stay, extension or moratorium now or hereafter in force under any applicable Law. The Collateral Agent shall not be liable for any incorrect or improper payment made pursuant to this Article VIII in the absence its own of gross negligence or willful misconduct. Any sale of, or the grant of options to purchase, or any other realization upon, any Collateral shall operate to divest all right, title, interest, claim and demand, either at law or in equity, of the applicable Grantor therein and thereto, and shall be a perpetual bar both at law and in equity against such Grantor and against any and all Persons claiming or attempting to claim the Collateral so sold, optioned or realized upon, or any part thereof, from, through or under such Grantor.

SECTION 8.4 Certain Sales of Collateral.

(a) To the extent that any applicable Law imposes duties on the Collateral Agent to exercise remedies in a commercially reasonable manner and without prejudice to the ability of the Agent to dispose of the Collateral in any such manner, each Grantor acknowledges and agrees that it is not commercially unreasonable for the Collateral Agent to (a) incur expenses reasonably deemed significant by the Collateral Agent to prepare the Collateral of such Grantor for disposition or otherwise to complete raw material or work in process into finished goods or other

finished products for disposition, (b) fail to obtain third party consents for access to the Collateral of such Grantor to be disposed of, (c) fail to exercise collection remedies against account Grantors or other Persons obligated on the Collateral of such Grantor or to remove Liens against the Collateral of such Grantor, (d) exercise collection remedies against account Grantors and other Persons obligated on the Collateral of such Grantor directly or through the use of collection agencies and other collection specialists, (e) dispose of Collateral of such Grantor by way of public auction, public tender or private contract, with or without advertising and without any other formality, (f) contact other Persons, whether or not in the same business of such Grantor, for expressions of interest in acquiring all or any portion of the Collateral of such Grantor, (g) hire one or more professional auctioneers to assist in the disposition of the Collateral of such Grantor, whether or not such Collateral is of a specialized nature or an upset or reserve bid or price is established, (h) dispose of the Collateral of such Grantor by utilizing internet sites that provide for the auction of assets of the types included in such Collateral or that have the reasonable capacity of doing so, or that match buyers and sellers of assets, (i) dispose of assets in wholesale rather than retail markets, (j) disclaim disposition warranties, such as title, possession or quiet enjoyment, (k) purchase insurance or credit enhancements to insure the Collateral Agent against risks of loss, collection or disposition of the Collateral of such Grantor or to provide to the Collateral Agent a guaranteed return from the collection or disposition of such Collateral, (l) to the extent deemed appropriate by the Collateral Agent, obtain the services of other brokers, investment bankers, consultants and other professionals to assist the Collateral Agent in the collection or disposition of any of the Collateral of such Grantor, (m) dispose of Collateral of such Grantor in whole or in part, and (n) dispose of Collateral of such Grantor to a customer of the Collateral Agent, and (o) establish an upset or reserve bid price with respect to Collateral of such Grantor.

(b) Each Grantor recognizes that, by reason of certain prohibitions contained in law, rules, regulations or orders of any Governmental Authority, the Collateral Agent may be compelled, with respect to any sale of all or any part of the Collateral, to limit purchasers to those who meet the requirements of such Governmental Authority. Each Grantor acknowledges that any such sales may be at prices and on terms less favorable to the Collateral Agent than those obtainable through a public sale without such restrictions, and, notwithstanding such circumstances, agrees that any such restricted sale shall be deemed to have been made in a commercially reasonable manner and that, except as may be required by applicable Law, the Collateral Agent shall have no obligation to engage in public sales.

(c) Each Grantor recognizes that, by reason of certain prohibitions contained in the Securities Act, and applicable state securities Laws, the Collateral Agent may be compelled, with respect to any sale of all or any part of the Securities Collateral and Investment Property, to limit purchasers to Persons who will agree, among other things, to acquire such Securities Collateral or Investment Property for their own account, for investment and not with a view to the distribution or resale thereof. Each Grantor acknowledges that any such private sales may be at prices and on terms less favorable to the Collateral Agent than those obtainable through a public sale without such restrictions (including, without limitation, a public offering made pursuant to a registration statement under the Securities Act), and, notwithstanding such circumstances, agrees that any such private sale shall be deemed to have been made in a commercially reasonable manner and that the Collateral Agent shall have no obligation to engage in public sales and no obligation to delay the sale of any Securities Collateral or Investment Property for the period of time necessary to permit the issuer thereof to register it for a form of public sale requiring registration under the Securities Act or under applicable state securities Laws, even if such issuer would agree to do so.

(d) If the Collateral Agent determines to exercise its right to sell any or all of the Securities Collateral or Investment Property, upon written request, the applicable Grantor shall from time to time furnish to the Collateral Agent all such information as the Collateral Agent may reasonably request in order to determine the number of securities included in the Securities Collateral or Investment Property which may be sold by the Collateral Agent as exempt transactions under the Securities Act and the rules of the Securities and Exchange Commission thereunder, as the same are from time to time in effect.

(e) Each Grantor further agrees that a breach of any of the covenants contained in this SECTION 8.4 will cause irreparable injury to the Collateral Agent and the other Credit Parties, that the Collateral Agent and the other Credit Parties have no adequate remedy at law in respect of such breach and, as a consequence, that each and every covenant contained in this SECTION 8.4 shall be specifically enforceable against such Grantor, and such Grantor hereby waives and agrees not to assert any defenses against an action for specific performance of such covenants except for a defense that no Event of Default has occurred and is continuing.

SECTION 8.5 No Waiver; Cumulative Remedies.

(a) No failure on the part of the Collateral Agent to exercise, no course of dealing with respect to, and no delay on the part of the Collateral Agent in exercising, any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any such right, power or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right, power or remedy; nor shall the Collateral Agent be required to look first to, enforce or exhaust any other security, collateral or guaranties. The remedies herein provided are cumulative and are not exclusive of any remedies provided by law.

(b) In the event that the Collateral Agent shall have instituted any proceeding to enforce any right, power or remedy under this Security Agreement by foreclosure, sale, entry or otherwise, and such proceeding shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Collateral Agent, then and in every such case, the Grantors, the Collateral Agent and each other Credit Party shall be restored to their respective former positions and rights hereunder with respect to the Collateral, and all rights, remedies and powers of the Collateral Agent and the other Credit Parties shall continue as if no such proceeding had been instituted.

SECTION 8.6 Certain Additional Actions Regarding Intellectual Property. If any Event of Default shall have occurred and be continuing, upon the written demand of Collateral Agent, each Grantor shall execute and deliver to Collateral Agent an assignment or assignments of the registered Patents, Trademarks and/or Copyrights and such other documents as are necessary or appropriate to carry out the intent and purposes hereof to the extent such assignment does not result in any loss of rights therein under applicable Law. Within five (5) Business Days of written notice thereafter from Collateral Agent, each Grantor shall make available to Collateral Agent, to the extent within such Grantor's power and authority, such personnel in such Grantor's employ on the date of the Event of Default as Collateral Agent may reasonably designate to permit such Grantor to continue, directly or indirectly, to produce, advertise and sell the products and services sold by such Grantor under the registered Patents, Trademarks and/or Copyrights, and such Persons shall be available to perform their prior functions on Collateral Agent's behalf.

SECTION 8.7 Application of Proceeds. The proceeds received by the Collateral Agent in respect of any sale of, collection from or other realization upon all or any part of

the Collateral pursuant to the exercise by the Collateral Agent of its remedies shall be applied, together with any other sums then held by the Collateral Agent pursuant to this Security Agreement, in accordance with and as set forth in Section 8.03 of the Credit Agreement.

ARTICLE IX

MISCELLANEOUS

SECTION 9.1 Concerning Collateral Agent.

(a) The Collateral Agent may employ agents and attorneys-in-fact in connection herewith and shall not be liable for the negligence or misconduct of any such agents or attorneys-in-fact. The Collateral Agent may resign and a successor Collateral Agent may be appointed in the manner provided in the Credit Agreement. Upon the acceptance of any appointment as the Collateral Agent by a successor Collateral Agent, that successor Collateral Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Collateral Agent under this Security Agreement, and the retiring Collateral Agent shall thereupon be discharged from its duties and obligations under this Security Agreement. After any retiring Collateral Agent's resignation, the provisions hereof shall inure to its benefit as to any actions taken or omitted to be taken by it under this Security Agreement while it was the Collateral Agent.

(b) The Collateral Agent shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral in its possession if such Collateral is accorded treatment substantially equivalent to that which the Collateral Agent, in its individual capacity, accords its own property consisting of similar instruments or interests, it being understood that neither the Collateral Agent nor any of the other Credit Parties shall have responsibility for, without limitation (i) ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relating to any Securities Collateral, whether or not the Collateral Agent or any other Credit Party has or is deemed to have knowledge of such matters or (ii) taking any necessary steps to preserve rights against any Person with respect to any Collateral.

(c) The Collateral Agent shall be entitled to rely upon any written notice, statement, certificate, order or other document or any telephone message believed by it to be genuine and correct and to have been signed, sent or made by the proper Person, and, with respect to all matters pertaining to this Security Agreement and its duties hereunder, upon advice of counsel selected by it.

(d) If any item of Collateral also constitutes collateral granted to Collateral Agent under any other deed of trust, mortgage, security agreement, pledge or instrument of any type, in the event of any conflict between the provisions hereof and the provisions of such other deed of trust, mortgage, security agreement, pledge or instrument of any type in respect of such collateral, Collateral Agent, in its sole discretion, shall select which provision or provisions shall control.

SECTION 9.2 Collateral Agent May Perform; Collateral Agent Appointed Attorney-in-Fact. If any Grantor shall fail to perform any covenants contained in this Security Agreement or in the Credit Agreement (including, without limitation, such Grantor's covenants to (i)

pay the premiums in respect of all required insurance policies hereunder, (ii) pay Claims, (iii) make repairs, (iv) discharge Liens or (v) pay or perform any other obligations of such Grantor with respect to any Collateral) or if any warranty on the part of any Grantor contained herein shall be breached, the Collateral Agent may (but shall not be obligated to) do the same or cause it to be done or remedy any such breach, and may expend funds for such purpose; provided, however, that Collateral Agent shall in no event be bound to inquire into the validity of any tax, lien, imposition or other obligation which such Grantor fails to pay or perform as and when required hereby. Any and all amounts so expended by the Collateral Agent shall be paid by the Grantors in accordance with the provisions of SECTION 9.3 hereof. Neither the provisions of this SECTION 9.2 nor any action taken by Collateral Agent pursuant to the provisions of this SECTION 9.2 shall prevent any such failure to observe any covenant contained in this Security Agreement nor any breach of warranty from constituting an Event of Default. Each Grantor hereby appoints the Collateral Agent its attorney-in-fact, with full authority in the place and stead of such Grantor and in the name of such Grantor, or otherwise, from time to time after the occurrence and during the continuation of an Event of Default in the Collateral Agent's discretion to take any action and to execute any instrument consistent with the terms of the Credit Agreement and the other Security Documents which the Collateral Agent may deem necessary to accomplish the purposes hereof. The foregoing grant of authority is a power of attorney coupled with an interest and such appointment shall be irrevocable for the term hereof. Each Grantor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof.

SECTION 9.3 Expenses. Each Grantor will upon demand pay to the Collateral Agent the amount of any and all amounts required to be paid pursuant to Section 10.04 of the Credit Agreement.

SECTION 9.4 Continuing Security Interest; Assignment. This Security Agreement shall create a continuing security interest in the Collateral and shall (i) be binding upon the Grantors, their respective successors and assigns, and (ii) inure, together with the rights and remedies of the Collateral Agent hereunder, to the benefit of the Collateral Agent and the other Credit Parties and each of their respective successors, transferees and assigns. No other Persons (including, without limitation, any other creditor of any Grantor) shall have any interest herein or any right or benefit with respect hereto. Without limiting the generality of the foregoing clause (ii), any Credit Party may assign or otherwise transfer any indebtedness held by it secured by this Security Agreement to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted to such Credit Party, herein or otherwise, subject, however, to the provisions of the Credit Agreement.

SECTION 9.5 Termination; Release.

(a) This Security Agreement, the Lien in favor of the Collateral Agent (for the benefit of itself and the other Credit Parties) and all other security interests granted hereby shall terminate with respect to all Secured Obligations (other than contingent indemnification obligations for which claims have not been asserted) when (i) the Commitments shall have expired or been terminated, (ii) the principal of and interest on each Loan and all fees and other Secured Obligations shall have been indefeasibly paid in full in cash, (iii) all Letters of Credit (as defined in the Credit Agreement) shall have (A) expired or terminated and have been reduced to zero, (B) been Cash Collateralized to the extent required by the Credit Agreement, or (C) been supported by another letter of credit in a manner reasonably satisfactory to the L/C Issuer and the Administrative Agent, and (iv) all Unreimbursed Amounts shall have been indefeasibly paid in full in cash; provided, however, that in connection with the termination of this Security Agreement, the Collateral Agent may require such indemnities as it shall reasonably deem

necessary or appropriate to protect the Credit Parties against (x) loss on account of credits previously applied to the Secured Obligations that may subsequently be reversed or revoked, (y) any obligations that may thereafter arise with respect to the Other Liabilities, and (z) any Secured Obligations that may thereafter arise under Section 10.04 of the Credit Agreement.

(b) The Collateral shall be released from the Lien of this Security Agreement in accordance with the provisions of the Credit Agreement. Upon termination hereof or any release of Collateral in accordance with the provisions of the Credit Agreement, the Collateral Agent shall, upon the request and at the sole cost and expense of the Grantors, assign, transfer and deliver to the Grantors, against receipt and without recourse to or warranty by the Collateral Agent, such of the Collateral to be released (in the case of a release) or all of the Collateral (in the case of termination of this Security Agreement) as may be in possession of the Collateral Agent and as shall not have been sold or otherwise applied pursuant to the terms hereof, and, with respect to any other Collateral, proper documents and instruments (including UCC-3 termination statements or releases) acknowledging the termination hereof or the release of such Collateral, as the case may be.

(c) At any time that the respective Grantor desires that the Collateral Agent take any action described in clause (b) of this SECTION 9.5, such Grantor shall, upon request of the Collateral Agent, deliver to the Collateral Agent an officer's certificate certifying that the release of the respective Collateral is permitted pursuant to clause (a) or (b) of this SECTION 9.5. The Collateral Agent shall have no liability whatsoever to any other Credit Party as the result of any release of Collateral by it as permitted (or which the Collateral Agent in good faith believes to be permitted) by this SECTION 9.5.

SECTION 9.6 Modification in Writing. No amendment, modification, supplement, termination or waiver of or to any provision hereof, nor consent to any departure by any Grantor therefrom, shall be effective unless the same shall be made in accordance with the terms of the Credit Agreement and unless in writing and signed by the Collateral Agent and the Grantors. Any amendment, modification or supplement of or to any provision hereof, any waiver of any provision hereof and any consent to any departure by any Grantor from the terms of any provision hereof shall be effective only in the specific instance and for the specific purpose for which made or given. Except where notice is specifically required by this Security Agreement or any other document evidencing the Secured Obligations, no notice to or demand on any Grantor in any case shall entitle any Grantor to any other or further notice or demand in similar or other circumstances.

SECTION 9.7 Notices. Unless otherwise provided herein or in the Credit Agreement, any notice or other communication herein required or permitted to be given shall be given in the manner and become effective as set forth in the Credit Agreement, as to any Grantor, addressed to it at the address of the Lead Borrower set forth in the Credit Agreement and as to the Collateral Agent, addressed to it at the address set forth in the Credit Agreement, or in each case at such other address as shall be designated by such party in a written notice to the other parties hereto complying as to delivery with the terms of this SECTION 9.7.

SECTION 9.8 GOVERNING LAW. THIS SECURITY AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICTS OF LAWS THEREOF, BUT INCLUDING SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW.

SECTION 9.9 CONSENT TO JURISDICTION; SERVICE OF PROCESS;
WAIVER OF JURY TRIAL.

(a) EACH GRANTOR IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF THE COURTS OF THE [STATE OF NEW YORK] SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS SECURITY AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH GRANTOR IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE COURT OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURT. EACH GRANTOR AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS SECURITY AGREEMENT OR IN ANY OTHER LOAN DOCUMENT SHALL AFFECT ANY RIGHT THAT ANY CREDIT PARTY MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS SECURITY AGREEMENT OR ANY OTHER LOAN DOCUMENT AGAINST ANY GRANTOR OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION.

(b) EACH GRANTOR IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS SECURITY AGREEMENT OR ANY OTHER LOAN DOCUMENT IN ANY COURT REFERRED TO IN PARAGRAPH (A) OF THIS SECTION. EACH GRANTOR HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(c) EACH GRANTOR AGREES THAT ANY ACTION COMMENCED BY ANY GRANTOR ASSERTING ANY CLAIM OR COUNTERCLAIM ARISING UNDER OR IN CONNECTION WITH THIS SECURITY AGREEMENT OR ANY OTHER LOAN DOCUMENT SHALL BE BROUGHT SOLELY IN A COURT OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY OR ANY FEDERAL COURT SITTING THEREIN AS THE COLLATERAL AGENT MAY ELECT IN ITS SOLE DISCRETION AND CONSENTS TO THE EXCLUSIVE JURISDICTION OF SUCH COURTS WITH RESPECT TO ANY SUCH ACTION.

(d) EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 9.7. NOTHING IN THIS SECURITY AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY HERETO TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

(e) EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY

ARISING OUT OF OR RELATING TO THIS SECURITY AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY AND WHETHER INITIATED BY OR AGAINST ANY SUCH PERSON OR IN WHICH ANY SUCH PERSON IS JOINED AS A PARTY LITIGANT). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS SECURITY AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 9.10 Severability of Provisions. Any provision hereof which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

SECTION 9.11 Execution in Counterparts; Effectiveness. This Security Agreement may be executed in any number of counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Security Agreement by telecopy, pdf or other electronic transmission shall be as effective as delivery of a manually executed counterpart of this Security Agreement.

SECTION 9.12 No Release. Nothing set forth in this Security Agreement shall relieve any Grantor from the performance of any term, covenant, condition or agreement on such Grantor's part to be performed or observed under or in respect of any of the Collateral or from any liability to any Person under or in respect of any of the Collateral or shall impose any obligation on the Collateral Agent or any other Credit Party to perform or observe any such term, covenant, condition or agreement on such Grantor's part to be so performed or observed or shall impose any liability on the Collateral Agent or any other Credit Party for any act or omission on the part of such Grantor relating thereto or for any breach of any representation or warranty on the part of such Grantor contained in this Security Agreement, the Credit Agreement or the other Loan Documents, or under or in respect of the Collateral or made in connection herewith or therewith. The obligations of each Grantor contained in this SECTION 9.12 shall survive the termination hereof and the discharge of such Grantor's other obligations under this Security Agreement, the Credit Agreement and the other Loan Documents.

SECTION 9.13 Obligations Absolute. All obligations of each Grantor hereunder shall be absolute and unconditional irrespective of:

- (a) any bankruptcy, insolvency, reorganization, arrangement, readjustment, composition, liquidation, winding up, restructuring or the like of any Grantor;
- (b) any lack of validity or enforceability of the Credit Agreement or any other Loan Document, or any other agreement or instrument relating thereto;
- (c) any change in the time, manner or place of payment of, or in any other term of, all or any of the Secured Obligations, or any other amendment or waiver of or any consent to any

departure from the Credit Agreement or any other Loan Document or any other agreement or instrument relating thereto;

(d) any pledge, exchange, release or non-perfection of any other collateral, or any release or amendment or waiver of or consent to any departure from any guarantee, for all or any of the Secured Obligations;

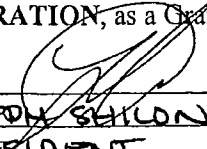
(e) any exercise, non-exercise or waiver of any right, remedy, power or privilege under or in respect hereof, the Credit Agreement or any other Loan Document except as specifically set forth in a waiver granted pursuant to the provisions of SECTION 9.6 hereof; or

(f) any other circumstances which might otherwise constitute a defense available to, or a discharge of, any Grantor (other than the termination of this Security Agreement in accordance with SECTION 9.5(a) hereof).

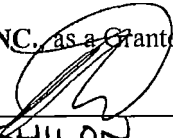
[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Grantors and the Collateral Agent have caused this Security Agreement to be duly executed and delivered by their duly authorized officers as of the date first above written.

GMJ CORPORATION, as a Grantor

By: 
Name: JOSEPH SHILON
Title: PRESIDENT

J.S.N. JEWELLERY INC. as a Grantor

By: 
Name: JOSEPH SHILON
Title: PRESIDENT

SALUS CAPITAL PARTNERS, LLC, as Collateral Agent

By:

Name:

Title:

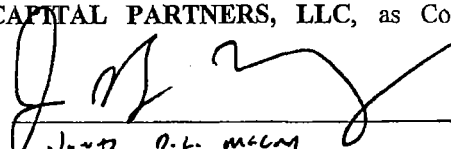

James D.L. McCoy
Senior Vice President

EXHIBIT 1

[Form of]

SECURITIES PLEDGE AMENDMENT

This Securities Pledge Amendment, dated as of _____, is delivered pursuant to SECTION 5.1 of that certain Security Agreement (as amended, amended and restated, restated, supplemented or otherwise modified from time to time, the "Security Agreement;" capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Security Agreement), dated as of July 18, 2013 made by (i) GMJ CORPORATION, a Delaware corporation having an office at [_____] ("GMJ"), (ii) J.S.N. JEWELLERY INC., a Canadian company having an office at [_____] ("Lead Borrower"), and (iii) EACH OF THE OTHER ENTITIES FROM TIME TO TIME PARTY HERETO BY EXECUTION OF A JOINDER AGREEMENT, as pledgors, assignors and debtors (together with GMJ and the Lead Borrower, in such capacities and together with any successors in such capacities, the "Grantors," and each, a "Grantor"), in favor of SALUS CAPITAL PARTNERS, LLC, having an office at 197 First Avenue, Suite 250, Needham, MA 02494, in its capacity as collateral agent for the Credit Parties, as pledgee, assignee and secured party (in such capacities and together with any successors in such capacities, the "Collateral Agent"). The undersigned hereby agrees that this Securities Pledge Amendment may be attached to the Security Agreement and that the Pledged Securities and/or Intercompany Notes listed on this Securities Pledge Amendment shall be deemed to be and shall become part of the Collateral and shall secure all Secured Obligations.

PLEDGED SECURITIES

<u>ISSUER</u>	<u>CLASS OF STOCK OR INTERESTS</u>	<u>PAR VALUE</u>	<u>CERTIFICATE NO(S).</u>	<u>NUMBER OF SHARES OR INTERESTS</u>	<u>PERCENTAGE OF ALL CAPITAL OR OTHER INTERESTS OF</u>	<u>ISSUED EQUITY OF ISSUER</u>
---------------	------------------------------------	------------------	---------------------------	--------------------------------------	--	--------------------------------

INTERCOMPANY NOTES

<u>ISSUER</u>	<u>PRINCIPAL AMOUNT</u>	<u>DATE OF ISSUANCE</u>	<u>INTEREST RATE</u>	<u>MATURITY DATE</u>
---------------	-----------------------------	-----------------------------	--------------------------	--------------------------

_____,
as Grantor

By: _____
Name:
Title:

AGREED TO AND ACCEPTED:

SALUS CAPITAL PARTNERS, LLC, as Collateral Agent

By: _____
Name:
Title:

SCHEDULE II

Filings, Registrations and Recordings

- 1 By Salus Capital Partners, LLC as Creditor against J.S.N. Jewellery Inc. as Debtor in Ontario
2 via the *Personal Property Security Act* (Ontario)
- 3 By Salus Capital Partners, LLC as Creditor against Ben Moss Jewellers Western Canada Inc.
4 in Manitoba via the *Personal Property Security Act* (Manitoba)
- 5 By Salus Capital Partners, LLC as Creditor against Ben Moss Jewellers Western Canada Inc.
6 in Saskatchewan via the *Personal Property Security Act, 1993* (Saskatchewan)
- 7 By Salus Capital Partners, LLC as Creditor against Ben Moss Jewellers Western Canada Inc.
8 in Alberta via the *Personal Property Security Act* (Alberta)
- 9 By Salus Capital Partners, LLC as Creditor against Ben Moss Jewellers Western Canada Inc.
10 in British Columbia via the *Personal Property Security Act* (British Columbia)
- 11 By Salus Capital Partners, LLC as Creditor against Ben Moss Jewellers Western Canada Inc.
12 in New Brunswick via the *Personal Property Security Act* (New Brunswick)
- 13 By Salus Capital Partners, LLC as Creditor against Ben Moss Jewellers Western Canada Inc.
14 in Nova Scotia via the *Personal Property Security Act* (Nova Scotia)
- 15 By Salus Capital Partners, LLC as Creditor against GMJ Corporation as Debtor in Delaware
16 via the *Uniform Commercial Code* (Delaware)
- 17 By Salus Capital Partners, LLC as Creditor against GMJ Corporation as Debtor in
18 Washington via the *Uniform Commercial Code* (Washington)
- 19

SCHEDULE III

Pledged Interests

<u>Grantor</u>	<u>Issuer</u>	<u>Type</u> of <u>Organization</u>	<u># of Shares</u> <u>Owned</u>	<u>Total Shares</u> <u>Outstanding</u>	<u>% of</u> <u>Interest</u> <u>Pledged</u>	<u>Certificate</u> <u>No.</u> <u>(if uncertificated,</u> <u>please indicate so)</u>
J.S.N. Jewellery Inc.	2373138 Ontario Inc.	Corporation	100 Common Shares	100 Common Shares	0.1	C-1
J.S.N. Jewellery Inc.	2373138 Ontario Inc.	Corporation	100,000 Common Shares	100,100	99.9	C-2
J.S.N. Jewellery Inc.	J.S.N. Jewellery UK Limited	Company	999,900 Ordinary "A" Shares	1,691,000	100	36
J.S.N. Jewellery Inc.	J.S.N. Jewellery UK Limited	Company	350,000 Ordinary "A" Shares	1,691,000	100	35
J.S.N. Jewellery Inc.	J.S.N. Jewellery UK Limited	Company	350,000 Ordinary "A" Shares	1,691,000	100	32

Also see Schedule I, "Intercompany Notes", above.

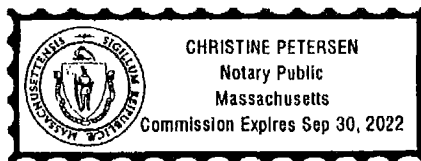
All Distributions.

TAB M

Attached is Exhibit "M" Referred to in the
AFFIDAVIT OF KYLE SHONAK
Sworn before me this 3rd day of August, 2016

Christine Petersen

Notary Public



EXECUTION VERSION

Dated 18 July 2013

J.S.N. JEWELLERY UK LIMITED

and

SALUS CAPITAL PARTNERS, LLC

GUARANTEE AND INDEMNITY

VEDDER PRICE®
Vedder Price LLP
4 Coleman Street
London EC2R 5AR

Chicago|New York|Washington, DC
London|San Francisco
www.vedderprice.com

Ref: RLT/45587.00.0010

*EXECUTION VERSION***TABLE OF CONTENTS**

	Page
1. Definitions and interpretation	2
2. Guarantee and indemnity	3
3. Credit Parties' protections.....	3
4. Interest.....	5
5. Costs.....	5
6. Representations and warranties.....	6
7. Accounts	6
8. Discharge conditional	6
9. Payments	7
10. Transfer	7
11. Set-off	7
12. Evidence of amounts and certificates	8
13. Remedies, waivers, amendments and consents.....	8
14. Severance	8
15. Third party rights	8
16. Counterparts	8
17. Notices	9
18. Governing law and jurisdiction.....	9
Schedule – Representations and warranties	

EXECUTION VERSION

THIS DEED is dated as of 19 July 2013

PARTIES

- (1) **J.S.N. JEWELLERY UK LIMITED** incorporated and registered in England and Wales, company number 03557501 with its registered office at 19-20 Bourne Court, Southend Road, Woodford Green, Essex, IG8 8HD, United Kingdom ("**Guarantor**") and together with the Persons named in Schedule 1.02 of the Credit Agreement (as defined below), the "**Guarantors**").
- (2) **SALUS CAPITAL PARTNERS LLC** incorporated and registered in the State of Delaware, United States of America, with its registered office at 197, First Avenue, Suite 250, Needham Heights, Boston, MA, 02494-2816, United States of America as administrative agent and collateral agent (in such capacities, the "**Agent**") for its own benefit and for the benefit of the other Credit Parties (as defined in the Credit Agreement referred to below).

BACKGROUND

- (A) Reference is made to that certain credit agreement dated as of the date hereof (as amended, modified, supplemented or restated hereafter, the "**Credit Agreement**"), by and between, among others, (i) J.S.N. JEWELLERY INC., a corporation existing under the laws of the province of Ontario, Canada (the "**Lead Borrower**"), (ii) the other Borrowers which may be party thereto from time to time, (iii) the Guarantors (of which the Guarantor is one), (iv) the Agent, and (v) the Lenders Party thereto from time to time (the "**Lenders**").
- (B) The Credit Parties have agreed to make loans to the Borrowers pursuant to, and upon the terms and subject to the conditions specified in, the Credit Agreement.
- (C) As a wholly-owned subsidiary of the Lead Borrower, the Guarantor acknowledges that it will receive direct and indirect corporate benefits from the availability of the credit facility provided for in the Credit Agreement, from the making of the loans by the Lenders.
- (D) The obligations of the Lenders to make loans are each subject to, among other things, a condition precedent that the Guarantor executes and delivers this guarantee. As consideration therefor, and in order to induce the Lenders to make loans, the Guarantor has agreed to enter into this guarantee.

AGREED TERMS

1 DEFINITIONS AND INTERPRETATION

- 1.1 Capitalised terms used in this guarantee and are not defined herein shall have the same meanings assigned to such terms in the Credit Agreement.
- 1.2 The definitions and rules of interpretation in this clause 1 apply in this guarantee.

"**Guaranteed Obligations**" each and all present and future Obligations of the Loan Parties under the Credit Agreement and other Loan Documents, including, without limitation, the due and punctual payment when due (whether at the stated maturity, by

EXECUTION VERSION

required repayment, by acceleration or otherwise) of the principal amount of the Obligations, all interest and fees thereon and any other Obligations related thereto, all as may be extended or reviewed, in whole or in part, from time to time under the Loan Documents.

"Rights" any Security or other right or benefit whether arising by set-off, counterclaim, subrogation, indemnity, proof in liquidation or otherwise and whether from contribution or otherwise.

"Security" a mortgage, charge, pledge, lien or other security interest securing any obligation of any person, or any other agreement having a similar effect.

"Warranties" the representations and warranties set out in the Schedule.

- 1.3 Clause and schedule headings do not affect the interpretation of this guarantee.
- 1.4 A **"person"** includes a corporate or unincorporated body (whether or not having a separate legal personality).
- 1.5 Words in the singular shall include the plural and vice versa.
- 1.6 A reference to one gender shall include a reference to the other genders.
- 1.7 A reference to **"this guarantee"** (or any specified provision of it) or any other document shall be construed as a reference to this deed of guarantee, that provision or that document as in force for the time being and as amended, varied, supplemented or novated from time to time.
- 1.8 A reference to a statute, statutory provision or subordinated legislation is a reference to it as it is in force for the time being taking account of any amendment, extension, application or re-enactment and includes any subordinate legislation for the time being in force made under it and any former statute or statutory provision which it amends or re-enacts.
- 1.9 A reference to **"writing"** or **"written"** includes faxes but not e-mails.
- 1.10 References to clauses and schedules are to the clauses and schedules of this guarantee.

2 GUARANTEE AND INDEMNITY

- 2.1 In consideration of the Credit Parties entering into the Loan Documents, the Guarantor irrevocably and unconditionally guarantees to the Agent, for its own benefit and for the benefit of the Credit Parties, jointly with the other Guarantors and severally as principal obligor and not merely as surety, the due and punctual payment when due and performance by the Loan Parties of the Guaranteed Obligations.
- 2.2 In consideration of the Credit Parties entering into the Loan Documents, the Guarantor, irrevocably and unconditionally, jointly with the other Loan Parties and severally, as principal obligor and not merely as surety, and as a separate and independent obligation and liability from its obligations and liability under clause 2.1, agrees with the Agent, for its own benefit and for the benefit of the Credit Parties, to indemnify and keep indemnified the Credit Parties and each of their Subsidiaries and

EXECUTION VERSION

Affiliates, and each of their respective stockholders, directors, officers, employees, agents, attorneys, and advisors (each such Person being called an "Indemnitee") in full and on demand from and against, and hold each Indemnitee harmless from, any and all damages, actual out-of-pocket losses, claims, actions, causes of action, settlement payments, obligations, liabilities and related expenses, including the reasonable fees, charges and disbursements of any counsel for any Indemnitee, incurred, suffered, sustained or required to be paid by, or asserted against, any Indemnitee arising out of, in any way connected with, or as a result of:

2.2.1 the execution or delivery of this guarantee, the Credit Agreement or any other Loan Document or any other agreement or instrument contemplated hereby, the performance by the Loan Parties of their respective obligations thereunder, or the consummation of the transactions contemplated by the Credit Agreement and the other Loan Documents or any other transactions contemplated hereby or thereby, or

2.2.2 any actual or prospective claim, litigation, investigation or proceeding relating to or arising from any of the foregoing, whether based on contract, tort or any other theory and regardless of whether any Indemnitee is a party thereto; provided, however, such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses:

- (a) are determined by a court of competent jurisdiction by final and non-appealable judgment to have resulted from the gross negligence or wilful misconduct of such Indemnitee; or
- (b) result from a claim brought by any Loan Party or any Guarantor against an Indemnitee for breach in bad faith of such Indemnitee's obligations hereunder or under any other Loan Document, if the Loan Parties, such Loan Party or such Guarantor has obtained a final and non-appealable judgment in its favour on such claim as determined by a court of competent jurisdiction.

2.3 In connection with any indemnified claim hereunder, the Indemnitee shall be entitled to select its own counsel and the Guarantors shall promptly pay the reasonable fees and expenses of such counsel.

3 CREDIT PARTIES' PROTECTIONS

3.1 This guarantee is and shall at all times be a continuing security and shall cover the ultimate balance from time to time owing to the Credit Parties by the Loan Parties in respect of the Guaranteed Obligations.

3.2 The liability of the Guarantor under this guarantee shall not be reduced, discharged or otherwise adversely affected by:

3.2.1 any intermediate payment, settlement of account or discharge in whole or in part of the Guaranteed Obligations;

EXECUTION VERSION

- 3.2.2 any variation, extension, discharge, compromise, dealing with, exchange or renewal of any right or remedy which any of the Credit Parties may now or after the date of this guarantee have from or against any of the Loan Parties and any other person in connection with the Guaranteed Obligations;
 - 3.2.3 any act or omission by any of the Credit Parties or any other person in taking up, perfecting or enforcing any Security, indemnity, or guarantee from or against any of the Loan Parties or any other person;
 - 3.2.4 any termination, amendment, variation, novation, replacement or supplement of or to any of the Guaranteed Obligations including without limitation any change in the purpose of, any increase in or extension of the Guaranteed Obligations and any addition of new Guaranteed Obligations;
 - 3.2.5 any grant of time, indulgence, waiver or concession to any of the Loan Parties or any other person;
 - 3.2.6 any insolvency, bankruptcy, liquidation, administration, winding up, incapacity, limitation, disability, the discharge by operation of law, or any change in the constitution, name or style of any of the Loan Parties or any other person;
 - 3.2.7 any invalidity, illegality, unenforceability, irregularity or frustration of any actual or purported obligation of, or Security held from, any of the Loan Parties or any other person in connection with the Guaranteed Obligations;
 - 3.2.8 any claim or enforcement of payment from any of the Loan Parties or any other person; or
 - 3.2.9 any act or omission which would not have discharged or affected the liability of the Guarantor had it been a principal debtor instead of a guarantor, or indemnifier or by anything done or omitted by any person which, but for this provision, might operate to exonerate or discharge the Guarantor or otherwise reduce or extinguish its liability under this guarantee.
- 3.3 The Credit Parties shall not be obliged, before taking steps to enforce any of their rights and remedies under this guarantee, to:
- 3.3.1 take any action or obtain judgment in any court against any of the Loan Parties or any other person;
 - 3.3.2 make or file any claim in a bankruptcy, liquidation, administration or insolvency of any of the Loan Parties or any other person; or
 - 3.3.3 make, demand, enforce or seek to enforce any claim, right or remedy against any of the Loan Parties or any other person.
- 3.4 The Guarantor warrants to each of the Credit Parties that it has not taken or received, and shall not take, exercise or receive the benefit of any Rights from or against any of the Loan Parties, its liquidator, an administrator, co-guarantor or any other person in connection with any liability of, or payment by, the Guarantor under this guarantee but:

EXECUTION VERSION

3.4.1 if any of the Rights is taken, exercised or received by the Guarantor, those Rights and all monies at any time received or held in respect of those Rights shall be held by the Guarantor on trust for the Credit Parties for application in or towards the discharge of the Guaranteed Obligations under this guarantee; and

3.4.2 on demand by any of the Credit Parties, the Guarantor shall promptly transfer, assign or pay to the Agent for its own benefit and for the benefit of the Credit Parties, all other Rights and all monies from time to time held on trust by the Guarantor under this clause 3.4.

3.5 This guarantee is in addition to and shall not affect nor be affected by or merge with any other judgment, Security, right or remedy obtained or held by or on behalf of the Credit Parties from time to time for the discharge and performance of any of the Loan Parties of the Guaranteed Obligations.

4 INTEREST

4.1 The Guarantor shall pay interest to the Agent, for its own benefit and for the benefit of the Credit Parties, after as well as before judgment at the Default Rate on all sums demanded under this guarantee from the date of demand by the Agent or, if earlier, the date on which the relevant damages, losses, costs or expenses arose in respect of which the demand has been made, until, but excluding, the date of actual payment.

4.2 Interest under clause 4.1 shall accrue on a day-to-day basis calculated by the Agent on such terms as the Agent may from time to time determine and shall be compounded on the last Business Day of each month.

4.3 The Credit Parties shall not be entitled to recover any amount in respect of interest under both this guarantee and any arrangements entered into between the Loan Parties and the Credit Parties in respect of any failure by the Loan Parties to make any payment in respect of the Guaranteed Obligations.

5 COSTS

5.1 The Guarantor shall on a full indemnity basis pay to the Agent, for its own benefit and for the benefit of the Credit Parties, on demand the amount of all costs and expenses (including legal and out-of-pocket expenses and any valued added tax on those costs and expenses) which any of the Credit Parties incurs in connection with:

5.1.1 the preparation, negotiation, execution and delivery of this guarantee;

5.1.2 any actual or proposed amendment, variation, supplement, waiver or consent under or in connection with this guarantee;

5.1.3 any discharge or release of this guarantee;

5.1.4 the preservation, or exercise and enforcement, of any rights under or in connection with this guarantee or any attempt so to do; and

5.1.5 any stamping or registration of this guarantee.

*EXECUTION VERSION***6 REPRESENTATIONS AND WARRANTIES**

The Guarantor represents and warrants to the Agent, for its own benefit and for the benefit of the Credit Parties, that the Warranties are true and correct on the date of this guarantee.

7 ACCOUNTS

7.1 The Agent, for its own benefit and for the benefit of the Credit Parties, may place to the credit of a suspense account any monies received under or in connection with this guarantee in order to preserve the rights of the Credit Parties to prove for the full amount of all their claims against the Loan Parties or any other person in respect of the Guaranteed Obligations.

7.2 The Agent, for its own benefit and for the benefit of the Credit Parties, may at any time and from time to time apply all or any monies held in any suspense account in or towards satisfaction of any of the monies, obligations and liabilities that are the subject of this guarantee as the Agent, in its absolute discretion, may conclusively determine.

7.3 If this guarantee ceases for any reason whatsoever to be continuing, the Agent may open a new account or accounts in the name of any of the Loan Parties.

7.4 If the Agent does not open a new account or accounts in accordance with clause 7.3, it shall nevertheless be treated as if it had done so at the time that this guarantee ceased to be continuing whether by termination, calling in or otherwise, in relation to the Loan Parties.

7.5 As from the time of opening or deemed opening of a new account or accounts, all payments made to any of the Credit Parties by or on behalf of any of the Loan Parties shall be credited or be treated as having been credited to the new account or accounts and shall not operate to reduce the amount for which this guarantee is available at that time, nor shall the liability of the Guarantor under this guarantee in any manner be reduced or affected by any subsequent transactions, receipts or payments.

8 DISCHARGE CONDITIONAL

8.1 Any release, discharge or settlement between the Guarantor and any of the Credit Parties in relation to this guarantee shall be conditional on no right, Security, disposition or payment to any of the Credit Parties by the Guarantor, any of the Loan Parties or any other person in respect of the Guaranteed Obligations being avoided, set aside or ordered to be refunded under any enactment or law relating to breach of duty by any person, bankruptcy, liquidation, administration, protection from creditors generally or insolvency or for any other reason.

8.2 If any right, Security, disposition or payment referred to in clause 8.1 is avoided, set aside or ordered to be refunded, the Agent, for its own benefit and for the benefit of the Credit Parties, shall be entitled subsequently to enforce this guarantee against the Guarantor as if such release, discharge or settlement had not occurred and any such right, Security, disposition or payment had not been given or made.

*EXECUTION VERSION***9 PAYMENTS**

- 9.1 All sums payable by the Guarantor under this guarantee shall be paid in full to the Agent, for its own benefit and for the benefit of the Credit Parties, in the currency in which the Guaranteed Obligations are payable:
- 9.1.1 without any set-off, condition or counterclaim whatsoever; and
- 9.1.2 free and clear of any deductions or withholdings whatsoever except as may be required by law or regulation which is binding on the Guarantor.
- 9.2 If any deduction or withholding is required by any law or regulation to be made by the Guarantor, the amount of the payment due from the Guarantor shall be increased to an amount which (after making any deduction or withholding) leaves an amount equal to the payment which would have been due if no deduction or withholding had been required.
- 9.3 The Guarantor shall promptly deliver or procure delivery to the Agent of all receipts issued to it evidencing each deduction or withholding which it has made.
- 9.4 The Guarantor shall not and may not direct the application by the Credit Parties of any sums received by or on behalf of any Credit Party from the Guarantor under any of the terms of this guarantee.

10 TRANSFER

- 10.1 This guarantee is freely assignable or transferable by the Agent, for its own benefit or for the benefit of any of the Credit Parties.
- 10.2 The Guarantor may not assign any of its rights and may not transfer any of its obligations under this guarantee or enter into any transaction which would result in any of those rights or obligations passing to another person.

11 SET-OFF

- 11.1 The Guarantor authorises the Agent to apply any credit balance (whether or not then due) to which the Guarantor is at any time beneficially entitled on any account with the any of Credit Parties in (or towards) satisfaction of any sum then due and payable by the Guarantor to the Credit Parties under this guarantee, but which is unpaid. Where such application of balances requires the conversion of one currency into another the Agent, may make such conversion at a market rate of exchange.
- 11.2 None of the Credit Parties shall be obliged to exercise any rights given to it under clause 11.1.

12 EVIDENCE OF AMOUNTS AND CERTIFICATES

Any certificate, determination or notification by the Agent as to a rate or any amount payable under this guarantee is (in the absence of manifest error) conclusive evidence of the matter to which it relates and shall contain reasonable details of the basis of determination.

*EXECUTION VERSION***13 REMEDIES, WAIVERS, AMENDMENTS AND CONSENTS**

- 13.1 Any amendment to this guarantee shall be in writing and signed by or on behalf of each party.
- 13.2 Any waiver of any right or consent given under this guarantee is only effective if it is in writing and signed by the waiving or consenting party, and applies only in the circumstances for which it is given and shall not prevent the party giving it from subsequently relying on the relevant provision.
- 13.3 No delay or failure to exercise any right under this guarantee shall operate as a waiver of that right.
- 13.4 No single or partial exercise of any right under this guarantee shall prevent any further exercise of the same or any other right under this guarantee.
- 13.5 Rights and remedies under this guarantee are cumulative and not exclusive of any rights or remedies provided by law or otherwise.

14 SEVERANCE

- 14.1 The invalidity, unenforceability or illegality of any provision (or part of a provision) of this guarantee under the laws of any jurisdiction shall not affect the validity, enforceability or legality of the other provisions.
- 14.2 If any invalid, unenforceable or illegal provision would be valid, enforceable or legal if some part of it were deleted, the provision shall apply with whatever modification is necessary to give effect to the commercial intention of the parties.

15 THIRD PARTY RIGHTS

- 15.1 Each of the Credit Parties shall have the right to enforce and enjoy the benefit of any and all terms of this guarantee under the Contracts (Rights of Third Parties) Act 1999 (the "1999 Act").
- 15.2 Subject to clause 15.1 a person who is not a party to this guarantee shall have no right to enforce or enjoy the benefit of any term of this guarantee under the 1999 Act.

16 COUNTERPARTS

This guarantee may be executed and delivered in any number of counterparts, each of which is an original and which together have the same effect as if each party had signed the same document.

17 NOTICES

All communications and notices under this guarantee shall (except as otherwise expressly permitted herein) be in writing and given as provided in Section 10.02 of the Credit Agreement, provided that communications and notices to the Guarantor may be delivered to the Loan Parties on behalf of each of the Guarantors.

*EXECUTION VERSION***18 GOVERNING LAW AND JURISDICTION**

- 18.1 This guarantee and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by, and construed in accordance with, the law of England and Wales.
- 18.2 The parties to this guarantee irrevocably agree that, subject as provided below, the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim that arises out of or in connection with this guarantee or its subject matter or formation (including non-contractual disputes or claims). Nothing in this clause shall limit the right of the Agent, for its own benefit and for the benefit of the Credit Parties, to take proceedings against the Guarantor in any other court of competent jurisdiction, nor shall the taking of proceedings in any one or more jurisdictions preclude the taking of proceedings in any other jurisdictions, whether concurrently or not, to the extent permitted by the law of such other jurisdiction.
- 18.3 The Guarantor irrevocably consents to any process in any proceedings under clause 18.2 being served on it in accordance with the provisions of this guarantee relating to service of notices. Nothing contained in this guarantee shall affect the right to serve process in any other manner permitted by law.

This document has been executed as a deed and is delivered and takes effect on the date stated at the beginning of it.

EXECUTION VERSION

SCHEDULE

REPRESENTATIONS AND WARRANTIES

1. **Due Incorporation**

The Guarantor:

- (a) is a duly incorporated limited liability company validly existing under the laws of England and Wales; and
- (b) has the power to own its assets and carry on its business as it is being conducted.

2. **Powers**

The Guarantor has the power and authority to execute, deliver and perform its obligations under this guarantee and the transactions contemplated by them.

3. **Non-Contravention**

The execution, delivery and performance of the obligations in, and transactions contemplated by, this guarantee does not and will not contravene any of the Guarantor's constitutional documents, any agreement or instrument binding on the Guarantor or its assets, or any applicable law or regulation.

4. **Authorisations**

The Guarantor has taken all necessary action and obtained all required or desirable consents to enable it to execute, deliver and perform its obligations under this guarantee and to make this guarantee admissible in evidence in its jurisdiction of incorporation. Any such authorisations are in full force and effect.

5. **Binding Obligations**

The Guarantor's obligations under this guarantee are, subject to any general principles of law limiting obligations, legal, valid, binding and enforceable.

6. **Litigation**

No litigation, arbitration or administrative proceedings are taking place, pending or, to the Guarantor's knowledge, threatened against it or any of its assets.

7. **Assets not Immune to Action**

None of the Guarantor's assets is entitled to immunity on any grounds from any legal action or proceeding (including, without limitation, suit, attachment prior to judgment, execution or other enforcement).

*EXECUTION VERSION***8. No Default**

No event or circumstance is outstanding which constitutes a default under any deed or instrument which is binding on the Guarantor, or to which its assets are subject, which might have a material adverse effect on the Guarantor's ability to perform its obligations under this guarantee.

9. Ranking of Obligations

The Guarantor's payment obligations under this guarantee rank at least pari passu with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally.

10. Governing Law

The choice of English law as the governing law of this guarantee will be recognised and enforced in the Guarantor's jurisdiction of incorporation and any judgment obtained in England in relation to this guarantee will be recognised and enforced in that jurisdiction.

11. No Tax Deductions

The Guarantor is not required under the law of its jurisdiction of incorporation to make any deduction for, or on account of, Taxes from any payment it may make under this guarantee.

EXECUTION VERSION

EXECUTED and delivered as a deed by)
J.S.N. JEWELLERY UK LIMITED)
acting by one director)
in the presence of a witness)

.....
Director

Witness signature:

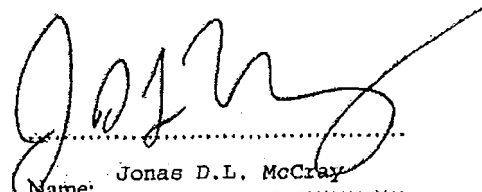
Witness name:

Witness address:

.....

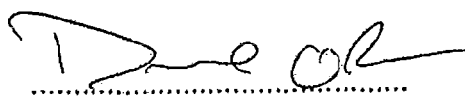
Witness occupation:

EXECUTED and delivered as a deed)
by and on behalf of)
SALUS CAPITAL PARTNERS, LLC)
acting by two authorised representatives)



Name: Jonas D.L. McCray

Title: Senior Vice President

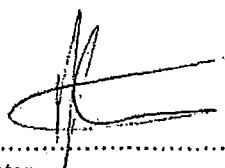


Name: Daniel F. O'Rourke

Title: Senior Vice President

EXECUTION VERSION

EXECUTED and delivered as a deed by)
J.S.N. JEWELLERY UK LIMITED)
acting by one director)
in the presence of a witness)



.....
Director

Witness signature: *Paul Straker*

Witness name: *PAUL STRAKER*

Witness address: *28 TADDA CLOSE*

WOODFORD GREEN ESEEX IG8 0LF

Witness occupation: *CHIEF FINANCIAL OFFICER*

EXECUTED and delivered as a deed)
by and on behalf of)
SALUS CAPITAL PARTNERS, LLC)
acting by two authorised representatives)

.....

Name:

Title:

.....

Name:

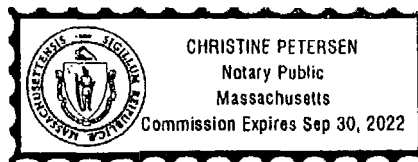
Title:

TAB N

Attached is Exhibit "N" Referred to in the
AFFIDAVIT OF KYLE SHONAK
Sworn before me this 3rd day of August, 2016

Christine Petersen

Notary Public



EXECUTION VERSION

DATED: 18 July 2013

DEBENTURE

between

J.S.N. JEWELLERY UK LIMITED

and

SALUS CAPITAL PARTNERS, LLC

VEDDER PRICE®
Vedder Price LLP
4 Coleman Street
London EC2R 5AR

Chicago|New York|Washington, DC
London|San Francisco
www.yedderprice.com

Ref: RLT/45587.00.0010

TABLE OF CONTENTS

	Page
1	Definitions and interpretation2
2	Covenant to pay5
3	Grant of security6
4	Liability of the Guarantor8
5	Representations and warranties.....8
6	General covenants9
7	Property covenants.....14
8	Investments covenants17
9	Equipment covenants20
10	Book Debts covenants.....21
11	Relevant Agreements covenants21
12	Intellectual Property covenants22
13	Powers of the Agent.....22
14	When security becomes enforceable.....24
15	Enforcement of security25
16	Receiver27
17	Powers of Receiver28
18	Delegation.....31
19	Application of proceeds31
20	Costs and indemnity32
21	Further assurance33
22	Power of attorney34
23	Release34
24	Assignment and transfer34
25	Further provisions35
26	Notices36
27	Governing law and jurisdiction.....37
SCHEDULE 1 – Property	
Part 1. Registered Property	
Part 2. Unregistered Property	
SCHEDULE 2 – Relevant Agreements	

EXECUTION VERSION

THIS DEED is dated 18 July 2013

PARTIES

- (1) **J.S.N. JEWELLERY UK LIMITED** incorporated and registered in England and Wales, company number 03557501, with its registered office is at 19-20 Bourne Court, Southend Road, Woodford Green, Essex, IG8 8HD, United Kingdom as guarantor and indemnifier ("**Guarantor**").
- (2) **SALUS CAPITAL PARTNERS LLC** incorporated and registered in the State of Delaware, United States of America, with its registered office at 197, First Avenue, Suite 250, Needham Heights, Boston, MA, 02494-2816, United States of America as administrative agent and collateral agent (in such capacities, the "**Agent**") for its own benefit and for the benefit of the other Credit Parties (as defined in the Credit Agreement referred to below).

BACKGROUND

- (A) Reference is made to that certain credit agreement dated as of the date hereof (as amended, modified, supplemented or restated hereafter, the "**Credit Agreement**"), by and between, among others, (i) J.S.N. JEWELLERY INC., a company existing under the laws of the province of Ontario, Canada (the "**Lead Borrower**", the Guarantor and the other parties named in Schedule 1.02 of the Credit Agreement the "**Guarantors**"), (ii) the Agent, and (iii) the Lenders party thereto from time to time (the "**Lenders**").
- (B) The Lenders have agreed to make Loans to the Borrowers pursuant to, and upon the terms and subject to the conditions specified in, the Credit Agreement.
- (C) As a wholly-owned subsidiary of the Lead Borrower, the Guarantor acknowledges that it will receive direct and indirect corporate benefits from the availability of the credit facility provided for in the Credit Agreement and from the making of the Loans by the Lenders.
- (D) The obligations of the Lenders to make loans are each subject to, among other things, a condition precedent that the Guarantor guarantees the obligations and liabilities of the Loan Parties under the Credit Agreement and the Loan Documents and secures such guarantee by executing and delivering this Debenture. As consideration therefor, and in order to induce the Lenders to make loans, the Guarantor has entered into that certain Guarantee and Indemnity under the laws of England and Wales dated as of the date hereof (as amended, modified, supplemented or restated hereafter, the "**UK Guarantee**") and, by way of security therefor, has agreed to enter into this Debenture.

AGREED TERMS**1 DEFINITIONS AND INTERPRETATION**

1.1 Capitalised terms used and not defined in this Deed shall have the meanings assigned to such terms in the Credit Agreement.

1.2 The following definitions apply in this Deed.

"Administrator" an administrator appointed to manage the affairs, business and property of the Guarantor pursuant to clause 13.9.

"Book Debts" all present and future book and other debts, and monetary claims due or owing to the Guarantor, and the benefit of all security, guarantees and other rights of any nature enjoyed or held by the Guarantor in relation to any of them.

"Delegate" any person appointed by the Agent or any Receiver pursuant to clause 18 and any person appointed as attorney of the Agent, Receiver or Delegate.

"Designated Account" any account of the Guarantor nominated by the Agent as a designated account for the purposes of this deed.

"Environment" the natural and man-made environment including all or any of the following media, namely air, water and land (including air within buildings and other natural or man-made structures above or below the ground) and any living organisms (including man) or systems supported by those media.

"Environmental Law" all applicable laws, statutes, regulations, secondary legislation, bye-laws, common law, directives, treaties and other measures, judgments and decisions of any court or tribunal, codes of practice and guidance notes in so far as they relate to or apply to the Environment.

"Equipment" all present and future equipment, plant, machinery, tools, vehicles, furniture, fittings, installations and apparatus and other tangible moveable property for the time being owned by the Guarantor, including any part of it and all spare parts, replacements, modifications and additions.

"Financial Collateral" shall have the meaning given to that expression in the Financial Collateral Regulations.

"Financial Collateral Regulations" the Financial Collateral Arrangements (No 2) Regulations 2003 (*SI 2003/3226*).

"Insurance Policy" each contract and policy of insurance effected or maintained by the Guarantor from time to time in respect of its assets or business (including, without limitation, any insurances relating to the Properties or the Equipment).

"Intellectual Property" the Guarantor's present and future patents, trade marks, service marks, trade names, designs, copyrights, inventions, topographical or similar rights, confidential information and know-how and any interest in any of these rights, whether or not registered, including all applications and rights to apply for registration and all fees, royalties and other rights derived from, or incidental to, these rights.

EXECUTION VERSION

"Investments" all present and future certificated stocks, shares, loan capital, securities, bonds and investments (whether or not marketable) for the time being owned (at law or in equity) by the Guarantor, including any:

- 1.2.1 dividend, interest or other distribution paid or payable in relation to any of the Investments; and
- 1.2.2 right, money, shares or property accruing, offered or issued at any time in relation to any of the Investments by way of redemption, substitution, exchange, conversion, bonus, preference or otherwise, under option rights or otherwise.

"LPA 1925" Law of Property Act 1925.

"Properties" all freehold and leasehold properties (whether registered or unregistered) and all commonhold properties, now or in the future (and from time to time) owned by the Guarantor, or in which the Guarantor holds an interest and **"Property"** means any of them.

"Receiver" a receiver, receiver and manager or administrative receiver of any or all of the Secured Assets appointed by the Agent under clause 16.

"Relevant Agreement" each agreement specified in Schedule 2.

"Secured Assets" all the assets, property and undertaking for the time being subject to the Security Interests created by, or pursuant to, this deed.

"Secured Liabilities" all present and future monies, obligations and liabilities owed by the Guarantor to the Credit Parties, whether actual or contingent and whether owed jointly or severally, as principal or surety or in any other capacity, under or in connection with the Credit Agreement, the UK Guarantee or this Deed (including, without limitation, those arising under clause 25.3.2), together with all interest (including, without limitation, default interest) accruing in respect of those monies or liabilities.

"Security Financial Collateral Arrangement" shall have the meaning given to that expression in the Financial Collateral Regulations.

"Security Interest" any mortgage, charge (whether fixed or floating, legal or equitable), pledge, lien, assignment by way of security or other security interest securing any obligation of any person, or any other agreement or arrangement having a similar effect.

"Security Period" the period starting on the date of this Deed and ending on the date on which the Agent is satisfied that all the Secured Liabilities have been unconditionally and irrevocably paid and discharged in full and no further Secured Liabilities are capable of being outstanding.

1.3 Interpretation

In this deed:

- 1.3.1 reference to a statute, statutory provision or subordinate legislation is a reference to it as it is in force for the time being, taking account of any amendment or re-enactment or extension and includes any former statute, statutory provision or subordinate legislation which it amends or re-enacts;
- 1.3.2 unless the context otherwise requires, a reference to one gender shall include a reference to the other genders;
- 1.3.3 unless the context otherwise requires, words in the singular include the plural and in the plural include the singular;
- 1.3.4 a reference to a clause or Schedule is to a clause of, or Schedule to, this Deed, unless the context otherwise requires;
- 1.3.5 a reference to “**continuing**” in relation to an Event of Default means an Event of Default which has not been remedied or waived;
- 1.3.6 a reference to “**this deed**” or “**this Debenture**” (or any provision of it) or any other document shall be construed as a reference to this Deed, that provision or that document as it is in force for the time being and as amended in accordance with its terms or with the agreement of the relevant parties;
- 1.3.7 a reference to a “**person**” shall include a reference to an individual, firm, company, corporation, partnership, unincorporated body of persons, or any state or any agency of any person;
- 1.3.8 a reference to an “**amendment**” includes a novation, re-enactment, supplement or variation (and “**amended**” shall be construed accordingly);
- 1.3.9 a reference to “**assets**” includes present and future properties, undertakings, revenues, rights and benefits of every description;
- 1.3.10 a reference to an “**authorisation**” includes an approval, authorisation, consent, exemption, filing, licence, notarisation, registration and resolution;
- 1.3.11 a reference to a “**regulation**” includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, inter-governmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
- 1.3.12 a reference to “**determines**” or “**determined**” means, unless the contrary is indicated, a determination made at the discretion of the person making it;
- 1.3.13 a reference to the “**Guarantor**” or the “**Agent**” or any “**Lender**” or any “**Credit Party**” or any “**Loan Party**” shall include its successors, permitted transferees and permitted assigns; and
- 1.3.14 clause and schedule headings shall not affect the interpretation of this Deed.

1.4 Clawback

EXECUTION VERSION

If the Agent considers that an amount paid by the Guarantor in respect of the Secured Liabilities is capable of being avoided or otherwise set aside on the liquidation or administration of the Guarantor or otherwise, then that amount shall not be considered to have been irrevocably paid for the purposes of this Deed.

1.5 Nature of security over real property

A reference in this Deed to a charge or mortgage of or over any Property includes:

- 1.5.1 all buildings and fixtures and fittings (including trade and tenant's fixtures and fittings) that are situated on or form part of that Property at any time;
- 1.5.2 the proceeds of the sale of any part of that Property and any other monies paid or payable in respect of or in connection with that Property;
- 1.5.3 the benefit of any covenants for title given, or entered into, by any predecessor in title of the Guarantor in respect of that Property, and any monies paid or payable in respect of those covenants; and
- 1.5.4 all rights under any licence, agreement for sale or agreement for lease in respect of that Property.

1.6 Law of Property (Miscellaneous Provisions) Act 1989

For the purposes of section 2 of the Law of Property (Miscellaneous Provisions) Act 1989, the terms of the Credit Agreement and of the other Loan Documents are incorporated into this Deed.

1.7 Third party rights

The Credit Parties shall have the right to enforce and enjoy the benefit of any term of this Debenture under the Contracts (Rights of Third Parties) Act 1999, but no other third party has the right under such Act, to enforce, or to enjoy the benefit of, any term of this Debenture.

1.8 Perpetuity period

If the rule against perpetuities applies to any trust created by this Deed, the perpetuity period shall be 125 years (as specified by section 5(1) of the Perpetuities and Accumulations Act 2009).

1.9 Schedules

The Schedules form part of this Deed and shall have effect as if set out in full in the body of this Deed. Any reference to this Deed includes the Schedules.

2 COVENANT TO PAY

The Guarantor covenants to the Agent, for its own benefit and for the benefit of the Credit Parties on demand, to pay to the Agent and to discharge the Secured Liabilities when they become due.

3 GRANT OF SECURITY

3.1 Legal mortgage

As a continuing security for the payment and discharge of the Secured Liabilities, the Guarantor with full title guarantee charges to the Agent, for its own benefit and for the benefit of the Credit Parties, by way of first legal mortgage, any Property specified in Schedule 1.

3.2 Fixed charges

As a continuing security for the payment and discharge of the Secured Liabilities, the Guarantor with full title guarantee charges to the Agent, for its own benefit and for the benefit of the Credit Parties by way of first fixed charge:

- 3.2.1 all Properties acquired by the Guarantor in the future;
- 3.2.2 all present and future interests of the Guarantor not effectively mortgaged or charged under the preceding provisions of this clause 3 in, or over, freehold or leasehold property;
- 3.2.3 all present and future rights, licences, guarantees, rents, deposits, contracts, covenants and warranties relating to each Property;
- 3.2.4 all licences, consents and authorisations (statutory or otherwise) held or required in connection with the Guarantor's business or the use of any Secured Asset, and all rights in connection with them;
- 3.2.5 all its present and future goodwill;
- 3.2.6 all its uncalled capital;
- 3.2.7 all the Equipment;
- 3.2.8 all the Intellectual Property;
- 3.2.9 all the Book Debts;
- 3.2.10 all the Investments; and
- 3.2.11 all monies from time to time standing to the credit of its accounts with any bank, financial institution or other person (including each Designated Account).

3.3 Assignment

As a continuing security for the payment and discharge of the Secured Liabilities, the Guarantor with full title guarantee assigns to the Agent, for its own benefit and for the benefit of the Credit Parties, absolutely, subject to a proviso for reassignment on irrevocable discharge in full of the Secured Liabilities:

EXECUTION VERSION

3.3.1 all its rights in each Insurance Policy, including all claims, the proceeds of all claims and all returns of premium in connection with each Insurance Policy; and

3.3.2 the benefit of each Relevant Agreement and the benefit of any guarantee or security for the performance of an Relevant Agreement.

3.4 Floating charge

As a continuing security for the payment and discharge of the Secured Liabilities, the Guarantor with full title guarantee charges to the Agent, for its own benefit and for the benefit of the Credit Parties, by way of first floating charge, all the undertaking, property, assets and rights of the Guarantor at any time not effectively mortgaged, charged or assigned pursuant to clause 3.1 to clause 3.3 inclusive.

3.5 Qualifying floating charge

Paragraph 14 of Schedule B1 to the Insolvency Act 1986 applies to the floating charge created by clause 3.4.

3.6 Automatic crystallisation of floating charge

The floating charge created by clause 3.4 shall automatically and immediately (without notice) be converted into a fixed charge over the assets subject to that floating charge if:

3.6.1 the Guarantor:

- (a) creates, or attempts to create, without the prior written consent of the Agent, a Security Interest or a trust in favour of another person over all or any part of the Secured Assets (except as expressly permitted by the terms of this Deed or the Facility Agreement); or
- (b) disposes, or attempts to dispose of, all or any part of the Secured Assets (other than Secured Assets that are only subject to the floating charge while it remains uncrystallised);

3.6.2 any person levies (or attempts to levy) any distress, attachment, execution or other process against all or any part of the Secured Assets; or

3.6.3 a resolution is passed or an order is made for the winding-up, dissolution, administration or re-organisation of the Guarantor.

3.7 Crystallisation of floating charge by notice

The Agent may, in its sole discretion, at any time and by written notice to the Guarantor, convert the floating charge created under this deed into a fixed charge as regards any part of the Secured Assets specified by the Agent in that notice.

3.8 Assets acquired after any floating charge has crystallised

Any asset acquired by the Guarantor after any crystallisation of the floating charge created under this Deed that, but for that crystallisation, would be subject to a floating charge under this Deed, shall (unless the Agent confirms otherwise to the Guarantor in writing) be charged to the Agent, for its own benefit and for the benefit of the Credit Parties by way of first fixed charge.

4 LIABILITY OF THE GUARANTOR

4.1 Liability not discharged

The Guarantor's liability under this Deed in respect of any of the Secured Liabilities shall not be discharged, prejudiced or affected by:

- 4.1.1 any security, guarantee, indemnity, remedy or other right held by, or available to, the Credit Parties that is, or becomes, wholly or partially illegal, void or unenforceable on any ground;
- 4.1.2 the Credit Parties renewing, determining, varying or increasing any facility or other transaction in any manner or concurring in, accepting or varying any compromise, arrangement or settlement, or omitting to claim or enforce payment from any other person; or
- 4.1.3 any other act or omission that, but for this clause 4.1, might have discharged, or otherwise prejudiced or affected, the liability of the Guarantor.

4.2 Immediate recourse

The Guarantor waives any right it may have to require the Agent to enforce any security or other right, or claim any payment from, or otherwise proceed against, any other person before enforcing this Deed against the Guarantor.

5 REPRESENTATIONS AND WARRANTIES

5.1 Representations and warranties

The Guarantor makes the representations and warranties set out in this clause 5 to the Agent, for its own benefit and for the benefit of the Credit Parties.

5.2 Ownership of Secured Assets

The Guarantor is the legal and beneficial owner of the Secured Assets.

5.3 No Security Interests

The Secured Assets are free from any Security Interest other than the Security Interests created by this Deed.

5.4 No adverse claims

The Guarantor has not received, or acknowledged notice of, any adverse claim by any person in respect of the Secured Assets or any interest in them.

*EXECUTION VERSION***5.5 No adverse covenants**

There are no covenants, agreements, reservations, conditions, interests, rights or other matters whatsoever that materially and adversely affect the Secured Assets.

5.6 No breach of laws

There is no breach of any law or regulation that materially and adversely affects the Secured Assets.

5.7 No interference in enjoyment

No facility necessary for the enjoyment and use of the Secured Assets is subject to terms entitling any person to terminate or curtail its use.

5.8 No overriding interests

Nothing has arisen, has been created or is subsisting, that would be an overriding interest in any Property.

5.9 Avoidance of security

No Security Interest expressed to be created under this Deed is liable to be avoided, or otherwise set aside, on the liquidation or administration of the Guarantor or otherwise.

5.10 No prohibitions or breaches

There is no prohibition on assignment in any Insurance Policy or Relevant Agreement and the entry into this Deed by the Guarantor does not, and will not, constitute a breach of any Insurance Policy, Relevant Agreement or any other agreement or instrument binding on the Guarantor or its assets.

5.11 Environmental compliance

The Guarantor has, at all times, complied in all material respects with all applicable Environmental Law.

5.12 Enforceable security

This Deed constitutes and will constitute the legal, valid, binding and enforceable obligations of the Guarantor, and is and will continue to be effective security over all and every part of the Secured Assets in accordance with its terms.

5.13 Times for making representations and warranties

The representations and warranties set out in clause 5.2 to clause 5.12 are made by the Guarantor on the date of this Deed and are deemed to be repeated on each day of the Security Period with reference to the facts and circumstances existing at the time of repetition.

6 GENERAL COVENANTS**6.1 Negative pledge and disposal restrictions**

The Guarantor shall not at any time, except with the prior written consent of the Agent :

- 6.1.1 create, purport to create or permit to subsist any Security Interest on, or in relation to, any Secured Asset other than any Security Interest created by this Deed;
- 6.1.2 sell, assign, transfer, part with possession of, or otherwise dispose of in any manner (or purport to do so), all or any part of, or any interest in, the Secured Assets (except, in the ordinary course of business, Secured Assets that are only subject to an uncrystallised floating charge); or
- 6.1.3 create or grant (or purport to create or grant) any interest in the Secured Assets in favour of a third party.

6.2 Preservation of Secured Assets

The Guarantor shall not do, or permit to be done, any act or thing that would or might depreciate, jeopardise or otherwise prejudice the security held by the Agent, for its own benefit or for the benefit of the Credit Parties, or materially diminish the value of any of the Secured Assets or the effectiveness of the security created by this Deed.

6.3 Compliance with laws and regulations

- 6.3.1 The Guarantor shall not, without the Agent 's prior written consent, use or permit the Secured Assets to be used in any way contrary to law.
- 6.3.2 The Guarantor shall:
 - (a) comply with the requirements of any law and regulation relating to or affecting the Secured Assets or the use of it or any part of them;
 - (b) obtain, and promptly renew from time to time, and comply with the terms of all authorisations that are required in connection with the Secured Assets or their use or that are necessary to preserve, maintain or renew any Secured Asset; and
 - (c) promptly effect any maintenance, modifications, alterations or repairs that are required by any law or regulation to be effected on or in connection with the Secured Assets.

6.4 Enforcement of rights

The Guarantor shall use its best endeavours to:

- 6.4.1 procure the prompt observance and performance of the covenants and other obligations imposed on the Guarantor's counterparties (including each counterparty in respect of a Relevant Agreement and each insurer in respect of an Insurance Policy); and
- 6.4.2 enforce any rights and institute, continue or defend any proceedings relating to any of the Secured Assets which the Agent may require from time to time.

EXECUTION VERSION

6.5 Notice of misrepresentation and breaches

The Guarantor shall, promptly on becoming aware of any of the same, give the Agent notice in writing of:

6.5.1 any representation or warranty set out in this Deed that is incorrect or misleading in any material respect when made or deemed to be repeated; and

6.5.2 any breach of any covenant set out in this Deed.

6.6 Title documents

The Guarantor shall, as so required by the Agent, deposit with the Agent and the Agent shall, for the duration of this Deed be entitled to hold:

6.6.1 all deeds and documents of title relating to the Secured Assets that are in the possession or control of the Guarantor (and if these are not within the possession or control of the Guarantor, the Guarantor undertakes to obtain possession of all these deeds and documents of title);

6.6.2 all Insurance Policies and any other insurance policies relating to any of the Secured Assets that the Guarantor is entitled to possess;

6.6.3 all deeds and documents of title (if any) relating to the Book Debts as the Agent may specify from time to time; and

6.6.4 copies of all the Relevant Agreements, certified to be true copies by either a director of the Guarantor or by the Guarantor's solicitors.

6.7 Insurance

6.7.1 The Guarantor shall insure and keep insured (or where, in the case of any leasehold property, insurance is the responsibility of the landlord under the terms of the lease, either procure that the landlord insures and keeps insured or, if and to the extent that the landlord does not do so, itself insure and keep insured) the Secured Assets against:

- (a) loss or damage by fire or terrorist acts;
- (b) other risks, perils and contingencies that would be insured against by reasonably prudent persons carrying on the same class of business as the Guarantor; and
- (c) any other risk, perils and contingencies as the Agent may reasonably require.

Any such insurance must be with an insurance company or underwriters, and on such terms, as are reasonably acceptable to the Agent, and must be for not less than the replacement value of the Secured Assets.

6.7.2 The Guarantor shall, if requested by the Agent, produce to the Agent the policy, certificate or cover note relating to the insurance required by

EXECUTION VERSION

clause 6.7.1 (or where, in the case of any leasehold property, that insurance is effected by the landlord, such evidence of insurance as the Guarantor is entitled to obtain from the landlord under the terms of the relevant lease).

6.7.3 The Guarantor shall, if requested by the Agent, procure that a note of the Agent's interest is endorsed upon each insurance policy maintained by it or any person on its behalf in accordance with clause 6.7.1 and that the terms of each insurance policy require the insurer not to invalidate the policy as against the Agent by reason of the act or default of any other joint or named insured and not to cancel it without giving at least 30 days' prior written notice to the Agent.

6.8 Insurance premiums

The Guarantor shall:

6.8.1 promptly pay all premiums in respect of each insurance policy maintained by it in accordance with clause 6.7.1 and do all other things necessary to keep that policy in full force and effect; and

6.8.2 (if the Agent so requires) produce to, or deposit with, the Agent the receipts for all premiums and other payments necessary for effecting and keeping up each insurance policy maintained by it in accordance with clause 6.7.1.

6.9 No invalidation of insurance

The Guarantor shall not do or omit to do, or permit to be done or omitted, any act or thing that may invalidate or otherwise prejudice any insurance policy maintained by it in accordance with clause 6.7.1.

6.10 Proceeds of insurance policies

All monies received or receivable by the Guarantor under any insurance policy maintained by it in accordance with clause 6.7.1 (including all monies received or receivable by it under any Insurance Policy) at any time (whether or not the security constituted by this deed has become enforceable) shall:

6.10.1 immediately be paid into a Designated Account;

6.10.2 if they are not paid directly to the Agent by the insurers, be held by the Guarantor as trustee of the same for the benefit of the Agent (and the Guarantor shall account for them to the Agent); and

6.10.3 be applied in making good or recouping expenditure in respect of the loss or damage for which those monies are received or, after the security constituted by this deed has become enforceable and if the Agent so directs, in or towards discharge or reduction of the Secured Liabilities.

6.11 Notices to be given by the Guarantor

- (a) at its own cost, if at any time so required by the Agent, appoint an accountant or firm of accountants nominated by the Agent to investigate the financial affairs of the Guarantor and those of its subsidiaries and report to the Agent; and
- (b) co-operate fully with any accountants so appointed and immediately provide those accountants with all information requested.

6.14.2 The Guarantor authorises the Agent to make an appointment as it shall think fit at any time, without further authority from the Guarantor. In every case, the Guarantor shall pay, or reimburse the Agent for, the fees and expenses of those accountants.

6.15 Guarantor's waiver of set-off

The Guarantor waives any present or future right of set-off it may have in respect of the Secured Liabilities (including sums payable by the Guarantor under this Deed).

7 PROPERTY COVENANTS

7.1 Maintenance

The Guarantor shall keep all buildings and all fixtures on each Property in good and substantial repair and condition.

7.2 Preservation of Property, fixtures and Equipment

The Guarantor shall not, without the prior written consent of the Agent:

- 7.2.1 pull down or remove the whole, or any part of, any building forming part of any Property or permit the same to occur;
- 7.2.2 make or permit any material alterations to any Property, or sever or remove, or permit to be severed or removed, any of its fixtures; or
- 7.2.3 remove or make any material alterations to any of the Equipment belonging to, or in use by, the Guarantor on any Property (except to effect necessary repairs or replace them with new or improved models or substitutes).

7.3 Conduct of business on Properties

The Guarantor shall carry on its trade and business on those parts (if any) of the Properties as are used for the purposes of trade or business in accordance with the standards of good management from time to time current in that trade or business.

7.4 Planning information

The Guarantor shall:

- 7.4.1 give full particulars to the Agent of any notice, order, direction, designation, resolution or proposal given or made by any planning authority or other public body or authority ("Planning Notice") that specifically applies to any

EXECUTION VERSION

The Guarantor shall immediately on the execution of this Deed (or, if later, the date of acquisition of the relevant Secured Asset):

- 6.11.1 give notice to each insurer that it has assigned its rights and interest in and under each Insurance Policy under clause 3.3.1 and procure that each addressee of any such notice promptly provides within five Business Days to the Agent an acknowledgement of the notice of the Agent's interest;
- 6.11.2 give notice to each counterparty to a Relevant Agreement that it has assigned its rights and interest in and under that Relevant Agreement under clause 3.3.2 and procure that each addressee of any such notice promptly provides within five Business Days to the Agent an acknowledgement of the notice of the Agent's interest;
- 6.11.3 give notice to any bank, financial institution or other person (excluding the Agent) with whom it has an account that it has charged to the Agent its rights and interests under that account under clause 3.2.11 and procure that each addressee of any such notice promptly provides within five Business Days to the Agent an acknowledgement of the notice of the Agent's interest.

The Guarantor shall obtain the Agent's prior approval of the form of any notice or acknowledgement to be used under this clause 6.11.

6.12 Information

The Guarantor shall:

- 6.12.1 give the Agent such information concerning the location, condition, use and operation of the Secured Assets as the Agent may require;
- 6.12.2 permit any persons designated by the Agent and any Receiver to enter on its premises and inspect and examine any Secured Asset, and the records relating to that Secured Asset, at all reasonable times and on reasonable prior notice; and
- 6.12.3 promptly notify the Agent in writing of any action, claim or demand made by or against it in connection with any Secured Asset or of any fact, matter or circumstance which may, with the passage of time, give rise to such an action, claim or demand, together with, in each case, the Guarantor's proposals for settling, liquidating, compounding or contesting any such action, claim or demand and shall, subject to the Agent's prior approval, implement those proposals at its own expense.

6.13 Payment of outgoings

The Guarantor shall promptly pay all taxes, fees, licence duties, registration charges, insurance premiums and other outgoings in respect of the Secured Assets and, on demand, produce evidence of payment to the Agent.

6.14 Appointment of accountants

6.14.1 The Guarantor shall:

EXECUTION VERSION

Property, or to the locality in which it is situated, within seven days after becoming aware of the relevant Planning Notice; and

7.4.2 (if the Agent so requires) immediately, and at the cost of the Guarantor, take all reasonable and necessary steps to comply with any Planning Notice, and make, or join with the Agent in making, any objections or representations in respect of that Planning Notice that the Agent may desire.

7.5 Compliance with covenants and payment of rent

The Guarantor shall:

7.5.1 observe and perform all covenants, stipulations and conditions to which each Property, or the use of it, is or may be subjected, and (if the Agent so requires) produce evidence sufficient to satisfy the Agent that those covenants, stipulations and conditions have been observed and performed;

7.5.2 diligently enforce all covenants, stipulations and conditions benefiting each Property and shall not (and shall not agree to) waive release or vary any of the same; and

7.5.3 (without prejudice to the generality of the foregoing) where a Property, or part of it, is held under a lease, duly and punctually pay all rents due from time to time, and perform and observe all the tenant's covenants and conditions.

7.6 Payment of rent and outgoings

The Guarantor shall:

7.6.1 where a Property, or part of it, is held under a lease, duly and punctually pay all rents due from time to time; and

7.6.2 pay (or procure payment of the same) when due all charges, rates, taxes, duties, assessments and other outgoings relating to or imposed on each Property or on its occupier.

7.7 Maintenance of interests in Properties

The Guarantor shall not, without the prior written consent of the Agent:

7.7.1 grant, or agree to grant, any licence or tenancy affecting the whole or any part of any Property, or exercise, or agree to exercise, the statutory powers of leasing or of accepting surrenders under sections 99 or 100 of the Law of Property Act 1925; or

7.7.2 in any other way dispose of, surrender or create, or agree to dispose of, surrender or create, any legal or equitable estate or interest in the whole or any part of any Property.

7.8 Registration restrictions

If the title to any Property is not registered at the Land Registry, the Guarantor shall procure that no person (other than itself) shall be registered under the Land Registration Acts 1925 to 2002 as proprietor of all or any part of any Property without the prior written consent of the Agent. The Guarantor shall be liable for the costs and expenses of the Agent in lodging cautions against the registration of the title to the whole or any part of any Property from time to time.

7.9 Development restrictions

The Guarantor shall not, without the prior written consent of the Agent:

7.9.1 make or, insofar as it is able, permit others to make any application for planning permission or development consent in respect of the Property; or

7.9.2 carry out, or permit, or suffer to be carried out on any Property any development as defined in the Town and Country Planning Act 1990 and the Planning Act 2008, or change or permit or suffer to be changed the use of any Property.

7.10 Environment

The Guarantor shall:

7.10.1 comply with all the requirements of Environmental Law both in the conduct of its general business and in the management, possession or occupation of each Property; and

7.10.2 obtain and comply with all authorisations, permits and other types of licences necessary under Environmental Law.

7.11 No restrictive obligations

The Guarantor shall not, without the prior written consent of the Agent, enter into any onerous or restrictive obligations affecting the whole or any part of any Property, or create or permit to arise any overriding interest, easement or right whatever in or over the whole or any part of any Property.

7.12 Proprietary rights

The Guarantor shall procure that no person shall become entitled to assert any proprietary or other like right or interest over the whole or any part of any Property without the prior written consent of the Agent.

7.13 Inspection

The Guarantor shall permit the Agent, any Receiver and any person appointed by either of them to enter on and inspect any Property on reasonable prior notice.

7.14 Property information

EXECUTION VERSION

The Guarantor shall inform the Agent promptly of any acquisition by the Guarantor of, or contract made by the Guarantor to acquire, any freehold, leasehold or other interest in any property.

7.15 VAT option to tax

The Guarantor shall not, without the prior written consent of the Agent:

7.15.1 exercise any VAT option to tax in relation to any Property; or

7.15.2 revoke any VAT option to tax exercised, and disclosed to the Agent, before the date of this Deed.

7.16 Registration at the Land Registry

The Guarantor consents to an application being made by the Agent to the Land Registrar for the following restriction in Form P to be registered against its title to each Property:

"No disposition of the registered estate by the proprietor of the registered estate or by the proprietor of any registered charge, not being a charge registered before the entry of this restriction is to be registered without a written consent signed by the proprietor for the time being of the charge dated [the date hereof] in favour of Salus Capital Partners LLC referred to in the charges register."

8 INVESTMENTS COVENANTS

8.1 Deposit of title documents

8.1.1 The Guarantor shall:

- (a) on the execution of this Deed, deposit with the Agent all stock or share certificates and other documents of title or evidence of ownership relating to any Investments owned by the Guarantor at that time; and
- (b) on the purchase or acquisition by it of Investments after the date of this Deed, deposit with the Agent all stock or share certificates and other documents of title or evidence of ownership relating to those Investments.

8.1.2 At the same time as depositing documents with the Agent in accordance with clause 8.1.1(a) or clause 8.1.1(b), the Guarantor shall also deposit with the Agent:

- (a) all stock transfers forms relating to the relevant Investments duly completed and executed by or on behalf of the Guarantor, but with the name of the transferee, the consideration and the date left blank; and
- (b) any other documents (in each case duly completed and executed by or on behalf of the Guarantor) that the Agent may request in order to enable it or any of its nominees, or any purchaser or transferee, to be

registered as the owner of, or otherwise obtain a legal title to, or to perfect its security interest in any of the relevant Investments,

so that the Agent may, at any time and without notice to the Guarantor, complete and present those stock transfer forms and other documents to the issuer of the Investments for registration.

8.2 Nominations

8.2.1 The Guarantor shall terminate with immediate effect all nominations it may have made (including, without limitation, any nomination made under section 145 or section 146 of the Companies Act 2006) in respect of any Investments and, pending that termination, procure that any person so nominated:

- (a) does not exercise any rights in respect of any Investments without the prior written approval of the Agent; and
- (b) immediately on receipt by it, forward to the Agent all communications or other information received by it in respect of any Investments for which it has been so nominated.

8.2.2 The Guarantor shall not, during the Security Period, exercise any rights (including, without limitation, any rights under sections 145 and 146 of the Companies Act 2006) to nominate any person in respect of any of the Investments.

8.3 Additional registration obligations

The Guarantor shall:

- 8.3.1 obtain all consents, waivers, approvals and permissions that are necessary, under the articles of association of any issuer that is not a public company or otherwise, for the transfer of the Investments to the Agent or its nominee, or to a purchaser on enforcement of this Deed; and
- 8.3.2 procure the amendment of the share transfer provisions (including, but not limited to, deletion of any pre-emption provisions) of the articles of association of each issuer that is not a public company in any manner that the Agent may require in order to permit such a transfer.

8.4 Dividends and voting rights before enforcement

- 8.4.1 Before the security constituted by this Deed becomes enforceable, the Guarantor may retain and apply for its own use all dividends, interest and other monies paid or payable in respect of the Investments and, if any are paid or payable to the Agent or any of its nominees, the Agent will hold all those dividends, interest and other monies received by it for the Guarantor and will pay them to the Guarantor promptly on request; and
- 8.4.2 Before the security constituted by this Deed becomes enforceable, the Guarantor may exercise all voting and other rights and powers in respect of the Investments or, if any of the same are exercisable by the Agent or any of

EXECUTION VERSION

its nominees, to direct in writing the exercise of those voting and other rights and powers provided that:

- (a) it shall not do so in any way that would breach any provision of the Credit Agreement, any of the other Loan Documents or this Deed or for any purpose inconsistent with the Credit Agreement, any of the other Loan Documents or this Deed; and
- (b) the exercise of, or the failure to exercise, those voting rights or other rights and powers would not, in the Agent's opinion, have an adverse effect on the value of the Investments or otherwise prejudice the Agent's security under this Deed.

8.4.3 The Guarantor shall indemnify the Agent and each of the Credit Parties against any loss or liability incurred by the Agent or any Credit Party (or its nominee) as a consequence of the Agent or any Credit Party (or its nominee) acting in respect of the Investments at the direction of the Guarantor.

8.4.4 The Agent shall not, by exercising or not exercising any voting rights or otherwise, on behalf of the Credit Parties, be construed as permitting or agreeing to any variation or other change in the rights attaching to or conferred by any of the Investments that the Agent considers prejudicial to, or impairing the value of, the security created by this Deed.

8.5 Dividends and voting rights after enforcement

After the security constituted by this Deed has become enforceable:

8.5.1 all dividends and other distributions paid in respect of the Investments and received by the Guarantor shall be held by the Guarantor on trust for the Agent and immediately paid into a Designated Account or, if received by the Agent, shall be retained by the Agent; and

8.5.2 all voting and other rights and powers attaching to the Investments shall be exercised by, or at the direction of, the Agent and the Guarantor shall, and shall procure that its nominees shall, comply with any directions the Agent may give, in its absolute discretion, concerning the exercise of those rights and powers.

8.6 Calls on Investments

The Guarantor shall promptly pay all calls, instalments and other payments that may be or become due and payable in respect of all or any of the Investments. The Guarantor acknowledges none of the Agent or any of the Credit Parties shall be under any liability in respect of any such calls, instalments or other payments.

8.7 No alteration of constitutional documents or rights attaching to Investments

EXECUTION VERSION

The Guarantor shall not, without the prior written consent of the Agent, amend, or agree to the amendment of:

8.7.1 the memorandum or articles of association, or any other constitutional documents, of any issuer that is not a public company; or

8.7.2 the rights or liabilities attaching to any of the Investments.

8.8 Preservation of Investments

The Guarantor shall ensure (as far as it is able to by the exercise of all voting rights, powers of control and other means available to it) that any issuer that is not a public company shall not:

8.8.1 consolidate or subdivide any of its Investments, or reduce or re-organise its share capital in any way;

8.8.2 issue any new shares or stock; or

8.8.3 refuse to register any transfer of any of its Investments that may be lodged for registration by, or on behalf of, the Agent or the Guarantor in accordance with this Deed.

8.9 Investments information

The Guarantor shall, promptly following receipt, send to the Agent copies of any notice, circular, report, accounts and any other document received by it that relates to the Investments.

9 EQUIPMENT COVENANTS

9.1 Maintenance of Equipment

The Guarantor shall:

9.1.1 maintain the Equipment in good and serviceable condition (except for expected fair wear and tear) in compliance with all relevant manuals, handbooks, manufacturer's instructions and recommendations and maintenance or servicing schedules;

9.1.2 at its own expense, renew and replace any parts of the Equipment when they become obsolete, worn out or damaged with parts of a similar quality and of equal or greater value; and

9.1.3 not permit any Equipment to be:

(a) used or handled other than by properly qualified and trained persons; or

(b) overloaded or used for any purpose for which it is not designed or reasonably suitable.

EXECUTION VERSION

9.2 Payment of Equipment taxes

The Guarantor shall promptly pay all taxes, fees, licence duties, registration charges, insurance premiums and other outgoings in respect of the Equipment and, on demand, produce evidence of such payment to the Agent.

9.3 Notice of charge

The Guarantor:

9.3.1 shall, if so requested by the Agent, affix to and maintain on each item of Equipment in a conspicuous place, a clearly legible identification plate containing the following wording:

“NOTICE OF CHARGE

This [DESCRIBE ITEM] and all additions to it and ancillary equipment are subject to a fixed charge dated [the date hereof] in favour of Salus Capital Partners, LLC.”

9.3.2 shall not, and shall not permit any person to, conceal, obscure, alter or remove any plate affixed in accordance with clause 9.3.1.

10 BOOK DEBTS COVENANTS

10.1 Realising Book Debts

The Guarantor shall:

10.1.1 as an agent for the Agent, for its own benefit and for the benefit of the Credit Parties, collect in and realise all Book Debts, pay the proceeds into a Designated Account immediately on receipt and, pending that payment, hold those proceeds in trust for the Agent;

10.1.2 not, without the prior written consent of the Agent, withdraw any amounts standing to the credit of any Designated Account; and

10.1.3 if called on to do so by the Agent, execute a legal assignment of the Book Debts to the Agent on such terms as the Agent may require and give notice of that assignment to the debtors from whom the Book Debts are due, owing or incurred.

10.2 Preservation of Book Debts

The Guarantor shall not (except as provided by clause 10.1 or with the prior written consent of the Agent) release, exchange, compound, set-off, grant time or indulgence in respect of, or in any other manner deal with, all or any of the Book Debts.

11 RELEVANT AGREEMENTS COVENANTS

11.1 Relevant Agreements

The Guarantor shall, unless the Agent agrees otherwise in writing:

- 11.1.1 comply with the terms of;
- 11.1.2 not amend or vary or agree to any change in, or waive any requirement of;
- 11.1.3 not settle, compromise, terminate, rescind or discharge (except by performance); and
- 11.1.4 not abandon, waive, dismiss, release or discharge any action, claim or proceedings against any counterparty to a Relevant Agreement or other person in connection with,

any Relevant Agreement and any other document, agreement or arrangement comprising the Secured Assets (other than the Insurance Policies).

12 INTELLECTUAL PROPERTY COVENANTS

12.1 Preservation of rights

The Guarantor shall take all necessary action to safeguard and maintain present and future rights in, or relating to, the Intellectual Property including (without limitation) by observing all covenants and stipulations relating to those rights, and by paying all applicable renewal fees, licence fees and other outgoings.

12.2 Registration of Intellectual Property

The Guarantor shall use all reasonable efforts to register applications for the registration of any Intellectual Property, and shall keep the Agent informed of all matters relating to each such registration.

12.3 Maintenance of Intellectual Property

The Guarantor shall not permit any Intellectual Property to be abandoned, cancelled or to lapse.

13 POWERS OF THE AGENT

13.1 Power to remedy

13.1.1 The Agent shall be entitled (but shall not be obliged) to remedy, at any time, a breach by the Guarantor of any of its obligations contained in this Deed.

13.1.2 The Guarantor irrevocably authorises the Agent and its agents to do all things that are necessary or desirable for that purpose.

13.1.3 Any monies expended by the Agent in remedying a breach by the Guarantor of its obligations contained in this Deed shall be reimbursed by the Guarantor to the Agent on a full indemnity basis and shall carry interest in accordance with clause 20.1.

13.2 Exercise of rights

EXECUTION VERSION

The rights of the Agent under clause 13.1 are without prejudice to any other rights of the Agent under this Deed. The exercise of any rights of the Agent under this Deed shall not make the Agent liable to account as a mortgagee in possession.

13.3 Power to dispose of chattels

13.3.1 At any time after the security constituted by this deed has become enforceable, the Agent or any Receiver may, as agent for the Guarantor, dispose of any chattels or produce found on any Property.

13.3.2 Without prejudice to any obligation to account for the proceeds of any disposal made under clause 13.3.1, the Guarantor shall indemnify the Agent and each of the Credit Parties and any Receiver against any liability arising from any disposal made under clause 13.3.1.

13.4 Agent has Receiver's powers

To the extent permitted by law, any right, power or discretion conferred by this Deed on a Receiver may, after the security constituted by this Deed has become enforceable, be exercised by the Agent in relation to any of the Secured Assets whether or not it has taken possession of any Secured Assets and without first appointing a Receiver or notwithstanding the appointment of a Receiver.

13.5 Conversion of currency

13.5.1 For the purpose of, or pending the discharge of, any of the Secured Liabilities, the Agent may convert any monies received, recovered or realised by it under this Deed (including the proceeds of any previous conversion under this clause 13.5) from their existing currencies of denomination into any other currencies of denomination that the Agent may think fit.

13.5.2 Any such conversion shall be effected at the Agent's then prevailing spot selling rate of exchange for such other currency against the existing currency.

13.5.3 Each reference in this clause 13.5 to a currency extends to funds of that currency and, for the avoidance of doubt, funds of one currency may be converted into different funds of the same currency.

13.6 New accounts

13.6.1 If the Agent receives, or is deemed to have received, notice of any subsequent Security Interest, or other interest, affecting all or part of the Secured Assets, the Agent may open a new account for the Guarantor in the Agent's books. Without prejudice to the Agent's right to combine accounts, no money paid to the credit of the Guarantor in any such new account shall be appropriated towards, or have the effect of discharging, any part of the Secured Liabilities.

13.6.2 If the Agent does not open a new account immediately on receipt of the notice, or deemed notice, under clause 13.6.1, then, unless the Agent gives express written notice to the contrary to the Guarantor, all payments made by the Guarantor to the Agent shall be treated as having been credited to a new account of the Guarantor and not as having been applied in reduction of the

Secured Liabilities, as from the time of receipt of the relevant notice by the Agent.

13.7 Agent's set-off rights

If the Agent has more than one account for the Guarantor in its books, the Agent may at any time after:

13.7.1 the security constituted by this Deed has become enforceable; or

13.7.2 the Agent has received, or is deemed to have received, notice of any subsequent Security Interest or other interest affecting all or any part of the Secured Assets,

transfer, without prior notice, all or any part of the balance standing to the credit of any account to any other account that may be in debit. After making any such transfer, the Agent shall notify the Guarantor of that transfer.

13.8 Indulgence

The Agent may, at its discretion, grant time or other indulgence, or make any other arrangement, variation or release with any person not being a party to this Deed (whether or not any such person is jointly liable with the Guarantor) in respect of any of the Secured Liabilities, or of any other security for them without prejudice either to this Deed or to the liability of the Guarantor for the Secured Liabilities.

13.9 Appointment of an Administrator

13.9.1 The Agent may, without notice to the Guarantor, appoint any one or more persons to be an Administrator of the Guarantor pursuant to Paragraph 14 of Schedule B1 of the Insolvency Act 1986 if the security constituted by this deed becomes enforceable.

13.9.2 Any appointment under this clause 13.9 shall:

- (a) be in writing signed by a duly authorised signatory of the Agent ; and
- (b) take effect, in accordance with paragraph 19 of Schedule B1 of the Insolvency Act 1986.

13.9.3 The Agent may apply to the court for an order removing an Administrator from office and may by notice in writing in accordance with this clause 13.9 appoint a replacement for any Administrator who has died, resigned, been removed or who has vacated office upon ceasing to be qualified.

14 WHEN SECURITY BECOMES ENFORCEABLE

14.1 Security becomes enforceable on Event of Default

The security constituted by this Deed shall be immediately enforceable if an Event of Default occurs.

EXECUTION VERSION

14.2 Discretion

After the security constituted by this Deed has become enforceable, the Agent may, in its absolute discretion, enforce all or any part of that security at the times, in the manner and on the terms it thinks fit, and take possession of and hold or dispose of all or any part of the Secured Assets.

15 ENFORCEMENT OF SECURITY

15.1 Enforcement powers

15.1.1 The power of sale and other powers conferred by section 101 of the LPA 1925 (as varied or extended by this Deed) shall, as between the Agent and a purchaser from the Agent, arise on and be exercisable at any time after the execution of this Deed, but the Agent shall not exercise such power of sale or other powers until the security constituted by this deed has become enforceable under clause 14.1.

15.1.2 Section 103 of the LPA 1925 does not apply to the security constituted by this Deed.

15.2 Extension of statutory powers of leasing

The statutory powers of leasing and accepting surrenders conferred on mortgagees under the LPA 1925 and by any other statute are extended so as to authorise the Agent and any Receiver, at any time after the security constituted by this deed has become enforceable, whether in its own name or in that of the Guarantor, to:

15.2.1 grant a lease or agreement to lease;

15.2.2 accept surrenders of leases; or

15.2.3 grant any option of the whole or any part of the Secured Assets with whatever rights relating to other parts of it,

whether or not at a premium and containing such covenants on the part of the Guarantor, and on such terms and conditions (including the payment of money to a lessee or tenant on a surrender) as the Agent or Receiver thinks fit without the need to comply with any of the restrictions imposed by sections 99 and 100 of the LPA 1925.

15.3 Access on enforcement

15.3.1 At any time after the Agent has demanded payment of the Secured Liabilities or if the Guarantor defaults in the performance of its obligations under this Deed or the Credit Agreement or any of the other Loan Documents, the Guarantor will allow the Agent or its Receiver, without further notice or demand, immediately to exercise all its rights, powers and remedies in particular (and without limitation) to take possession of any Secured Asset and for that purpose to enter on any premises where a Secured Asset is situated (or where the Agent or a Receiver reasonably believes a Secured Asset to be

EXECUTION VERSION

situated) without incurring any liability to the Guarantor for, or by any reason of, that entry.

15.3.2 At all times, the Guarantor must use its best endeavours to allow the Agent or its Receiver access to any premises for the purpose of clause 15.3.1 (including obtaining any necessary consents or permits of other persons) and ensure that its employees and officers do the same.

15.4 Prior Security Interests

At any time after the security constituted by this Deed has become enforceable, or after any powers conferred by any Security Interest having priority to this Deed shall have become exercisable, the Agent may:

15.4.1 redeem that or any other prior Security Interest;

15.4.2 procure the transfer of that Security Interest to it; and

15.4.3 settle and pass any account of the holder of any prior Security Interest.

Any accounts so settled and passed shall be, in the absence of any manifest error, conclusive and binding on the Guarantor. All monies paid by the Agent to an encumbrancer in settlement of any of those accounts shall, as from its payment by the Agent, be due from the Guarantor to the Agent on current account and shall bear interest at the Default Rate and be secured as part of the Secured Liabilities.

15.5 Protection of third parties

No purchaser, mortgagee or other person dealing with the Agent, any Receiver or Delegate shall be concerned to enquire:

15.5.1 whether any of the Secured Liabilities have become due or payable, or remain unpaid or undischarged;

15.5.2 whether any power the Agent, a Receiver or Delegate is purporting to exercise has become exercisable or is properly exercisable; or

15.5.3 how any money paid to the Agent, any Credit Party, any Receiver or any Delegate is to be applied.

15.6 Privileges

Each Receiver and the Agent is entitled to all the rights, powers, privileges and immunities conferred by the LPA 1925 on mortgagees and receivers.

15.7 No liability as mortgagee in possession

None of the Agent, any Credit Party, any Receiver, any Delegate or any Administrator shall be liable to account as mortgagee in possession in respect of all or any of the Secured Assets, nor shall any of them be liable for any loss on realisation of, or for any neglect or default of any nature in connection with, all or any of the Secured Assets for which a mortgagee in possession might be liable as such.

EXECUTION VERSION

15.8 Conclusive discharge to purchasers

The receipt of the Agent or any Receiver or Delegate shall be a conclusive discharge to a purchaser and, in making any sale or other disposal of any of the Secured Assets or in making any acquisition in the exercise of their respective powers, the Agent, every Receiver and Delegate may do so for any consideration, in any manner and on any terms that it or he thinks fit.

15.9 Right of appropriation

15.9.1 To the extent that:

- (a) the Secured Assets constitute Financial Collateral; and
- (b) this Deed and the obligations of the Guarantor under it constitute a Security Financial Collateral Arrangement,

the Agent shall have the right, at any time after the security constituted by this deed has become enforceable, to appropriate all or any of those Secured Assets in or towards the payment or discharge of the Secured Liabilities in any order that the Agent may, in its absolute discretion, determine.

15.9.2 The value of any Secured Assets appropriated in accordance with this clause shall be the price of those Secured Assets at the time the right of appropriation is exercised as listed on any recognised market index, or determined by any other method that the Agent may select (including independent valuation).

15.9.3 The Guarantor agrees that the methods of valuation provided for in this clause are commercially reasonable for the purposes of the Financial Collateral Regulations.

16 RECEIVER

16.1 Appointment

At any time after the security constituted by this Deed has become enforceable, or at the request of the Guarantor, the Agent may, without further notice, appoint by way of deed, or otherwise in writing, any one or more persons to be a Receiver of all or any part of the Secured Assets.

16.2 Removal

The Agent may, without further notice (subject to section 45 of the Insolvency Act 1986), from time to time, by way of deed, or otherwise in writing, remove any Receiver appointed by it and may, whenever it thinks fit, appoint a new Receiver in the place of any Receiver whose appointment may for any reason have terminated.

16.3 Remuneration

The Agent may fix the remuneration of any Receiver appointed by it without the restrictions contained in section 109 of the LPA 1925, and the remuneration of the

Receiver shall be a debt secured by this Deed, which shall be due and payable immediately on its being paid by the Agent.

16.4 Power of appointment additional to statutory powers

The power to appoint a Receiver conferred by this deed shall be in addition to all statutory and other powers of the Agent under the Insolvency Act 1986, the LPA 1925 or otherwise, and shall be exercisable without the restrictions contained in sections 103 and 109 of the LPA 1925 or otherwise.

16.5 Power of appointment exercisable despite prior appointments

The power to appoint a Receiver (whether conferred by this Deed or by statute) shall be, and remain, exercisable by the Agent despite any prior appointment in respect of all or any part of the Secured Assets.

16.6 Agent of the Guarantor

Any Receiver appointed by the Agent under this Deed shall be the agent of the Guarantor and the Guarantor shall be solely responsible for the contracts, engagements, acts, omissions, defaults, losses and remuneration of that Receiver and for liabilities incurred by that Receiver. The agency of each Receiver shall continue until the Guarantor goes into liquidation and after that the Receiver shall act as principal and shall not become the agent of the Agent or any Credit Party.

17 POWERS OF RECEIVER

17.1 General

17.1.1 Any Receiver appointed by the Agent under this Deed shall, in addition to the powers conferred on him by statute, have the powers set out in clause 17.2 to clause 17.23.

17.1.2 If there is more than one Receiver holding office at the same time, each Receiver may (unless the document appointing him states otherwise) exercise all of the powers conferred on a Receiver under this Deed individually and to the exclusion of any other Receiver.

17.1.3 Any exercise by a Receiver of any of the powers given by clause 17 may be on behalf of the Guarantor, the directors of the Guarantor (in the case of the power contained in clause 17.16) or himself.

17.2 Repair and develop Properties

A Receiver may undertake or complete any works of repair, building or development on the Properties and may apply for and maintain any planning permission, development consent, building regulation approval or any other permission, consent or licence to carry out any of the same.

17.3 Surrender leases

EXECUTION VERSION

A Receiver may grant, or accept surrenders of, any leases or tenancies affecting any Property and may grant any other interest or right over any Property on any terms, and subject to any conditions, that he thinks fit.

17.4 Employ personnel and advisors

A Receiver may provide services and employ, or engage any managers, officers, servants, contractors, workmen, agents, other personnel and professional advisers on any terms, and subject to any conditions, that he thinks fit. A Receiver may discharge any such person or any such person appointed by the Guarantor.

17.5 Make VAT elections

A Receiver may make, exercise or revoke any value added tax option to tax as he thinks fit.

17.6 Remuneration

A Receiver may charge and receive any sum by way of remuneration (in addition to all costs, charges and expenses incurred by him) that the Agent may prescribe or agree with him.

17.7 Realise Secured Assets

A Receiver may collect and get in the Secured Assets or any part of them in respect of which he is appointed, and make any demands and take any proceedings as may seem expedient for that purpose, and take possession of the Secured Assets with like rights.

17.8 Manage or reconstruct the Guarantor's business

A Receiver may carry on, manage, develop, reconstruct, amalgamate or diversify or concur in carrying on, managing, developing, reconstructing, amalgamating or diversifying the business of the Guarantor.

17.9 Dispose of Secured Assets

A Receiver may sell, exchange, convert into money and realise all or any of the Secured Assets in respect of which he is appointed in any manner (including, without limitation, by public auction or private sale) and generally on any terms and conditions as he thinks fit. Any sale may be for any consideration that the Receiver thinks fit and a Receiver may promote, or concur in promoting, a company to purchase the Secured Assets to be sold.

17.10 Sever fixtures and fittings

A Receiver may sever and sell separately any fixtures or fittings from any Property without the consent of the Guarantor.

17.11 Sell Book Debts

A Receiver may sell and assign all or any of the Book Debts in respect of which he is appointed in any manner, and generally on any terms and conditions, that he thinks fit.

17.12 Valid receipts

A Receiver may give valid receipt for all monies and execute all assurances and things that may be proper or desirable for realising any of the Secured Assets.

17.13 Make settlements

A Receiver may make any arrangement, settlement or compromise between the Guarantor and any other person that he may think expedient.

17.14 Bring proceedings

A Receiver may bring, prosecute, enforce, defend and abandon all actions, suits and proceedings in relation to any of the Secured Assets as he thinks fit.

17.15 Improve the Equipment

A Receiver may make substitutions of, or improvements to, the Equipment as he may think expedient.

17.16 Make calls on Guarantor members

A Receiver may make calls conditionally or unconditionally on the members of the Guarantor in respect of uncalled capital with (for that purpose and for the purpose of enforcing payments of any calls so made) the same powers as are conferred by the articles of association of the Guarantor on its directors in respect of calls authorised to be made by them.

17.17 Insure

A Receiver may, if he thinks fit, but without prejudice to the indemnity in clause 20, effect with any insurer any policy of insurance either in lieu or satisfaction of, or in addition to, the insurance required to be maintained by the Guarantor under this Deed.

17.18 Powers under the LPA 1925

A Receiver may exercise all powers provided for in the LPA 1925 in the same way as if he had been duly appointed under the LPA 1925, and exercise all powers provided for an administrative receiver in Schedule 1 to the Insolvency Act 1986.

17.19 Borrow

A Receiver may, for any of the purposes authorised by this clause 17, raise money by borrowing from the Agent (or from any other person) either unsecured or on the security of all or any of the Secured Assets in respect of which he is appointed on any terms that he thinks fit (including, if the Agent consents, terms under which that security ranks in priority to this Deed).

*EXECUTION VERSION***17.20 Redeem prior Security Interests**

A Receiver may redeem any prior Security Interest and settle and pass the accounts to which the Security Interest relates. Any accounts so settled and passed shall be, in the absence of any manifest error, conclusive and binding on the Guarantor, and the monies so paid shall be deemed to be an expense properly incurred by the Receiver.

17.21 Delegation

A Receiver may delegate his powers in accordance with this Deed.

17.22 Absolute beneficial owner

A Receiver may, in relation to any of the Secured Assets, exercise all powers, authorisations and rights he would be capable of exercising, and do all those acts and things, as an absolute beneficial owner could exercise or do in the ownership and management of the Secured Assets or any part of the Secured Assets.

17.23 Incidental powers

A Receiver may do any other acts and things:

17.23.1 that he may consider desirable or necessary for realising any of the Secured Assets;

17.23.2 that he may consider incidental or conducive to any of the rights or powers conferred on a Receiver under or by virtue of this Deed or law; and

17.23.3 that he lawfully may or can do as agent for the Guarantor.

18 DELEGATION**18.1 Delegation**

The Agent or any Receiver may delegate (either generally or specifically) by power of attorney or in any other manner to any person any right, power, authority or discretion conferred on it by this Deed (including the power of attorney granted under clause 22.1).

18.2 Terms

The Agent and each Receiver may make a delegation on the terms and conditions (including the power to sub-delegate) that it thinks fit.

18.3 Liability

None of the Agent, any Credit Party or any Receiver shall be in any way liable or responsible to the Guarantor for any loss or liability arising from any act, default, omission or misconduct on the part of any Delegate.

19 APPLICATION OF PROCEEDS**19.1 Order of application of proceeds**

All monies received by the Agent, any Credit Party, a Receiver or a Delegate pursuant to this Deed, after the security constituted by this deed has become enforceable, shall (subject to the claims of any person having prior rights and by way of variation of the LPA 1925) be applied in the following order of priority:

19.1.1 in or towards payment of or provision for all costs, charges and expenses incurred by or on behalf of the Agent (and any Receiver, Delegate, attorney or agent appointed by it) under or in connection with this Deed, and of all remuneration due to any Receiver under or in connection with this Deed;

19.1.2 in or towards payment of or provision for the Secured Liabilities in any order and manner that the Agent determines; and

19.1.3 in payment of the surplus (if any) to the Guarantor or other person entitled to it.

19.2 Appropriation

None of the Agent, any Credit Party, any Receiver or any Delegate shall be bound (whether by virtue of section 109(8) of the LPA 1925, which is varied accordingly, or otherwise) to pay or appropriate any receipt or payment first towards interest rather than principal or otherwise in any particular order between any of the Secured Liabilities.

19.3 Suspense account

All monies received by the Agent, any Credit Party, a Receiver or a Delegate under this Deed:

19.3.1 may, at the discretion of the Agent, Receiver or Delegate, be credited to any suspense or securities realised account;

19.3.2 shall bear interest, if any, at the rate agreed in writing between the Agent and the Guarantor; and

19.3.3 may be held in that account for so long as the Agent, Receiver or Delegate thinks fit.

20 COSTS AND INDEMNITY

20.1 Costs

The Guarantor shall pay to, or reimburse, the Agent and any Receiver on demand, on a full indemnity basis, all costs, charges, expenses, taxes and liabilities of any kind (including, without limitation, legal, printing and out-of-pocket expenses) incurred by the Agent, any Credit Party, any Receiver or any Delegate in connection with:

20.1.1 this Deed or the Secured Assets;

20.1.2 taking, holding, protecting, perfecting, preserving or enforcing (or attempting to do so) any of the Agent's, a Receiver's or a Delegate's rights under this Deed;

EXECUTION VERSION

20.1.3 taking proceedings for, or recovering, any of the Secured Liabilities,

together with interest, which shall accrue and be payable (without the need for any demand for payment being made) from the date on which the relevant cost or expense arose until full discharge of that cost or expense (whether before or after judgment, liquidation, winding up or administration of the Guarantor) at the rate and in the manner specified in the Credit Agreement.

20.2 Indemnity

The Guarantor shall indemnify the Agent, each Credit Party, each Receiver and each Delegate, and their respective employees and agents, on a full indemnity basis against any cost, charge, expense, tax, loss, liability or damage incurred by any of them as a result of:

20.2.1 the exercise or purported exercise of any of the rights, powers, authorities or discretions vested in them under this deed or by law in respect of the Secured Assets;

20.2.2 taking, holding, protecting, perfecting, preserving or enforcing (or attempting to do so) the security constituted by this Deed; or

20.2.3 any default or delay by the Guarantor in performing any of its obligations under this Deed.

Any past or present employee or agent may enforce the terms of this clause 20.2 subject to and in accordance with the provisions of the Contracts (Rights of Third Parties) Act 1999.

21 FURTHER ASSURANCE

21.1 Further assurance

The Guarantor shall, at its own expense, take whatever action the Agent or any Receiver may reasonably require for:

21.1.1 creating, perfecting or protecting the security intended to be created by this Deed;

21.1.2 facilitating the realisation of any Secured Asset; or

21.1.3 facilitating the exercise of any right, power, authority or discretion exercisable by the Agent or any Receiver in respect of any Secured Asset,

including, without limitation (if the Agent or Receiver thinks it expedient) the execution of any transfer, conveyance, assignment or assurance of all or any of the assets forming part of (or intended to form part of) the Secured Assets (whether to the Agent or to its nominee) and the giving of any notice, order or direction and the making of any registration.

22 POWER OF ATTORNEY**22.1 Appointment of attorneys**

By way of security, the Guarantor irrevocably appoints the Agent, every Receiver and every Delegate separately to be the attorney of the Guarantor and, in its name, on its behalf and as its act and deed, to execute any documents and do any acts and things that:

22.1.1 the Guarantor is required to execute and do under this Deed; or

22.1.2 any attorney deems proper or desirable in exercising any of the rights, powers, authorities and discretions conferred by this Deed or by law on the Agent, any Receiver or any Delegate.

22.2 Ratification of acts of attorneys

The Guarantor ratifies and confirms, and agrees to ratify and confirm, anything that any of its attorneys may do in the proper and lawful exercise, or purported exercise, of all or any of the rights, powers, authorities and discretions referred to in clause 22.1.

23 RELEASE

Subject to clause 25.3, on the expiry of the Security Period (but not otherwise), the Agent shall, at the request and cost of the Guarantor, take whatever action is necessary to:

23.1.1 release the Secured Assets from the security constituted by this Deed; and

23.1.2 reassign the Secured Assets to the Guarantor.

24 ASSIGNMENT AND TRANSFER**24.1 Assignment by Agent**

24.1.1 At any time, without the consent of the Guarantor, the Agent, for its own benefit or for the benefit of any of the Credit Parties, may assign or transfer the whole or any part of the respective rights of the Agent or any Credit Party and/or their obligations under this Deed to any person.

24.1.2 The Agent may disclose to any actual or proposed assignee or transferee any information about the Guarantor, the Secured Assets and this Deed that the Agent considers appropriate.

24.2 Assignment by Guarantor

The Guarantor may not assign any of its rights, or transfer any of its obligations, under this Deed, or enter into any transaction that would result in any of those rights or obligations passing to another person.

25 FURTHER PROVISIONS**25.1 Independent security**

This Deed shall be in addition to, and independent of, any other security or guarantee that the Agent or any Credit Party may hold for any of the Secured Liabilities at any time. No prior security held by the Agent or any Credit Party over the whole or any part of the Secured Assets shall merge in the security created by this Deed.

25.2 Continuing security

This Deed shall remain in full force and effect as a continuing security for the Secured Liabilities, despite any settlement of account, or intermediate payment, or other matter or thing, unless and until the Agent discharges this Deed in writing.

25.3 Discharge conditional

Any release, discharge or settlement between the Guarantor and the Agent shall be deemed conditional on no payment or security received by the Agent in respect of the Secured Liabilities being avoided, reduced or ordered to be refunded pursuant to any law relating to insolvency, bankruptcy, winding-up, administration, receivership or otherwise. Despite any such release, discharge or settlement:

25.3.1 the Agent or its nominee may retain this Deed and the security created by or pursuant to it, including all certificates and documents relating to the whole or any part of the Secured Assets, for any period that the Agent deems necessary to provide the Agent with security against any such avoidance, reduction or order for refund; and

25.3.2 the Agent may recover the value or amount of such security or payment from the Guarantor subsequently as if the release, discharge or settlement had not occurred.

25.4 Certificates

A certificate or determination by the Agent as to any amount for the time being due to it from the Guarantor under this Deed and the Credit Agreement shall be, in the absence of any manifest error, conclusive evidence of the amount due.

25.5 Rights cumulative

The rights and remedies of the Agent and the Credit Parties conferred by this Deed are cumulative, may be exercised as often as the Agent considers appropriate, and are in addition to its rights and remedies under the general law.

25.6 Variations and waivers

Any waiver or variation of any right or remedy by the Agent (whether arising under this deed or under the general law), or any consent given under this Deed, is only be effective if it is in writing and signed by the waiving, varying or consenting party, and applies only in the circumstances for which it was given, and shall not prevent the party giving it from subsequently relying on the relevant provision.

EXECUTION VERSION

25.7 Further exercise of rights

No act or course of conduct or negotiation by, or on behalf of, the Agent shall, in any way, preclude the Agent or any Credit Party from exercising any right or remedy under this Deed or constitute a suspension or variation of any such right or remedy.

25.8 Delay

No delay or failure to exercise any right or remedy under this Deed shall operate as a waiver of that right or remedy or constitute an election to affirm this Deed. No election to affirm this Deed on the part of the Agent shall be effective unless it is in writing.

25.9 Single or partial exercise

No single or partial exercise of any right or remedy under this Deed shall prevent any further or other exercise of that right or remedy, or the exercise of any other right or remedy under this Deed.

25.10 Consolidation

The restriction on the right of consolidation contained in section 93 of the LPA 1925 shall not apply to this Deed.

25.11 Partial invalidity

The invalidity, unenforceability or illegality of any provision (or part of a provision) of this Deed under the laws of any jurisdiction shall not affect the validity, enforceability or legality of the other provisions. If any invalid, unenforceable or illegal provision would be valid, enforceable or legal if some part of it were deleted, the provision shall apply with any modification necessary to give effect to the commercial intention of the parties.

25.12 Counterparts

This Deed may be executed and delivered in any number of counterparts, each of which is an original and which together have the same effect as if each party had signed the same document.

26 NOTICES

26.1 Service

Each notice or other communication required to be given under, or in connection with, this Deed shall be:

26.1.1 in writing, delivered personally or sent by pre-paid first-class letter or fax; and

26.1.2 sent:

(a) to the Guarantor at:

EXECUTION VERSION

Unit 10, Building 2, Canonbury Business Centre
 190a New North Road
 London
 N1 7BJ
 United Kingdom
 Fax: 1-905-660-0803
 Attention: Joseph Shilon

(b) to the Agent at:

197, First Avenue,
 Suite 250
 Needham Heights
 Boston, MA 02494-28146
 United States of America
 Fax: +1 781 459 0058
 Attention: Danielle Prentis

or to any other address or fax number as is notified in writing by one party to the other from time to time.

26.2 Receipt by Guarantor

Any notice or other communication that the Agent gives shall be deemed to have been received:

26.2.1 if sent by fax, when received in legible form;

26.2.2 if given by hand, at the time of actual delivery; and

26.2.3 if posted, on the second Business Day after the day it was sent by pre-paid first-class post.

A notice or other communication given as described in clause 26.2.1 or clause 26.2.2 on a day that is not a Business Day, or after normal business hours, in the place it is received, shall be deemed to have been received on the next Business Day.

26.3 Receipt by Agent

Any notice or other communication given to the Agent shall be deemed to have been received only on actual receipt.

27 GOVERNING LAW AND JURISDICTION

27.1 Governing law

This Deed and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with the law of England and Wales.

27.2 Jurisdiction

EXECUTION VERSION

The parties to this Deed irrevocably agree that, subject as provided below, the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim that arises out of, or in connection with, this Deed or its subject matter or formation (including non-contractual disputes or claims). Nothing in this clause shall limit the right of the Agent, for its own benefit or for the benefit of the Credit Parties, to take proceedings against the Guarantor in any other court of competent jurisdiction, nor shall the taking of proceedings in any one or more jurisdictions preclude the taking of proceedings in any other jurisdictions, whether concurrently or not, to the extent permitted by the law of that other jurisdiction.

27.3 Other service

The Guarantor irrevocably consents to any process in any proceedings under clause 27.2 being served on it in accordance with the provisions of this Deed relating to service of notices. Nothing contained in this Deed shall affect the right to serve process in any other manner permitted by law.

This document has been executed as a deed and is delivered and takes effect on the date stated at the beginning of it.

EXECUTION VERSION

SCHEDULE 1

PROPERTY

Part 1. Registered Property

NONE AS AT THE DATE HEREOF

Part 2. Unregistered Property

NONE AS AT THE DATE HEREOF

SCHEDULE 2
RELEVANT AGREEMENTS

Type of contract: Group of Accounts Agreement

Date: December 8, 2008

Parties: J.S.N. Jewellery UK Limited and National Westminster Bank Plc

Type of contract: Invoice Discounting Agreement

Date: Undated

Parties: J.S.N. Jewellery UK Limited and Royal Bank of Scotland Commercial Services Limited

Type of contract: Lease Agreement

Date: February 2, 2005

Parties: J.S.N. Jewellery UK Limited and Canonbury Limited

EXECUTION VERSION

EXECUTED and delivered as a deed by)
J.S.N. JEWELLERY UK LIMITED)
acting by one director)
in the presence of a witness)

.....
Director

Witness signature:

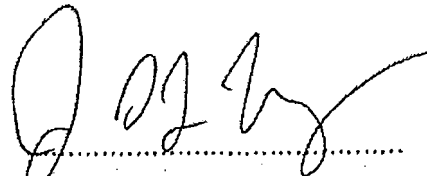
Witness name:

Witness address:

.....

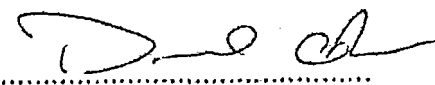
Witness occupation:

EXECUTED and delivered as a deed)
by and on behalf of)
SALUS CAPITAL PARTNERS, LLC)
acting by two authorised representatives)



Name: Jonas D.L. McCray

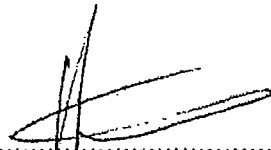
Title: Senior Vice President



Name: Daniel F. O'Rourke

Title: Senior Vice President

EXECUTED and delivered as a deed by)
J.S.N. JEWELLERY UK LIMITED)
acting by one director)
in the presence of a witness)


.....
Director

Witness signature: T. Selah.....

Witness name: PAUL SELAH.....

Witness address: 28 TUDOR CLIFF.....
WOODFORD GREEN ESSEX IG8 0LF

Witness occupation: CHIEF FINANCIAL OFFICER.....

EXECUTED and delivered as a deed)
by and on behalf of)
SALUS CAPITAL PARTNERS, LLC)
acting by two authorised representatives)

.....
Name:

Title:

.....
Name:

Title:

SALUS CAPITAL PARTNERS, LLC
Applicant

and

J.S.N. JEWELLERY INC. et al.
Respondents
Court File No. CV-16-011478-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST
Proceedings commenced at Toronto

APPLICATION RECORD
(returnable August 11, 2016)
(VOLUME I OF II)

AIRD & BERLIS LLP
Barristers and Solicitors
Brookfield Place
181 Bay Street, Suite 1800
Toronto, ON M5J 2T9

Sam Babe (LSUC # 49498B)
Tel: 416.865.7718
Fax: 416.863.1515
Email: sbabe@airdberlis.com

Miranda Spence (LSUC #60621M)
Tel: 416-865-3414
Fax: 416.863.1515
Email: mspence@airdberlis.com

Lawyers for the Applicant, Salus Capital Partners, LLC