

Court File No.: CV-25-00001158-0000

ONTARIO
SUPERIOR COURT OF JUSTICE

BETWEEN:

BANK OF MONTREAL

Applicant

- and -

ADVANTAGE MACHINE & TOOL INC.

Respondent

APPLICATION UNDER Section 243 of the Bankruptcy and Insolvency Act, R.S.C 1985, c. B-3,
and Section 101 of the Courts of Justice Act, R.S.O. 1990, c. C.43.

APPLICATION RECORD

CHAITONS LLP

5000 Yonge Street, 10th Floor
Toronto, ON M2N 7E9

Christopher J. Staples (LSUC #31302R)

Tel: 416-218-1147

chris@chaitons.com

Lawyers for the Applicant

TO: ADVANTAGE MACHINE & TOOL INC.

155 Huron Road W.
Mitchell, ON N0K 1N0

Respondent

ONTARIO
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APPLICATION UNDER Section 243 of the *Bankruptcy and Insolvency Act*, R.S.C 1985, c. B-3, and
Section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43.

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:

☐ In person☐ By telephone conference☒ **BY VIDEO CONFERENCE**

at the following location:

85 Frederick St, Kitchener, Ontario on Thursday, the 24th day of July, 2025 at 10:00am.

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.

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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, where 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 four 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: July 9 , 2025

Issued by: **Shelley L Chornaby**
Digitally signed by Shelley L Chornaby
 DN: c=ca, st=on, o=Government of Ontario, ou=People, serialNumber=DSAP533955, cn=Shelley L Chornaby
 Date: 2025.07.09 10:11:19 -04'00'
 Local Registrar

Address of Court Office:
 85 Frederick Street
 Kitchener, Ontario N2H 0A

TO: ADVANTAGE MACHINE & TOOL INC.
 155 Huron Road W.
 Mitchell, ON
 N0K 1N0

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APPLICATION

1. The Applicant (“**BMO**” or the “**Bank**”) makes application for:
 - (a) An order appointing msi Spergel inc. as receiver, without security, of the property, assets and undertaking of the respondent, Advantage Machine & Tool Inc. (“**Advantage**” or the “**Company**”); and
 - (b) Such further and other relief as this Court may deem just.

THE GROUNDS FOR THE APPLICATION are as follows:

1. Advantage carries on business as an engineering, integration and manufacturing service provider, producing tools, dies, jigs, fixtures and providing custom machining, welding and light services, as well as equipment repairs. Its clients include automotive, medical and food processing companies in Southwestern Ontario and the United States. The company owns and operates out of an 11,000 square foot manufacturing facility located at 155 Huron Road, Mitchell, Ontario (the “**Facility**”).
2. By letter of agreement – amendment and restatement dated March 13, 2023 as amended by agreement dated May 22, 2024 (together the “**LOA**”), the Bank authorized loan facilities to Advantage, including the following:
 - (a) a demand non-revolving loan facility in a maximum amount of \$500,000 bearing interest at the Bank’s prime rate plus 2.00%, to term out certain existing debt;

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- (b) a series of demand non-revolving loans not to exceed in aggregate the principal amount of \$265,834.09 bearing interest at the Bank's prime rate plus 2.00%, to be used as asset and capital financing;
 - (c) a demand non-revolving loan facility in the amount of \$1,379,400.40 bearing interest at the Bank's prime rate plus 2.00%, for real estate financing of the Facility;
 - (d) a demand non-revolving loan facility in the amount of \$587,500.00 bearing interest at the Bank's prime rate plus 2.00%, to be used as asset and capital financing;
 - (e) a demand revolving operating loan in a maximum amount of \$1,300,000 bearing interest at the Bank's prime rate plus 2.00%, to be used for general operating purposes (the "**Operating Loan**"); and
 - (a) a corporate MasterCard authorized in the amount of \$50,000.
3. The indebtedness of Advantage to the Bank is secured by, among other security:
- (b) a general security agreement from Advantage to the Bank dated January 7, 2022 registered in accordance with the provisions of the *Personal Property Security Act* (the "**GSA**"); and
 - (a) a demand mortgage over the Facility to the Bank in the principal amount of \$2,550,000 registered on January 7, 2022 as instrument no. PC198948 (the "**Mortgage**").

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4. Enforcement of BMO's rights under each of the GSA and the Mortgage includes the right to appoint a receiver and to apply to the Court for the appointment of a receiver.

5. In June 2024 the Bank conducted its annual review of the Advantage business and accounts which revealed the following breaches of the LOA and concerns of the Bank:

- (a) The Bank had not received accountant prepared financial statements for the fiscal year 2023, which were required as a term of the LOA and were now overdue;
- (b) The Bank became aware for the first time that Advantage was in significant arrears of its employee source deduction remittances to Canada Revenue Agency (CRA);
- (c) Advantage's debt service coverage ratio was significantly in default, being approximately 0.07, as opposed to the required ratio under the LOA of greater than or equal to 1.25;
- (d) The Operating Loan was consistently at the top of its authorized limit, leaving little or no funds available to address financial difficulties that Advantage was experiencing; and
- (e) It became evident that Advantage's principal, Cengiz Fehmi ("**Fehmi**") was inexperienced and unable to cope with Advantage's situation. It was learned that he works another full-time job and was reliant on the previous owner, David McCarthy ("**McCarthy**"), who had agreed to stay on for a period of time. No plan to remedy the defaults under the LOA was presented to the Bank by Fehmi.

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6. Advantage's situation has since deteriorated, in part as follows:

- (a) On April 11, 2025 a writ of seizure and sale was issued in favour of the Ontario Ministry of Finance for a judgment in the amount of \$81,661.26. The Bank was not made aware of any proceeding by the Ministry of Finance or the basis for the claim;
- (b) McCarthy, who is also a secured creditor based on take-back financing to Fehmi on the sale of the business;
 - (i) was put in the position of operating the business as Fehmi ceded control of and absented himself, advising he would no longer be involved. McCarthy became an authorized signatory and assumed control of day-to-day operations;
 - (ii) was at the same time seeking potential buyers or investors for the assets/business, without success;
 - (iii) was advancing his own funds to the Company to supplement cash flow for operations as the Operating Loan continued to revolve at the top of its authorized limit;
- (c) On April 25, 2025 the Bank was provided with a copy of an online statement of outstanding payroll deduction arrears for Advantage, showing an arrears balance of \$2,007,607, much more than the Bank had been led to believe was the case.

7. Given the deteriorating situation, on May 1, 2025 the Bank issued demand against Advantage for the balance then due under the loans described above, totalling \$3,492,759. With the demand, the Bank also issued notice of its intention to enforce the Bank's security.

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8. The Bank seeks the appointment of a receiver to protect its security under the GSA and the Mortgage and to assess the best course of action for the Company's business going forward. A receiver will be able to determine whether a going concern sale of the business is viable and in the interests of interested parties.

9. It is just and convenient for the Court to appoint a receiver.

10. The Bank relies on s. 243 of the *BIA* and s. 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43.

11. Such further and other grounds as counsel may advise and this Honourable Court may permit.

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

1. Affidavit of Dave Coutts sworn June 27, 2025; and
2. Such further and other evidence as the applicant may submit and this Honourable Court accepts.

Date: July , 2025

CHAITONS LLP
5000 Yonge Street, 10th Floor
Toronto, Ontario, M2N 7E9

Christopher J. Staples (LSUC #31302R)
Tel. (416) 218-1147
chris@chaitons.com

Lawyers for the Applicant

BANK OF MONTREAL

Applicant

and

ADVANTAGE MACHINE & TOOL INC.

Respondent

Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE**

Proceedings commenced at KITCHENER

NOTICE OF APPLICATION

CHAITONS LLP
5000 Yonge Street, 10th Floor
Toronto, ON M2N 7E9

Christopher J. Staples (LSUC #31302R)
Tel: 416-218-1147
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Lawyers for the Applicant

Court File No. CV-25-

-0000

ONTARIO
SUPERIOR COURT OF JUSTICE

BETWEEN:

BANK OF MONTREAL

- and -

Applicant

ADVANTAGE MACHINE & TOOL INC.

Respondent

AFFIDAVIT OF DAVE COUTTS

I, DAVE COUTTS, of the Town of Aurora, in the Province of Ontario, **MAKE OATH**
AND SAY:

1. I am an Account Manager with the Special Accounts Management Unit (“**SAMU**”) of Bank of Montreal (“**BMO**” or the “**Bank**”) and have carriage of BMO’s accounts and loans with the respondent corporation, Advantage Machine & Tool Inc. (“**Advantage**”). As such, I have knowledge of the matters to which I depose in this affidavit. To the extent that I have relied on information from others, I have stated the source of such information and believe that information to be true.

2. This affidavit is sworn in support of an application by the Bank for the appointment of a receiver over the assets, property and undertaking of Advantage.

Background

3. Advantage was founded in 1992 and carries on business as an engineering, integration and manufacturing service provider, producing tools, dies, jigs, fixtures and providing custom machining, welding and light services, as well as equipment repairs. Its clients include automotive, medical and food processing companies in Southwestern Ontario and the United States. A true copy of the corporate profile report for Advantage is attached hereto as **Exhibit “A”**.

4. The company owns and operates out of an 11,000 square foot manufacturing facility located at 155 Huron Road, Mitchell, Ontario (the “**Facility**”) and rents or rented two other warehouses nearby.

Loan Facilities

5. The Bank became involved with Advantage as a lender with the purchase of the company by Cengiz Fehmi, in 2021.

6. By letter of agreement – amendment and restatement dated March 13, 2023 as amended by agreement dated May 22, 2024 (together the “**LOA**”), true copies of which are attached hereto collectively as **Exhibit “B”**, the Bank authorized loan facilities to Advantage, including the following:

- (a) a demand non-revolving loan facility in a maximum amount of \$500,000 bearing interest at the Bank’s prime rate plus 2.00%, to term out certain existing debt;

- (b) a series of demand non-revolving loans not to exceed in aggregate the principal amount of \$265,834.09 bearing interest at the Bank's prime rate plus 2.00%, to be used as asset and capital financing;
 - (c) a demand non-revolving loan facility in the amount of \$1,379,400.40 bearing interest at the Bank's prime rate plus 2.00%, for real estate financing of the Facility;
 - (d) a demand non-revolving loan facility in the amount of \$587,500.00 bearing interest at the Bank's prime rate plus 2.00%, to be used as asset and capital financing;
 - (e) a demand revolving operating loan in a maximum amount of \$1,300,000 bearing interest at the Bank's prime rate plus 2.00%, to be used for general operating purposes (the "**Operating Loan**"). The Operating Loan acts as an overdraft facility on Advantage's operating bank account with BMO; and
 - (f) a corporate MasterCard authorized in the amount of \$50,000.
7. Among other conditions, advances under the loan facilities above are conditional on:
- (a) maintaining a debt service coverage ratio of greater than or equal to 1.25 (the "**DSC Covenant**")¹;
 - (b) payment of all taxes when due (including without limitation, corporate, GST, HST, sales tax and withholding); and

¹ The debt service coverage ratio being defined as net income after taxes plus interest, depreciation and amortization divided by long term debt, interest and dividends

- (c) no change of control of ownership without the prior written consent of the Bank.

8. In addition, Advantage was required to provide to the Bank within 180 days of fiscal year end its accountant prepared financial statements.

9. The Restated LOA also provides as follows:

In accepting this agreement you acknowledge that if, in the opinion of BMO, a material adverse change in risk occurs including, without limitation, any material adverse change in the financial condition, business, property or prospects of the Borrower or any Guarantor, the rights and remedies of BMO, or the ability of the Borrower or any Guarantor to perform its Obligations to BMO, any obligation to advance some or all of the above Facilities may be withdrawn or cancelled.

Security

10. The indebtedness of Advantage to the Bank is secured by a mortgage over the Facility to the Bank in an original principal amount of \$1,875,000 registered on January 7, 2022 as instrument no. PC198948 (the “**Mortgage**”). The Mortgage is due on demand. A true copy of the Mortgage with incorporated standard charge terms is attached hereto as **Exhibit “C”**. A true copy of the parcel register for the Facility is attached hereto as **Exhibit “D”**.

11. The Mortgage was amended by mortgage amending agreement dated April 5, 2023 amending the principal amount of the Mortgage to \$2,550,000. This amendment was registered on title to the Facility by notice dated April 5, 2025 as instrument no. PC212656. A true copy of this notice is attached hereto as **Exhibit “E”**.

12. The Bank is the only party with a secured interest against the Facility.

13. The indebtedness of Advantage is further secured by a general security agreement from Advantage to the Bank dated January 7, 2022 registered in accordance with the provisions of the *PPSA* (the “**GSA**”). A true copy of the GSA is attached hereto as **Exhibit “F”**. A true copy of a *PPSA* certificate showing the registration of the GSA is attached hereto as **Exhibit “G”**. The registered parties, in order of registration, are as follows:

<u>Secured Creditor</u>	<u>Collateral Description</u>
ULT Canada In.	none
Fifth Third Bank	inventory, equipment – lease #3000030-0001 for new 2016 Tsugami B0385A Machining Centre
Wells Fargo Bank, National Association	Accounts, other – factoring agreement/purchase of receivables
De Lage Landen Financial Services Canada Inc.	Equipment, accounts, other, motor vehicle – 2021 Okuna/Genos M560-V
Bank of Montreal	Inventory, equipment, accounts, other, motor vehicle (the GSA)
David Lloyd McCarthy	Inventory, equipment, accounts, other
De Lage Landen Financial Services Canada Inc.	Equipment, accounts, other, – 2022 Okuna/LT 2000 Ex-BB-2T2M/5N1228277
Wells Fargo Equipment Finance Company	equipment, motor vehicle - 022 Okuma LT2000 EX-2T2MY S/N 5N1.227016
Bank of Montreal	Accounts, other – assignment of rents
Concentra Equipment Finance / Bennington Financial Corp.	inventory, other, motor vehicle

Minister of Finance (collections branch)	Inventory, equipment, accounts, other, motor vehicle
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Right to Appointment of a Receiver

14. Among other remedies, enforcement of BMO's rights under the Mortgage includes the right to appoint a receiver and to apply to the Court for the appointment of a receiver (Section K to the standard charge terms).

15. Among other remedies, enforcement of BMO's rights under the GSA includes the right to appoint a receiver and to apply to the Court for the appointment of a receiver (paragraph 10). Default includes breach of any obligation to BMO (paragraph 9).

Default and Demand

16. In June 2024 the Bank conducted its annual review of the Advantage business and accounts. The Bank had not received accountant prepared financial statement for the fiscal year 2023, which were now overdue. As a result, we only had available in-house statements prepared by Advantage. These statements were deficient, in that they did not include certain line items, such as amortization, taxes and interest.

17. At the time of this review, the Bank became aware for the first time that Advantage was in significant arrears of its employee source deduction remittances to Canada Revenue Agency (CRA) and that CRA had issued garnishments for same.

18. These source deduction arrears were not reflected in the in-house financial statements provided to the Bank by Advantage so were unknown to the Bank until this review. We were eventually provided with an April 9, 2024 year-to-date statement of source deductions showing a balance due to that date of \$281,525.39. This was on top of what we understood to be arrears predating 2024. Generally, source deductions have priority over secured debt of the company. A true copy of the source deduction statement dated April 19, 2024 is attached hereto as **Exhibit “H”**.

19. Of course the failure to pay source deductions constitutes default under the LOA.

20. We were also provided with an April 17, 2024 notice of assessment from CRA that showed an arrears for income taxes for Advantage of \$1,262,766.48 plus interest and penalties and a requirement that a total balance of \$1,507,181.09 be paid right away. A true copy of this notice of assessment is attached hereto as **Exhibit “I”**.

21. In addition, even based on the in-house financial statements provided, and taking into consideration the source deduction arrears, the DSC Covenant was significantly in default, being approximately 0.07, as opposed to the required ratio of greater than or equal to 1.25. This constitutes further default under the LOA.

22. It was evident that the failure to make source deduction remittances was a result of Advantage being short on cash. The Operating Loan was consistently at the top of its authorized limit, leaving little or no funds available to address financial difficulties that Advantage was clearly experiencing.

23. It also became evident to the Bank that Mr. Fehmi was inexperienced and unable to cope with the current situation. It was learned that he works another full-time job and was reliant on the previous owner, who had agreed to stay on for a period of time. No plan to remedy the defaults under the LOA was presented to the Bank by Mr. Fehmi.

24. The defaults noted above and the apparent lack of a plan to address them also constitute material adverse changes in the financial condition, business, property or prospects of Advantage, the rights and remedies of BMO, and the ability of Advantage to perform its obligations to BMO.

25. Given these defaults and the lack of a plan to address same, the Advantage accounts were downgraded and transferred to SAMU for management in or about July, 2024. SAMU deals with high-risk accounts in default.

26. Advantage's situation has deteriorated since its transfer to SAMU, in part as follows:

- (a) On April 11, 2025 a writ of seizure and sale was issued in favour of the Ontario Ministry of Finance for a judgment in the amount of \$81,661.26. A true copy of the writ report for this writ is attached hereto as **Exhibit "J"**. The Bank was not made aware of any proceeding by the Ministry of Finance or the basis for the claim;
- (b) David McCarthy ("McCarthy"), the previous owner of Advantage and a secured creditor based on take-back financing to Mr. Fehmi on the sale of the business;
 - (i) was put in the position of operating the business as Mr. Fehmi ceded control of and absented himself from the business advising he would no longer be involved. McCarthy became an authorized signatory and assumed control of day to day operations.
 - (ii) at the same time was seeking potential buyers or investors for the assets/business, without success;
 - (iii) was advancing his own funds to the company to supplement cash flow for operations as the Operating Loan continued to revolve at the top of its authorized limit.

- (c) On April 25, 2025 we were provided with a copy of an online statement of outstanding payroll deduction arrears for Advantage, showing an arrears balance of \$2,007,607, much more than the Bank had been led to believe was the case. A true copy of this statement is attached hereto as **Exhibit “K”**.

27. Given the deteriorating situation, on May 1, 2025 the Bank, by its lawyers, issued demand against Advantage for the balance then due under the loans described above, totalling \$3,492,759. With the demand, the Bank also issued notice of its intention to enforce the Bank’s security. True copies of the demand and enclosed notice are attached hereto together as **Exhibit “L”**.

BMO’s Request for the Appointment of a Receiver

28. Given the ongoing financial difficulties encountered by Advantage, the Bank is of the opinion that it is now time to seek the appointment of a receiver. The Bank has made demand and Advantage is unable to repay the balance of its indebtedness. Advantage is in breach of the LOA. The Bank seeks a court appointment of a receiver to protect its security and to assess the best course of action for the business going forward.

29. A receiver will be able to assess the viability of the business, deal with customers and creditors of Advantage and, if operations are to continue, will ensure that such is done in accordance with applicable laws and regulations.

30. It is the Bank's view that a court appointed receiver is necessary to ensure that a receiver has all of the authority and protections of a court order to enable it to properly carry out its duties, in particular to put in place a sale process or liquidation with court oversight to either sell the business as a going concern or, if the Receiver deems it appropriate, to sell the Facility and any other assets of Advantage.

SWORN BEFORE ME VIA
VIDEOCONFERENCE, the affiant
and the Commissioner both being located
in the City of Toronto, in the Province
of Ontario on June 27, 2025



Christopher Staples
LSO #31320R
A Commissioner, etc.



Dave Coutts

This is Exhibit "A" to the Affidavit of Dave Coutts
sworn on June 27, 2025

A handwritten signature in cursive script, appearing to read "A. Staples".

A Commissioner for the taking of affidavits, etc.



Ministry of Public and
Business Service Delivery

Profile Report

ADVANTAGE MACHINE & TOOL INC. as of April 23, 2025

Act	Business Corporations Act
Type	Ontario Business Corporation
Name	ADVANTAGE MACHINE & TOOL INC.
Ontario Corporation Number (OCN)	1000080650
Governing Jurisdiction	Canada - Ontario
Status	Active
Date of Amalgamation	January 12, 2022
Registered or Head Office Address	155 Huron Road West, Mitchell, Ontario, N0K 1N0, Canada

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Minimum Number of Directors 1
Maximum Number of Directors 10

Active Director(s)

Name CENGIZ HALIL FEHMI
Address for Service 1238 Schraeder Street, London, Ontario, N6K 4X6, Canada
Resident Canadian Yes
Date Began January 12, 2022

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Active Officer(s)**Name****Position****Address for Service****Date Began**

CENGIZ HALIL FEHMI

President

1238 Schraeder Street, London, Ontario, N6K 4X6, Canada

January 12, 2022

Name**Position****Address for Service****Date Began**

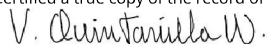
CENGIZ HALIL FEHMI

Secretary

1238 Schraeder Street, London, Ontario, N6K 4X6, Canada

January 12, 2022

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.



Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Corporate Name History

Name

Effective Date

ADVANTAGE MACHINE & TOOL INC.

January 12, 2022

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Additional historical information may exist in paper or microfiche format.

Amalgamating Corporations**Corporation Name****Ontario Corporation Number**

ADVANTAGE MACHINE & TOOL INC.

1162024

Corporation Name**Ontario Corporation Number**

2302544 ONTARIO INC.

2302544

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Active Business Names

This corporation does not have any active business names registered under the Business Names Act in Ontario.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Expired or Cancelled Business Names

This corporation does not have any expired or cancelled business names registered under the Business Names Act in Ontario.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Document List

Filing Name	Effective Date
Annual Return - 2023 PAF: CENGIZ HALIL FEHMI	September 16, 2024
Annual Return - 2022 PAF: CENGIZ HALIL FEHMI	September 16, 2024
CIA - Initial Return PAF: Cengiz Halil FEHMI	January 13, 2022
BCA - Articles of Amalgamation	January 12, 2022

All "PAF" (person authorizing filing) information is displayed exactly as recorded in the Ontario Business Registry. Where PAF is not shown against a document, the information has not been recorded in the Ontario Business Registry.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

This is Exhibit "B" to the Affidavit of Dave Coutts
sworn on June 27, 2025

A handwritten signature in black ink, appearing to read "A. Staples". The signature is written in a cursive, flowing style.

A Commissioner for the taking of affidavits, etc.

Letter of Agreement – Amendment & Restatement



270 DUNDAS ST,
LONDON, ON N6A 1H3

March 13, 2023

ADVANTAGE MACHINE & TOOL INC.
155 HURON RD W,
MITCHELL, ONTARIO N0K 1N0

Attention: CENGIZ FEHMI

LETTER OF AGREEMENT – AMENDMENT & RESTATEMENT

Bank of Montreal (together with BMO Harris Bank N.A. and Bank of Montreal's other affiliates and their respective successors who are owed any present or future debts, liabilities or obligations by the Borrower, collectively "BMO") is pleased to provide this amended and restated Letter of Agreement with respect to the credit Facilities (each a "Facility" and collectively, the "Facilities") described herein. The letter (the "Letter of Agreement") amends and restates the existing Letter of Agreement dated October 17th, 2022 (the "Prior Letter"). The Facilities are offered (or continue to be offered, as applicable) on the terms and conditions set out in this Letter of Agreement. The Schedules listed below and attached form part of this Letter of Agreement. Capitalised terms used but not defined have the meanings ascribed to them in Schedule E.

Notwithstanding any other provision of this Letter of Agreement or in any applicable agreements:

- (1) the Facilities are uncommitted and any Advance under any Facility will be made at BMO's sole discretion. Any unutilized portion of any Facility may be cancelled by BMO at any time without prior notice; and
- (2) each Facility and all other amounts owing under or in connection with this Letter of Agreement are repayable on demand.

Borrower:	ADVANTAGE MACHINE & TOOL INC. (the "Borrower")
Guarantor:	CENGIZ FEHMI (the "Guarantor")
Total Facility Limit:	The total approved amount of all facilities shall not exceed \$4,082,734.49 at any time. (Balance as of February 26 th , 2023)



Your Product Summary

Facility/ Facilities:

Facility No#	Product Type	Authorized Amount	Currency
1	Real Estate Facility - Shared limit/Multi-product/Multi-draw	\$500,000.00	CAD
2	Non-Revolving Facility - Shared limit/Multi-product/Multi-draw	\$265,834.09	CAD
3	Real Estate Facility - Shared limit/Multi-product/Multi-draw	\$1,379,400.40	CAD
4	Non-Revolving Facility - Shared limit/Multi-product/Multi-draw	\$587,500.00	CAD
5	Revolving Facility - Shared limit/Multi-product/Multi-draw	\$1,300,000.00	CAD
6	BMO Corporate MasterCard	\$50,000.00	CAD

Your Product Details

Real Estate Facility - Shared limit/Multi-product/Multi-draw

Facility # 1 - New	
Facility Authorization:	\$500,000.00 CAD
Current Advanced Amount:	\$0.00 CAD
Available Amount:	\$500,000.00 CAD
Type of Loan:	Real Estate Financing
Purpose:	To term out a portion of ODL including pay back costs associated with new addition to the building
Maximum Amortization:	240 months
Advance Options (each a "Loan" and collectively the "Loans")	Additional Details
Demand Loan	Interest Rate: Prime Rate plus 0.50% per annum. Interest is calculated monthly in arrears, and payable Monthly. The Prime Rate in effect as of March 09, 2023 is 6.7%.



Your Product Summary

Non Revolving	<p>Repayment Terms: Repayable on demand, provided that until demand is made by BMO:</p> <p>Blended monthly payments comprising principal and interest to be paid in arrears, on the last day of each month. The amount of the payment will be initially determined based on the Loan amount, amortization and the interest rate in effect at the time of the Advance. Subject to review at BMO's sole discretion.</p> <p>OR</p> <p>Equal Monthly principal payments and monthly interest, to be collected separately on the last day of each month. The amount of the payments will be determined based on the Loan amount, amortization, and the interest rate in effect at the time of the Advance, as applicable.</p> <p>Prepayments of principal in whole or in part are permitted, without penalty</p> <p>Other:</p>
<p>The aggregate of all outstanding Advances under this Facility shall at no time exceed the Facility Authorization for this Facility.</p> <p>Each Advance under this Facility shall be a separate Loan, shall be non-revolving and shall be permanently reduced by any repayments or payments by the Borrower.</p> <p>The Borrower shall give to BMO 5 Business Days notice with respect to any request for a Loan under this Facility.</p>	

Non-Revolving Facility - Shared limit/Multi-product/Multi-draw

Facility # 2 - Existing								
Facility Authorization:	\$265,834.09 CAD							
Current Advanced Amount:	\$265,834.09 CAD							
Available Amount:	\$0.00 CAD							
Type of Loan:	Asset and capital financing							
Purpose:	For general capital requirements							
Current Advances:	Product type	Account #	Current Balance	Payment Amount	Payment Type	Payment Frequency	Interest Rate	Maturity Date



Your Product Summary

	Demand Loan Non-Revolving	0348-6980-697	\$41,310.75	\$724.75	Principal Payment	Monthly	7.2%	N/A
	Demand Loan Non-Revolving	0348-6980-523	\$82,799.82	\$1,533.53	Principal Payment	Monthly	7.2%	N/A
	Demand Loan Non-Revolving	0348-6981-403	\$94,400.16	\$1,966.67	Principal Payment	Monthly	7.2%	N/A
	Demand Loan Non-Revolving	0348-6981-593	\$47,323.36	\$1,006.88	Principal Payment	Monthly	7.2%	N/A
Maximum Amortization:	60 months							
Advance Options (each a "Loan" and collectively the "Loans")	Additional Details							
Demand Loan Non-Revolving	<p>Interest Rate: Prime Rate plus 0.50% per annum. Interest is calculated monthly in arrears, and payable Monthly. The Prime Rate in effect as of March 09, 2023, is 6.7%.</p> <p>Repayment Terms: Repayable on demand, provided that until demand is made by BMO:</p> <p>Blended monthly payments comprising principal and interest to be paid in arrears, on the last day of each month. The amount of the payment will be initially determined based on the Loan amount, amortization, and the interest rate in effect at the time of the Advance. Subject to review at BMO's sole discretion.</p> <p>OR</p> <p>Equal Monthly principal payments and monthly interest, to be collected separately on the last day of each month. The amount of the payments will be determined based on the Loan amount, amortization, and the interest rate in effect at the time of the Advance, as applicable.</p> <p>Prepayments of principal in whole or in part are permitted, without penalty</p> <p>Other:</p>							
The aggregate of all outstanding Advances under this Facility shall at no time exceed the Facility Authorization for this Facility.								
Each Advance under this Facility shall be a separate Loan, shall be non-revolving and shall be permanently reduced by any								



Your Product Summary

repayments or payments by the Borrower.

The Borrower shall give to BMO 5 Business Days notice with respect to any request for a Loan under this Facility.

Real Estate Facility - Shared limit/multi-product/multi-draw

Facility # 3 - Existing								
Facility Authorization:	\$1,379,400.40 CAD							
Current Advanced Amount:	\$1,379,400.40 CAD							
Available Amount:	\$0.00 CAD							
Type of Loan:	Real Estate Financing							
Purpose:	For general capital requirements							
Draw Conditions:	Takeout amount to be capped at \$700,000 Amortization to be no greater than 300 months Updated AACI appraisal addressed to BMO confirming \$1875M upon completion for 155 Huron Rd, Mitchell ON., London. Funds to be submitted to solicitor in trust							
Current Advances:	Product type	Account #	Current Balance	Payment Amount	Payment Type	Payment Frequency	Interest Rate	Maturity Date
	Demand Loan Non-Revolving	0348-6981-606	\$1,379,400.40	\$9,869.08	Blended Payment	Monthly	7.20%	N/A
Maximum Amortization:	287 months							
Advance Options (each a "Loan" and collectively the "Loans")	Additional Details							
Demand Loan Non-Revolving	<p>Interest Rate: Prime Rate plus 0.50% per annum. Interest is calculated monthly in arrears, and payable Monthly. The Prime Rate in effect as of March 09, 2023, is 6.7%.</p> <p>Repayment Terms: Repayable on demand, provided that until demand is made by BMO:</p> <p>Blended monthly payments comprising principal and interest to be paid in arrears, on the last day of each month. The amount of the payment will be initially determined based on the Loan amount, amortization,</p>							



Your Product Summary

and the interest rate in effect at the time of the Advance. Subject to review at BMO's sole discretion.

OR

Equal Monthly principal payments and monthly interest, to be collected separately on the last day of each month. The amount of the payments will be determined based on the Loan amount, amortization, and the interest rate in effect at the time of the Advance, as applicable.

Prepayments of principal in whole or in part are permitted, without penalty

Other:

The aggregate of all outstanding Advances under this Facility shall at no time exceed the Facility Authorization for this Facility.

Each Advance under this Facility shall be a separate Loan, shall be non-revolving and shall be permanently reduced by any repayments or payments by the Borrower.

The Borrower shall give to BMO 5 Business Days notice with respect to any request for a Loan under this Facility.

Non-Revolving Facility - Shared limit/multi-product/multi-draw

Facility # 4 - Existing								
Facility Authorization:	\$587,500.00 CAD							
Current Advanced Amount:	\$587,500.00 CAD							
Available Amount:	\$0.00 CAD							
Type of Loan:	Asset and capital financing							
Purpose:	For general capital requirements							
Current Advances:	Product type	Account #	Current Balance	Payment Amount	Payment Type	Payment Frequency	Interest Rate	Maturity Date
	Demand Loan Non-Revolving	0348-6981-614	\$575,000.00	\$12,500.00	Principal Payment	Monthly	7.7%	N/A
Maximum Amortization:	47 months							



Your Product Summary

Advance Options (each a "Loan" and collectively the "Loans")	Additional Details
Demand Loan Non-Revolving	<p>Interest Rate: Prime Rate plus 1.00% per annum. Interest is calculated monthly in arrears, and payable Monthly. The Prime Rate in effect as of March 09, 2023, is 6.7%.</p> <p>Repayment Terms: Repayable on demand, provided that until demand is made by BMO:</p> <p>Blended monthly payments comprising principal and interest to be paid in arrears, on the last day of each month. The amount of the payment will be initially determined based on the Loan amount, amortization, and the interest rate in effect at the time of the Advance. Subject to review at BMO's sole discretion.</p> <p>OR</p> <p>Equal Monthly principal payments and monthly interest, to be collected separately on the last day of each month. The amount of the payments will be determined based on the Loan amount, amortization, and the interest rate in effect at the time of the Advance, as applicable.</p> <p>Prepayments of principal in whole or in part are permitted, without penalty</p> <p>Other:</p>
<p>The aggregate of all outstanding Advances under this Facility shall at no time exceed the Facility Authorization for this Facility.</p> <p>Each Advance under this Facility shall be a separate Loan, shall be non-revolving and shall be permanently reduced by any repayments or payments by the Borrower.</p> <p>The Borrower shall give to BMO 5 Business Days notice with respect to any request for a Loan under this Facility.</p>	

Revolving Facility - Shared limit/multi-product/multi-draw

Facility # 5 - New	
Facility Authorization:	\$1,300,000.00 CAD
Current Advanced Amount:	\$1,300,000.00 CAD
Available	\$0.00 CAD



Your Product Summary

Amount:								
Type of Loan:	Operating Facility							
Purpose:	For general operating requirements							
Current Advances:	Product type	Account #	Current Balance	Payment Amount	Payment Type	Payment Frequency	Interest Rate	Maturity Date
	Overdraft Lending Product - CDN or USD	3632-1973-270	\$1,447,020.42	\$0.00	N/A	Monthly	7.2%	N/A
Advance Options (each a "Loan" and collectively the "Loans")	Additional Details: Temporary bulge currently authorized in the amount of \$1,500,000 until March 31st, 2023. After March 31st, 2023, the authorization will be reduced to \$1,300,000.							
Letters of Credit/ Guarantee	<p>Cap (Amount): \$100,000.00 CAD</p> <p>Interest Rate: Draws will bear interest equal to the Prime Rate plus 0.50%, until actual payment in full.</p> <p>Repayment Terms: To be reduced and/or cancelled in normal course.</p> <p>Maximum Term: 12 months from date of issue.</p> <p>Drawdown Conditions: The Borrower may request the issuance of Letters of Credit, in a form reasonably acceptable to BMO, at any time and from time to time. Each Letter of Credit shall expire at or prior to the close of business on the date that is one year after the date of the issuance of such a Letter of Credit.</p> <p>Commissions and Fees: Advised based on specifics of request and Trade Finance client fee schedule.</p> <p>Terms & Conditions: Per Indemnity Agreement.</p> <p>Other:</p>							
Operating Demand Loan	<p>Interest Rate: Prime Rate plus 0.50% per annum. Interest is calculated monthly in arrears, and payable on the last day of each month. The Prime Rate in effect as of March 09, 2023, is 6.7%.</p> <p>Facility Fee: \$150.00 per month. This is the fee for the loan and does not include other account fees. Refer to our Better Banking Guide for other applicable fees.</p> <p>Repayment Terms: Repayable on demand</p> <p>Other Costs: BMO is not obliged to permit the Loan to exceed the Cap amount.</p>							



Your Product Summary

If the Loans exceed the Cap amount, the excess will bear interest at the Overdraft Rate, which is currently 21% per annum. BMO shall also be entitled to charge the Borrower a fee of 1% calculated on the amount of excess over the Cap amount or \$100, whichever is greater and a \$5 overdraft handling charge per item that creates or increases the excess.

The aggregate of all outstanding Advances under this Facility shall at no time exceed the Facility Authorization for this Facility.

Each Advance under this Facility shall be a separate Loan.

The Borrower shall give to BMO 5 Business Days notice with respect to any request for a Loan under this Facility or request to change the Cap amount of an Operating Demand Loan under this Facility.

The Borrower is permitted four account limit changes per month and a charge of \$150/ change will apply for additional limit changes.

BMO Corporate MasterCard

Facility # 6 - Existing

Facility Authorization:	\$50,000.00 CAD
Type of Loan:	Corporate Mastercard®
Purpose:	Operating Financing
Interest Rate:	As determined by Corporate MasterCard Agreement.
Repayments:	As determined by Corporate MasterCard Agreement.
Facility Fee:	As determined by Corporate MasterCard Agreement.
Â® MasterCard is a registered trademark of MasterCard International Incorporated. Used under license.	



Terms and Conditions

Conditions Precedent to Advances:

The Facility(ies) may only be made available in BMO's discretion and will, in any event, require each of the conditions set out below must be completed to BMO's satisfaction.

Conditions Precedent Held:

1. Satisfactory review (site visit) of the Lands, and the condition of the improvements thereon.
2. Receipt of satisfactory appraisal of the Lands from an appraiser or agrologist satisfactory to BMO confirming a minimum market value of \$2,550,000.00, together with a letter by the appraiser or agrologist addressed to BMO confirming that BMO may rely on the appraisal for financing purposes.

Conditions Precedent to be Obtained:

1. Solicitor to confirm that Vendor Take Back has not increased above initial loan at time of purchase in 2021 other than the disclosed ~~\$220,000~~ amount. Any material variance to be addressed via CLP \$665,506.00
2. Lawyer to discharge all liens on PPSA that no longer have applicable debt
3. Completion of all necessary environmental due diligence and Form 1086 to be satisfactory to BMO.
4. Reliance letter to be obtained from the appraiser allowing BMO to utilize the October 2022 appraisal. Confirmation of remaining economic life.
5. Evidence of repayment of all indebtedness not otherwise permitted under this Agreement, as applicable.
6. Receipt of all notices, certificates, directions, forms, or other Documentation required in connection with an Advance.
7. Receipt of satisfactory evidence of compliance with all applicable building and zoning by-laws and building and fire codes regarding the use, development, and occupancy of the Lands.
8. Confirmation that all real property Taxes have been paid to date.
9. Solicitors Letter of Opinion- Confirming BMO remains in first position over the property, new charge increases herein

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Security:

All present and future debts, liabilities and obligations of the Borrower under the Facilities owed to Bank of Montreal, BMO Harris Bank N.A. and Bank of Montreal's other affiliates and their respective successors will be secured by the following documents, instruments, agreements, and other assurances (collectively, the "**Security**"), which shall be delivered to BMO prior to any Advance of funds, in form and substance acceptable to BMO and its solicitors, acting reasonably:

Security to be Obtained:

1. Insurance on a "Fire and Extended Coverage" or "All Risks" basis must be arranged (with satisfactory evidence thereof delivered to BMO) satisfactory to BMO for the full insurable or replacement value with loss payable to BMO. The policy is to contain the Standard Mortgage Clause. A copy of the policy is to be provided
2. Delivery of an Up to Date or Existing survey/certificate of location of Mortgaged Property(ies) and all buildings located on the Mortgaged Property(ies), prepared by a surveyor licensed in the jurisdiction in which the property(ies) is/are located, which: - bears the name, address and signature of the surveyor, his official seal and licence number (any, or both), the date of a survey, and - includes a Surveyor's Certificate in the form and content required by the jurisdiction(s) in which the property is located OR - Title insurance from Approved Title Insurance Provider in respect of PT LOT 19 CONCESSION 1 LOGAN PT 1 44R685 ; W PERTH naming BMO as beneficiary
3. Registered first-ranking All Indebtedness Mortgage in the amount of \$2,550,000.00 registered over PT LOT 19 CONCESSION 1 LOGAN PT 1 44R685; W PERTH with the municipal address of 155 Huron Road, Mitchell, ON, (the



Terms and Conditions

"Mortgaged Property") with appropriate enabling resolutions and Documentation

Assignment of Rents over 155 Huron Road, Mitchell, ON. To be registered under PPSA if applicable.

4. \$4,282,735.00 Personal guarantee from CENGIZ FEHMI
5. Assignment Postponement and Subordination- Dave McCarthy Promissory- ~~220,014.89~~ **\$665,506.00**

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CF

Security Held:

6. Insurance on a "Fire and Extended Coverage" or "All Risks" basis must be arranged (with satisfactory evidence thereof delivered to BMO) satisfactory to BMO for the full insurable or replacement value with loss payable to BMO. The policy is to contain the Standard Mortgage Clause. A copy of the policy is to be provided
7. Registered General Security Agreement ("GSA")/Moveable Hypothec ("Hypothec") providing BMO with a security interest/hypothec over all present and after-acquired personal/movable property of the Borrower with a First ranking for CDN Accounts Receivable, US A/R (For CDN Domiciled Loans), Machinery and Equipment, Inventory/Warehouse Receipts
8. Priority Agreement between The Bank of Montreal, David Lolyd McCarthy, and Advantage Machine & Tool Inc.

Security To be Released:

9. \$4,170,000.00 Personal guarantee from CENGIZ FEHMI
10. \$2,000,000.00 Personal guarantee from CENGIZ FEHMI
11. \$700,000.00 Personal guarantee from CENGIZ FEHMI
- ~~12. Registered first-ranking All indebtedness Mortgage in the amount of \$1,875,000.00 registered over PT LOT 19 CONCESSION 1 LOGAN PT 1 44R685, W PERTH with the municipal address of 155 Huron Road, Mitchell, ON, (the "Mortgaged Property") with appropriate enabling resolutions and Documentation~~
13. Assignment Postponement and Subordination- CENGIZ FEHMI
14. Assignment Postponement and Subordination- \$330,000 for the Assignment Postponement and Subordination of shareholders equity injection (CENGIZ FEHMI) for the purchase of the business

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Any other documents, instruments or agreements as may be required by BMO, acting reasonably to the extent permitted by law, and despite anything to the contrary in any particular Security document: (a) all present and future debts, liabilities and obligations of the Borrower to Bank of Montreal, BMO Harris Bank N.A. and Bank of Montreal's other affiliates and their successors under the Facilities and all indemnity obligations owed by Bank of Montreal to any of its affiliates related to the Facilities will be secured by the Security, and (b) Bank of Montreal will hold all Security as agent for itself and for its affiliates who are owed any present or future debts, liabilities or obligations in connection with any Facility.

Covenants

If any Advance remains outstanding under or in connection with this Letter of Agreement, or so long as any commitment under this Letter of Agreement remains in effect, the Borrower and any Guarantor will perform and comply with the covenants set out in Schedule A.

Financial Covenants:

In addition, the Borrower, and each Guarantor, as applicable, will perform and comply with the following financial covenants, based on financial statements of the Borrower or applicable Guarantor:



Terms and Conditions

Financial Covenant	Description	Requirement	Frequency
Debt service coverage ratio	(Net Income after Taxes + Interest + Depreciation + Amortization) / (CPLTD + Interest + Unfunded Capital Expenditure + Non-discretionary Dividends + Interest on Vendor Takeback)	Greater Than or Equal To 1.25	Annually

Additional Covenants:

In addition, the Borrower, and each Guarantor, as applicable, will perform and comply with the following covenants:

1. The Borrower will not, without BMO's prior written consent, participate in any retrofit project or energy or water efficiency project affecting the Mortgaged Property which would have the effect of creating a lien, hypothec or other interest (including, but without limitation, a local improvement charge or similar interest) in the Mortgaged Property ranking, or potentially ranking, in priority to or *pari passu* with the interest of BMO in the Mortgaged Property, whether or not such project is sponsored or endorsed by a municipal or other government, governmental organization or utility.

Positive Covenants:

1. To maintain an annual Debt Service Coverage ratio of at least 1.25x; and is to include unfunded capital expenditure, non-discretionary dividends, with allowance for interest on Vendor Take Back up to a maximum of \$92,000 annually.
2. Cengiz Fehmi and Dave McCarthy to acknowledge no repayment to of Shareholder loan/Vendor take back prior to Bank consent as both in subordinated position

Reporting Requirements:

Annual	<p>Within 180 days of fiscal year end:</p> <p>Accountant Prepared Financial Statements for the Borrower, minimum quality Notice to reader (compilation engagement)</p> <p>Aged Listings for Accounts Receivable, Accounts Payable and Inventory</p> <p>Corporate Income Tax Return and Corporate Notice of Assessment, if financial statements are not Review Engagement quality</p> <p>Confirmation of Insurance up-to-date for mortgage security</p> <p>Confirmation of property tax up-to-date for mortgage security</p> <p>Personal Net Worth Statement for Cengiz Fehmi</p> <p>Personal Income Tax Return and Notice of Assessment for Cengiz Fehmi</p> <p>Any other due diligence item as requested from time to time.</p>
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A \$100 per month fee will be applied for noncompliance with reporting requirements. The application of this fee does not waive the Default condition.



Terms and Conditions

Prompt notification of management letters, Default notices, Litigation, and any other material events

Satisfactory evidence that all Taxes (including, without limitation, GST, HST, sales tax, withholdings, etc.) have been paid to date

Representations and Warranties:

The Borrower and each Guarantor, as applicable, makes the representations and warranties set out in Schedule B. All representations and warranties of the Borrower and any Guarantor, in addition to any representation or warranty provided in any document executed in connection with a Facility or any Security, shall be true and correct on the date of this Letter of Agreement and on the date of any Advance under a Facility.

Noteless Advances:

The Borrower acknowledges that the actual recording of the amount of any Advance or repayment thereof under the Facilities, and interest, fees and other amounts due in connection with the Facilities, in an account of the Borrower maintained by BMO, shall constitute *prima facie* evidence of the Borrower's indebtedness and liability from time to time under the Facilities; provided that the obligation of the Borrower to pay or repay any indebtedness and liability in accordance with the terms and conditions of the Facilities set out in this Letter of Agreement shall not be affected by the failure of BMO to make such recording. The Borrower also hereby acknowledges being indebted to BMO for principal amounts shown as outstanding from time to time in BMO's account records, and all accrued and unpaid interest in respect thereto, which principal and interest the Borrower hereby undertakes to pay to BMO in accordance with the terms and conditions applicable to the Facilities as set out in this Letter of Agreement.

Fees:

All costs and expense incurred by BMO in connection with this Letter of Agreement and the Facilities (including without limitation all legal, appraisal, consulting, and registration fees), and the enforcement of the Security are for the account of the Borrower.

A one-time fee ("Fee") of \$3931 is payable by the Borrower to BMO upon acceptance of this Letter of Agreement. This fee is deemed to be earned by BMO upon acceptance of this Letter of Agreement, to compensate for time, effort and expense incurred by BMO in authorizing these Facilities.

Annual credit renewal fees are payable to BMO each year. At the date of this letter, such fees are \$2,000.00. Each year, the amount of such annual credit renewal fees will be the same as the prior year unless BMO provides prior written notice that such annual credit renewal fees are changing from the prior year. If BMO provides such notice, then the annual credit renewal fees for that year and each subsequent year will be as described by BMO until and unless BMO provides prior written notice that such annual credit renewal fees are changing.

All fees payable under this Letter of Agreement shall be paid to BMO on the dates due, in immediately available funds. Fees paid shall not be refundable except in the case of manifest error in the calculation of any fee payment.

If the total Advances exceed the Facility Authorization, the excess will bear interest at the Overdraft Rate, which is currently 21.0% per annum. BMO shall also be entitled to charge the Borrower a fee of \$100 each time an excess is created.

If the Borrower requests or requires any amendment to this agreement or any other Loan Document, BMO shall be entitled to an amendment fee of at least \$100 per amendment, in addition to all other fees, costs and charges payable by the Borrower.

Cancellation

The cancellation period is 3 business days. The cancellation period is the period in which the borrower can close the new loan(s) established in this agreement. BMO will provide a notice acknowledging the cancellation and outlining any amounts and expenses owed to BMO and any amount that BMO will return to the Borrower in relation to the use of the Loan. The



Terms and Conditions

Borrower's cancellation right for a loan or line of credit is in addition to any repayment rights under this agreement. The Borrower has no cancellation right for a credit card.

Banking Services:

The Borrower shall maintain its Bank Accounts, solely with the BMO. Borrower acknowledges that the pricing (including interest, fees, and charges) contained in this Letter of Agreement is contingent on the Borrower maintaining all its operating accounts with BMO. If the Borrower does not do so, BMO may, at any time, in its sole discretion and without any requirement to obtain the agreement of, or provide prior notice to the Borrower, increase such pricing.

Treasury & Payment Solutions:

BMO will provide Non-Credit and treasury & payment solutions to the Borrower. A Treasury & Payment Specialist will contact the Borrower to implement BMO's On-Line Banking for Business platform (OLBB) and discuss additional treasury & payment features such as Electronic Funds Transfer (EFT), Wire Payments, BMO Deposit Edge® and Moneris® Payment Processing Solutions. BMO's objective is to provide a package of services that are tailored to meet both the current and future needs of the Borrower in a cost-efficient operating environment.

Commercial Loan Insurance Plan:

You understand that unless you submit an Application for Commercial Loan Insurance Plan ("Application"), and it has been approved by Canada Life as the insurer, you will not be covered under the Commercial Loan Insurance Plan for any facilities under this Letter of Agreement and would be ineligible to submit a claim should you undergo an insurable event.

Counterparts; Electronic Transmissions:

This agreement may be executed in any number of counterparts with the same effect as if all parties hereto had all signed the same document. Any counterpart of this Agreement may be executed and circulated by facsimile, PDF or other electronic means and any counterpart executed and circulated in such a manner shall be deemed to be an original counterpart of this Agreement. All counterparts shall be construed together and shall constitute one and the same original agreement.

Governing Law:

Ontario and the federal Laws of Canada applicable therein.

Schedules:

The following Schedules are attached to and form part of this letter of agreement:

Schedule A – Covenants

Schedule B – Representations and Warranties

Schedule C – Additional Conditions Precedent to Advances

Schedule D – Additional Terms

Schedule E – Definitions

BMO's Legal Counsel: BETH MULLIN

519-672-5666 ext.7324

beth.mullin@mckenzielake.com



Agreement and Consent

This Letter of Agreement amends and restates, without novation, the Prior Letter, as of October 17th, 2022, without prejudice to the effect of the terms of the Prior Letter or to any actions taken under or pursuant to the Prior Letter prior to such date. The entry into effect of this Letter of Agreement shall not be deemed to waive or limit any of BMO's rights in respect of any Event of Default then existing under the Prior Letter or any Event of Default under this Letter of Agreement which exists because of matters occurring prior to such effective date, whether or not known to BMO.

In accepting this agreement you acknowledge that if, in the opinion of BMO, a material adverse change in risk occurs including, without limitation, any material adverse change in the financial condition, business, property or prospects of the Borrower or any Guarantor, the rights and remedies of BMO, or the ability of the Borrower or any Guarantor to perform its Obligations to BMO, any obligation to Advance some or all of the above Facilities may be withdrawn or cancelled.

Please indicate your acceptance of the terms and conditions hereof by signing and returning one copy of this Letter of Agreement (and making payment of the above noted fee, if applicable) to BMO no later than March 24, 2023. If your acceptance of this Letter of Agreement is not received by BMO by that date, BMO shall have no obligation to proceed with any of the Facilities.

Yours truly,
BANK OF MONTREAL

E-SIGNED by Brent Yost
By: on 2023-03-22 15:31:08 GMT
Name: BRENT YOST
Title: Senior Relationship Manager
[519-852-3367]

Accepted and agreed to this _____ day of _____, 2023
(Day) (Month) (Year)

BORROWER(S)

ADVANTAGE MACHINE & TOOL INC.

E-SIGNED by Cengiz Fehmi
Signature: on 2023-03-22 14:45:00 GMT

Name: _____

Title: _____



Agreement and Consent

GUARANTOR(S)

E-SIGNED by Cengiz Fehmi
Signature: on 2023-03-22 14:45:03 GMT

Name: CENGIZ FEHMI

E-SIGNED by Brent Yost
Witness Signature: on 2023-03-22 15:31:10 GMT

Witness Name:



Schedules

SCHEDULE A

COVENANTS

1. Payment of all indebtedness due to BMO in connection with this Letter of Agreement or any Facility.
2. Maintenance of corporate existence and status, if applicable.
3. Payment of all Taxes when due (including, without limitation, corporate, GST, HST, sales tax and withholding).
4. Compliance with all material Laws, regulations and applicable permits or Approvals (including health, safety and employment standards, labour codes and environmental Laws).
5. Compliance with all material agreements.
6. Use of proceeds to be consistent with the approved purpose.
7. Notices of death of Borrower or Guarantor, Default, material Litigation, and regulatory proceedings to be provided to BMO on a timely basis.
8. Access by BMO to books and records; BMO to have right to inspect property to which its security applies.
9. No assumption of additional indebtedness or guarantee Obligations by Borrower without prior written consent of BMO.
10. No liens or encumbrances on any assets except with the prior written consent of BMO.
11. No change of control or ownership of the Borrower without the prior written consent of BMO.
12. No disposition of property or assets (except in the ordinary course of business) without the prior written consent of BMO.
13. No material acquisitions, hostile takeovers, mergers or amalgamations without BMO's prior written approval.
14. [For multiple currencies]:

If, for the purposes of obtaining judgment in any court in any jurisdiction with respect to this Letter of Agreement, it becomes necessary to convert into a particular currency (the "Judgment Currency") any amount due under this Letter of Agreement in any currency other than the Judgment Currency (the "Currency Due"), then conversion shall be made at the rate of exchange prevailing on the Business Day before the day on which judgment is given. For this purpose "rate of exchange" means the rate at which BMO is able, on the relevant date, to purchase the Currency Due with the Judgment Currency in accordance with its normal practice at its principal office in Toronto, Ontario. If that there is a change in the rate of exchange prevailing between the Business Day before the day on which the judgment is given and the date of receipt by BMO of the amount due, the Borrower will, on the date of receipt by BMO, pay such additional amounts, if any, or be entitled to receive reimbursement of such amount, if any, as may be necessary to ensure that the amount received by BMO on such date is the amount in the Judgment Currency which when converted at the rate of exchange prevailing on the date of receipt by BMO is the amount then due under this Letter of Agreement in the Currency Due. If the amount of the Currency Due which BMO is so able to purchase is less than the amount of the Currency Due originally due to it, the Borrower and each Guarantor jointly and severally (solidarily) agree to indemnify BMO from and against any and all loss or damage arising as a result of such deficiency. This indemnity shall constitute an obligation separate and independent from the other Obligations contained in this Letter of Agreement, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by BMO from time to time and shall continue in full force and effect notwithstanding any judgment or order in respect of an amount due under this Letter of Agreement or under any judgment or order.



Schedules

15. If any loan which, by its terms, is not permitted to be prepaid prior to maturity, is (a) permitted by BMO to be prepaid in its sole and unfettered discretion, or (b) accelerated as a result of demand made by BMO or the occurrence of a default or Event of Default or following the bankruptcy or insolvency of the Borrower, then in each case, the Borrower shall compensate BMO on demand for the loss, cost and expense attributable to such prepayment or acceleration prior to maturity, as calculated by BMO. BMO shall not be required to disclose any components of such calculation which BMO determines is proprietary or commercially sensitive



Schedules**SCHEDULE B****REPRESENTATIONS AND WARRANTIES**

1. It has the corporate status, power and authority to enter into this Letter of Agreement and any agreement executed in connection with a Facility or any Security to which it is a party, and to perform its Obligations hereunder and thereunder.
2. It is in compliance with all applicable Laws (including environmental Laws) and its existing agreements.
3. Except as otherwise disclosed to BMO in writing, no consent or approval of, registration or filing with, or any other action by, any governmental authority is required in connection with the execution, delivery and performance by it of this Letter of Agreement and any agreement executed in connection with a Facility or any Security to which it is a party.
4. All factual information that has been provided to BMO for purposes of or in connection with this Letter of Agreement or any transaction contemplated herein is true and complete in all material respects on the date as of which such information is dated or certified.
5. No event, development or circumstance has occurred that has had or could reasonably be expected to have a Material Adverse Effect on the business, assets, operations or condition, financial or otherwise, of the Borrower or any Guarantor.
6. There is no material Litigation pending against it or, to its knowledge, threatened against or affecting it.
7. It has timely filed or caused to be filed all required tax returns and reports and has paid or caused to be paid all required Taxes.
8. It has good and marketable title to its properties and assets including ownership of and/or sufficient rights in any material intellectual property.
9. It has complied with all Obligations in connection with any pension plan which it has sponsored, administered or contributed to, or is required to contribute to including, without limitation, registration in accordance with applicable Laws, timely payment of all required contributions or premiums, and performance of all fiduciary and administration Obligations.
10. It maintains insurance policies and coverage that provides sufficient insurance coverage in at least such amounts and against at least such risks as are usually insured against in the same general area by persons in the same or a similar business.
11. It is not in Default nor has any event or circumstance occurred which, but for the passage of time or the giving of notice, or both, would constitute a Default under any loan, credit or security agreement, or under any material instrument or agreement, to which it is a party.

