



This is the 1<sup>st</sup> Affidavit of  
Michelle Madrigga in this case and was  
made on the 11<sup>th</sup> day of July, 2023

NO. S E 2 3 4 9 6 1  
VANCOUVER REGISTRY

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

BETWEEN:

BANK OF MONTREAL

PETITIONER

AND:

UNIFAB INDUSTRIES LTD.  
AND SEKWOD ENTERPRISES (2012) LTD.

RESPONDENTS

**A F F I D A V I T**

I, **Michelle Madrigga**, of 525 – 8th Ave SW, 9th Floor, Calgary, Alberta, SWEAR THAT:

1. I am a Senior Account Manager, Enterprise Risk and Portfolio Management Western Canada, for the Petitioner, Bank of Montreal (the "**Lender**"), and as such have personal knowledge of the matters deposed to in this affidavit, except where I depose to a matter based on information from an informant I identify, in which case I believe that both the information from the informant and the resulting statement are true. I am authorized to make this affidavit on behalf of the Lender.
2. The loan documents, guarantees, security documents, and other related documents referenced herein have been provided to McCarthy Tétrault LLP, as counsel to the Lender, and I understand that copies of same (other than those documents attached as Exhibits to this affidavit) are attached to the first affidavit of Susan Danielisz.
3. This affidavit is made in support of the order sought by the Lender that MNP Ltd. ("**MNP**") be appointed as receiver and manager ("**Receiver**") of all present and after-acquired property, assets, and undertakings (collectively, the "**Property**") of Unifab Industries Ltd. ("**Unifab**") and Sekwod Enterprises (2012) Ltd. ("**Sekwod**" and collectively with Unifab, the "**Debtors**") pursuant to Section 243(1) of the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**") and Section 39 of the *Law and Equity Act* (British Columbia).

### **Introduction & Overview of Circumstances Necessitating Appointment of a Receiver**

4. The Lender extended certain Credit Facilities (as defined below) to the Debtors, pursuant to:
  - (a) the letter of agreement, dated October 22, 2019, between Unifab and the Lender, as amended and restated on December 13, 2019, July 30, 2020 and August 31, 2022 (as amended and restated, the “**Unifab Loan Agreement**”);
  - (b) the letter of agreement, dated December 13, 2019 (the “**Sekwod Loan Agreement**”), between Sekwod and the Lender; and,
  - (c) the commercial card agreement onboarding documentation Canadian program credit authorization forms, Bank of Montreal card pre-authorized debit agreement, and commercial card agreement, each dated December 16, 2019, between Unifab and the Lender,(collectively, the “**Loan Agreements**”).
5. The Debtors committed certain defaults (collectively, the “**Original Defaults**”) under the Loan Agreements.
6. In connection with the Original Defaults, the Lender, the Debtors, Stacy-Ann Schwab (“**Schwab**”) and Kevin Dowkes (“**Dowkes**”, and collectively with Schwab, the “**Personal Guarantors**”), entered into a Forbearance Agreement dated October 8, 2021 (the “**Original Forbearance Agreement**”). The Original Forbearance Agreement was subsequently amended and extended pursuant to the Forbearance Agreement Amendments dated March 7, 2022, September 9, 2022, and January 31, 2023 (collectively, the “**Forbearance Amending Agreements**”, and collectively with the Original Forbearance Agreement, as so amended, the “**Forbearance Agreement**”).
7. Pursuant to the Forbearance Agreement, among other things, the Debtors agreed to adhere to certain covenants and take certain actions, and the Lender agreed to forbear in the exercise of its rights and remedies against the Debtors and the Personal Guarantors (collectively, the “**Credit Parties**”) under the Loan Documents (as defined in the Forbearance Agreement), until the earlier to occur of: (i) July 31, 2023; and, (ii) the date that any “**Forbearance Default**” (as defined in the Forbearance Agreement) occurs.

8. The Debtors have committed certain ongoing Forbearance Defaults under the Forbearance Agreement, as described in further detail below, including that:
- (a) the Debtors have failed to keep their Statutory Obligations (as defined in the Forbearance Agreement) current, including as: (i) Sekwod has failed to pay property taxes in respect of its real property; and, (ii) Unifab has failed to make remittances for payroll deductions, GST, and employer health tax, which constitutes a Forbearance Default under Sections 7.05 and 11.01(1) of the Forbearance Agreement;
  - (b) two (2) Garnishing Orders Before Judgment were issued to the Lender with respect to Unifab, and Unifab failed to give the Lender notice of such Adverse Claims (as defined in the Forbearance Agreement), which constitutes a Forbearance Default under Sections 7.06, 11.01(1) and 11.01(7) of the Forbearance Agreement;
  - (c) Unifab has failed to accurately report, to the Lender, its accounts receivable that are eligible for margining, in accordance with the Debtors' reporting obligations under the Loan Agreements, including by: (i) overstating its eligible accounts receivable by including amounts in respect of which no invoice was issued, no goods and services were provided, and/or no agreement was entered into between Unifab and the corresponding counterparty; and (ii) failing to properly identify and deduct disputed accounts receivable as required by the Loan Agreements, which constitutes a Forbearance Default under Section 11.01(2) of the Forbearance Agreement;
  - (d) based upon the cash flow forecasts and other financial information delivered by the Debtors to the Lender, the Debtors are generally unable to pay their debts as they become due, which constitutes a Forbearance Default under Section 11.01(4)(ii) of the Forbearance Agreement; and,
  - (e) in light of the foregoing, the Lender reasonably believes in good faith that the Credit Parties have taken actions, and events and conditions exist, which are likely to impair the prospect of the Credit Parties' payment and performance of their obligations under the Forbearance Agreement and the Loan Documents (as

defined in the Forbearance Agreement), which constitutes a Forbearance Default under Section 11.01(9) of the Forbearance Agreement,

(collectively, the “**Existing Forbearance Defaults**”).

9. There is a significant degree of urgency in addressing the Existing Forbearance Defaults. The Debtors are currently operating as a going concern, but are unable to satisfy their obligations as they generally come due; including certain critical payment obligations with respect to payroll obligations, which are anticipated to come due on July 21, 2023 and which must be made in order to preserve the Debtors’ Property and ongoing business for the benefit of all stakeholders. Accordingly, the Lender is concerned that its security is at risk, as: (i) there are multiple significant, ongoing defaults under the Forbearance Agreement; (ii) the Debtors cannot meet their obligations; and, (iii) the Debtors have not acted transparently with the Lender with respect to their reporting obligations under the Loan Agreements.

10. The Debtors have no further availability under the Credit Facilities (as defined below). The Lender has lost faith in the Debtors’ management, and is unwilling to provide further financing except as a receiver’s borrowings secured by a corresponding charge. Furthermore, the nature of the Debtors’ Property (which includes the Lands, as defined below, as well as an ongoing business) necessitates a comprehensive, court-supervised sales process and the involvement of a receiver to oversee such sales process.

11. For the foregoing reasons, and as set out in further detail below, I believe that the appointment of the Receiver over the Property is just and convenient.

### **Credit Facilities**

12. Pursuant to the Loan Agreements, the Lender made available:

- (a) to Unifab, certain credit facilities in the aggregate maximum amount of \$3,078,653.23, as follows:
  - (i) a non-revolving operating demand loan for general capital requirements, in the maximum authorized amount of \$694,352.09;
  - (ii) a revolving operating demand facility in the maximum authorized amount of \$1,250,000.00;

- (iii) a non-revolving demand facility for financing leasehold improvements, in the maximum authorized amount of \$189,441.59;
- (iv) a non-revolving equipment purchase demand facility in the maximum authorized amount of \$77,068.62;
- (v) a non-revolving demand loan in the maximum authorized amount of \$500,000.00;
- (vi) a BMO Corporate MasterCard with a maximum authorized limit of \$50,000 (the "**MasterCard Facility**"); and,
- (vii) a non-revolving demand loan in the maximum authorized amount of \$317,790.93.

(collectively, the "**Unifab Credit Facilities**"), and,

- (b) to Sekwod, a non-revolving real estate financing term facility in the maximum authorized amount of \$1,000,000.00 (the "**Sekwod Credit Facility**", and collectively with the Unifab Credit Facilities, the "**Credit Facilities**").

### **Guarantees**

13. The Credit Facilities and all other obligations of the Debtors to the Lender are guaranteed by the Personal Guarantors, pursuant to the:

- (a) Guarantee for indebtedness of an incorporated company, in the sum of \$3,500,000.00, dated August 5, 2020, as granted by the Personal Guarantors, to and in favour of the Lender, with respect to the obligations of Unifab;
- (b) Guarantee for indebtedness of an incorporated company, in the sum of \$1,000,000.00, dated December 19, 2019, as granted by Dowkes, to and in favour of the Lender, with respect to the obligations of Sekwod;
- (c) Guarantee for indebtedness of an incorporated company, in the sum of \$2,300,000.00, dated October 22, 2019, as granted by Dowkes, to and in favour of the Lender, with respect to the obligations of Unifab; and,

- (d) Guarantee for indebtedness of an incorporated company, in the sum of \$2,750,000.00, dated December 19, 2019, as granted by Dowkes, to and in favour of the Lender, with respect to the obligations of Unifab,

(collectively, the "**Personal Guarantees**").

14. Furthermore, the Unifab Credit Facilities are guaranteed by Sekwod, and the Sekwod Credit Facilities are guaranteed by Unifab, pursuant to the:

- (a) Guarantee for indebtedness of an incorporated company, in the sum of \$2,750,000.00, dated December 19, 2019, as granted by Sekwod, to and in favour of the Lender, with respect to the obligations of Unifab;
- (b) Guarantee for indebtedness of an incorporated company, in the sum of \$3,500,000.00, dated August 5, 2020, as granted by Sekwod, to and in favour of the Lender, with respect to the obligations of Unifab; and,
- (c) Guarantee for indebtedness of an incorporated company, in the sum of \$1,000,000.00, dated December 19, 2019, as granted by Unifab, to and in favour of the Lender, with respect to the obligations of Sekwod,

(collectively, the "**Corporate Guarantees**", and collectively with the Personal Guarantees, the "**Guarantees**").

### **Security**

15. As collateral security for its obligations to the Lender, Sekwod granted, to and in favour of the Lender, a Form B Mortgage (the "**Mortgage and Assignment of Rents**") in the principal amount of \$1,750,000.00, registered with the British Columbia Land Title Office on December 20, 2019 as instrument numbers CA7946272 and CA7946273. The Mortgage and Assignment of Rents incorporates the Lender's Standard Mortgage Terms, No. MT190023 (the "**Standard Mortgage Terms**").

16. The Mortgage and Assignment of Rents applies to certain real property in British Columbia legally described as:

PID: 007-377-878

That part of Amended Lot 3 (H365) District Lot 534 Similkameen Division Yale District Plan 21622 more particularly described as follows: Commencing at a point being the South West Corner of Amended Lot 3 (H365) thence heading Easterly on the Southerly Boundary of said amended Lot 3 for a distance of 715 feet thence Northerly for a distance of 404.35 feet to a point on the Northerly boundary of said amended Lot 3 for a distance of 715 feet to a point being the North Westerly most corner of said amended Lot 3 thence Southerly on the Westerly boundary of said amended Lot 3 for a distance of 404.35 feet to a point being the point of commencement

(the "**Lands**").

17. The Lender is permitted to appoint a receiver and manager over the Lands under Article K of the Standard Mortgage Terms upon the occurrence of an event of default.

18. In addition to the Mortgage and Assignment of Rents, as security for their respective obligations to the Lender, the Credit Parties granted the following security agreements to and in favour of the Lender:

- (a) General Security Agreement with Floating Charge, dated October 25, 2019 (the "**Unifab General Security Agreement**"), granted by Unifab, to and in favour of the Lender;
- (b) General Assignment of Debts, dated October 25, 2019, granted by Unifab, to and in favour of the Lender;
- (c) Application for Credit and Promise to Give Bills of Lading, Warehouse Receipts, or Security Under Section 427 of the *Bank Act*, dated October 29, 2019, granted by Unifab, to and in favour of the Lender;
- (d) Security Under Section 427 of the *Bank Act* (continuing security on all property of specified kinds), dated October 29, 2019, granted by Unifab, to and in favour of the Lender;
- (e) Section 427 *Bank Act* Letter of Agreement, undated, granted by Unifab, to and in favour of the Lender;
- (f) General Security Agreement with Floating Charge, dated December 19, 2019 (the "**Sekwod General Security Agreement**", and collectively with the Unifab

General Security Agreement, the "**General Security Agreements**"), granted by Sekwod, to and in favour of the Lender;

- (g) Assignment, Postponement, and Subordination Agreement, dated November 26, 2019, granted by Dowkes, to and in favour of the Lender;
- (h) Assignment of Life Insurance Policy, dated March 5, 2020, granted by Dowkes, to and in favour of the Lender; and,
- (i) Postponement and Subordination of Preferred Shares Rights Agreement, dated September 9, 2022, granted by Dowkes, to and in favour of the Lender, and acknowledged and agreed to by Unifab,

(collectively, the "**Security Agreements**").

19. The Lender is permitted to appoint a receiver and manager under Section 12.1(a) of the General Security Agreements upon the occurrence of an event of default.

20. Business Development Bank of Canada ("**BDC**"), the Lender, and Unifab are parties to a Priority Agreement, dated October 28, 2019 (the "**Priority Agreement**"), concerning Unifab. Pursuant to the Priority Agreement, among other things, BDC granted the Lender's security interest in Unifab's assets priority over BDC's security interests in Unifab's assets.

### **Indebtedness**

21. As at July 10, 2023, the Credit Parties were indebted to the Lender in the amounts of: (i) \$951,297.19 in respect of the Sekwod Credit Facility; and, (ii) \$2,839,182.39 in respect of the Unifab Credit Facilities; plus all accruing interest, fees (including, without limitation, solicitor's fees as between a solicitor and their own client), costs, and expenses, pursuant to and in accordance with the terms of the relevant agreements between the Lender and the Credit Parties (collectively, the "**Indebtedness**"). True copies of the payout statements prepared by the Lender with respect to the Credit Facilities, as at July 10, 2023, are attached hereto and collectively marked as **Exhibit "A"** to this affidavit.

### **Demand and Forbearance Agreement**

22. On July 8, 2021, the Lender, through its counsel, delivered four (4) demand letters to the Credit Parties with respect to the Original Defaults (collectively, the "**Demand Letters**"). The



Demand Letters demanded repayment of the Indebtedness, in full, and enclosed Notices of Intention to Enforce Security with respect to the Debtors, pursuant to Section 244(2) of the BIA.

23. The Debtors failed to repay the outstanding Indebtedness upon demand.

24. Following the delivery of the Demand Letters, as described above: (i) the Credit Parties and the Lender entered into the Original Forbearance Agreement, on October 8, 2021; and, (ii) the Original Forbearance Agreement has been amended and extended on three (3) occasions, pursuant to the Forbearance Amending Agreements.

25. Pursuant to the Forbearance Agreement, the Debtors have, among other things: (i) engaged MNP as a financial consultant (in such capacity, the "**Financial Consultant**"), as required by the first Forbearance Amending Agreement; and, (ii) hired a part-time chief financial officer, as required by the second Forbearance Amending Agreement.

26. Since entering into the Original Forbearance Agreement, the Debtors have from time to time failed to remain within the credit limits applicable to the Credit Facilities. While such failures would constitute Forbearance Defaults, the Lender has, on occasion and on a case-by-case basis, agreed to permit the Debtors to make payments beyond the applicable Credit Facility limits to meet specified critical payments.

### **Forbearance Defaults**

27. Pursuant to Section 4 of the third Forbearance Amending Agreement, the Debtors agreed to provide the Financial Consultant and the Lender, on a monthly basis, certain specific financial reporting, including: (i) an updated monthly cash flow projection on a continuous 13-week rolling basis; (ii) a comparison of budget and actual cash flow of the Debtors for the month to which the reporting relates; and, (iii) detailed inventory reporting including a monthly margin report, prepared on the same basis as the financial statements of the Debtors.

28. During the week commencing June 26, 2023, Unifab provided a cash flow forecast to the Financial Consultant, which reflected payables of approximately \$542,000 during the period of June to August, 2023 and indicated that all Indebtedness in excess of the applicable Credit Facility limits (the "**Excess Indebtedness**") would be repaid in August 2023.

29. On or around July 4, 2023, Unifab provided an updated cash flow forecast directly to the Lender, which now reflected payables of approximately \$1,970,000 during the period of June to August, 2023.

30. On July 5, 2023, following certain inquiries by the Financial Consultant, Unifab provided a further-revised cash flow forecast to the Financial Consultant, which now indicated that the Excess Indebtedness would not be repaid until the end of October 2023. A true copy of the July 5, 2023 cash flow forecast is attached hereto and marked as **Exhibit "B"** to this affidavit.

31. The financial information provided to the Lender has also confirmed that the Debtors are not current in respect of statutory obligations. Specifically: (i) Sekwod has failed to pay property taxes in respect of the Lands; and, (ii) Unifab has failed to make remittances for payroll deductions, GST, and employer health tax.

32. On or around July 6, 2023, the Lender received two (2) Garnishing Orders Before Judgment, issued by Drop Sprockets Inc. ("**Drop Sprockets**") against the Lender, in respect of Unifab (the "**Garnishing Orders**"). The Debtors did not advise the Lender of Drop Sprockets' claims or the issuance of the Garnishing Orders prior to their receipt by the Lender.

33. On July 7, 2023, the Debtors confirmed that they were unable to satisfy their employee payroll obligations, absent the provision of further financing by the Lender. Upon obtaining written confirmation that Drop Sprockets' counsel had: (i) signed a consent order which contemplated the lifting of the Garnishing Orders; and (ii) delivered a letter addressed to the Lender confirming Drop Sprockets' consent to the Lender releasing to Unifab any funds attached to the Garnishing Orders, the Lender agreed to authorize certain specified payments beyond the applicable Credit Facility limits in order to enable the Debtors' employee payroll obligations to be satisfied. The payroll obligations authorized to be paid on July 7, 2023 were in the aggregate amount of \$67,900.77. A true and complete copy of my e-mail correspondence (including attachments) with Dowkes and counsel to the Credit Parties on July 6 and July 7, 2023 concerning the Garnishing Orders and related matters, is attached hereto and marked as **Exhibit "C"** to this affidavit. Exhibit "C" includes a list of individual employees of the Credit Parties and the amounts owing to them for payroll. The names and amounts owing to individual employees have been redacted to protect those parties' privacy.

34. Based upon the Debtors' cash flow projections and the other financial information provided to the Lender, it is apparent that the Debtors' financial condition is deteriorating and

the Debtors will not be able to satisfy their obligations to their employees in connection with the next payroll date, which I am advised by MNP, and verily believe, is scheduled to be paid on July 21, 2023.

35. In addition, after review of correspondence received from the Financial Consultant and upon review of the monthly margin reports provided by the Debtors to the Lender, the Lender has determined that Unifab has overstated certain accounts receivable in connection with the calculation of the Unifab Credit Facilities' borrowing base. The specific issues identified by the Lender to date include that: (i) Unifab has overstated its accounts receivable which are eligible to be included in the borrowing base calculation by including amounts in respect of which no invoice was issued, no goods and services were provided, and/or no agreement was entered into between Unifab and the corresponding counterparty, and on some occasions, unilaterally charging deposits to customers who had not agreed to pay deposits and then including such deposits in the borrowing base calculation; and, (ii) Unifab has failed to properly identify and deduct disputed accounts receivable as required by the Loan Agreements, including in respect of certain accounts receivable which the Debtors have since specifically confirmed are actively being disputed.

36. In light of the Existing Forbearance Defaults (as described above), on July 7, 2023, I advised the Debtors by e-mail that: (i) the Lender would fund the payroll obligations due on July 7, 2023; (ii) such payment is not a waiver of any defaults under the Forbearance Agreement and/or any other lending agreements and related documents; (iii) the Forbearance Agreement has been terminated; (iv) the MasterCard Facility has been terminated; and, (v) the Lender will be proceeding with enforcement. A true copy of the aforementioned email is attached hereto and marked as **Exhibit "D"** to this affidavit.

#### **Necessity of Appointment of a Receiver**

37. The Debtors do not currently have access to any further availability under the Credit Facilities or the Loan Documents. As such, the Debtors lack the liquidity necessary to pay their obligations as they come due, including certain critical payments required to maintain the Debtors' Property, such as the employee payroll obligations which will come due on July 21, 2023. The Lender is not prepared to extend any further credit to the Debtors or to fund go-forward critical payment obligations, other than as a receiver's borrowings secured by a corresponding charge.


38. Furthermore, the nature of the Debtors' operations and Property necessitates a more comprehensive sale, marketing, and realization process, which, in addition to requiring additional funding, is best achieved through the appointment of a receiver and manager over the Debtors and their Property. Absent the provision of funding by the Lender, there are likely not sufficient resources to undertake any necessary marketing and sales process, and, ultimately, the sale of the Debtors' Property.

39. The Debtors also: (i) have certain employees and are engaged in an active business; and, (ii) appear to have certain outstanding obligations in respect of taxes and other statutory obligations. The appointment of the Receiver will assist in addressing such issues in an orderly manner.

40. The Lender has lost all confidence in the Debtors' management. Specifically, the Lender has no confidence in the Debtors' ability to work diligently, transparently, and in good faith to satisfy their obligations, or to pursue a commercially reasonable and transparent sale of the Property. Among other reasons: (i) the Debtors have been subject to an extended forbearance period commencing in late 2021, for the purpose of permitting them to restructure their obligations, and have failed to do so; (ii) the Debtors have not presented any viable plan to obtain refinancing or otherwise alleviate their financial situation and their financial condition is now deteriorating; and, (iii) as described above, the Debtors have misstated their accounts receivable and failed to advise the Lender of Drop Sprockets' claims, and accordingly appear not to be acting in a transparent manner in their dealings with the Lender.

41. Given my understanding of the current financial circumstances and behaviour of the Debtors as described above, I am of the view that the appointment of a receiver and manager is just and convenient in the circumstances.

SWORN BEFORE ME at the City of Calgary, )  
in the Province of Alberta, this 11<sup>th</sup> day of )  
July, 2023. )

  
\_\_\_\_\_  
A Notary Public in and for the Province of )  
Alberta )

  
\_\_\_\_\_  
MICHELLE MADRIGGA

Erinn V. Wilson  
Barrister & Solicitor

This is **Exhibit "A"** referred to in **Affidavit #1**  
of **Michelle Madrigga**, sworn before me at  
Calgary, Alberta, this 11<sup>th</sup> day of July, 2023.

A Notary Public in and for the Province of Alberta

**Erinn V. Wilson**  
Barrister & Solicitor

To:

Client Name(s)

Unifab Industries Ltd

Payout Statement Preparation Date: **July 10, 2023**

Payout calculation is for receipt of funds by BMO prior to close of business: **July 10, 2023**, the "Payout Date"

*Future Date Payout*, if provided, is an estimate of additional cost and charges for receipt of funds on date indicated

Payout Calculation is subject to change: 1) transactions in progress not yet posted, 2) changes in Prime Rate, 3) per diem charges hereafter and 4) regularly scheduled transactions

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

	Account Number	Type of Loan Product	Principal Balance at Payout Quote Date (1)	Uncollected Accrued Interest at Last End of Month (EOM) (2)	Accrued Interest on Principal Balance from EOM to Payout Calculation Date (3)	Uncollected Accrued Interest prior to Payout Date (4)	Payout Penalty (5)	Total Other Charge (**)(6)	Total (7)=sum(1) to (6) inclusive	Per Diem (8)	Interest Rate Basis (9)	Interest Rate Spread (10)
1	0707-1995-449	ODL	\$ 1,265,176.77		\$ 3,333.98			\$ 260.00	\$ 1,268,770.75	\$ 353.56	Prime +	3.2500%
2	0707-6998-622	DLNR	\$ 407,308.40		\$ 1,005.19				\$ 408,313.59	\$ 113.82	Prime +	3.2500%
3	0707-6998-972	DLNR	\$ 244,886.20		\$ 598.50				\$ 245,484.70	\$ 68.43	Prime +	3.2500%
4	0707-6999-027	DLNR	\$ 178,886.30		\$ 444.87				\$ 179,331.17	\$ 49.99	Prime +	3.2500%
5	0707-6999-043	DLNR	\$ 71,961.26		\$ 178.92				\$ 72,140.18	\$ 20.11	Prime +	3.2500%
6	0707-6999-094	DLNR	\$ 653,939.44		\$ 1,626.41			\$ 9,576.15	\$ 665,142.00	\$ 182.74	Prime +	3.2500%
<b>Totals:</b>			\$ 2,822,158.37	\$ -	\$ 7,187.87	\$ -	\$ -	\$ 9,836.15	\$ 2,839,182.39	\$ 788.66		
			(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)		

PAYOUT AS AT: July 10, 2023

Principal Balance	\$ 2,822,158.37	(A)
Accrued Interest	\$ 7,187.87	(B)+(C)+(D)
Penalty	\$ -	(E)
Total Other Charge **	\$ 9,836.15	(F)
<b>TOTAL AS AT: July 10, 2023</b>	<b>\$ 2,839,182.39</b>	<b>(G)</b>
Per Diem Rate	\$ 788.66	(H)

FUTURE DATE PAYOUT:(if applicable)

Principal Balance	\$ 2,822,158.37
Accrued Interest	\$ 7,187.87
Penalty	\$ -
Total Other Charge **	\$ 9,836.15
<b>TOTAL AS AT:</b>	<b>\$ 2,839,182.39</b>
Per Diem Rate	\$ 788.66

Notes:

(1) Revolving CDL limit of \$1,250,000.00

Prime Rate on Payout Calculation Date 6.95%

\*\* Other Charges Defined:

\$ 260.00 Plan Fee / O/D Lending Fee/ OPIC Statement  
 \$ 9,576.15 Legal Fee

\*\* Total Other Charge \$ 9,836.15

To:

Client Name(s)

Sekwod Enterprises (2012) Ltd

Payout Statement Preparation Date **July 10, 2023**

Payout calculation is for receipt of funds by BMO prior to close of business: **July 10, 2023**, the "Payout Date"

*Future Date Payout*, if provided, is an estimate of additional cost and charges for receipt of funds on date indicated

Payout Calculation is subject to change: 1) transactions in progress not yet posted, 2) changes in Prime Rate, 3) per diem charges hereafter and 4) regularly scheduled transactions

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

	Account Number	Type of Loan Product	Principal Balance at Payout Quote Date (1)	Uncollected Accrued Interest at Last End of Month (EOM) (2)	Accrued Interest on Principal Balance from EOM to Payout Calculation Date (3)	Uncollected Accrued Interest prior to Payout Date (4)	Payout Penalty (5)	Total Other Charge (***) (6)	Total (7)=sum(1) to (6) inclusive	Per Diem (8)	Interest Rate Basis (9)	Interest Rate Spread (10)
1	0707-6999-078	DLNR	\$ 948,910.61		\$ 2,386.58				\$ 951,297.19	\$ 265.18	Prime +	3.2500%
2									\$ -			
3									\$ -			
4									\$ -			
5									\$ -			
6									\$ -			
Totals			\$ 948,910.61	\$ -	\$ 2,386.58	\$ -	\$ -	\$ -	\$ 951,297.19	\$ 265.18		
			(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)		

PAYOUT AS AT: July 10, 2023

Principal Balance	\$ 948,910.61	(A)
Accrued Interest	\$ 2,386.58	(B)+(C)+(D)
Penalty	\$ -	(E)
Total Other Charge **	\$ -	(F)
<b>TOTAL AS AT: July 10, 2023</b>	<b>\$ 951,297.19</b>	<b>(G)</b>
Per Diem Rate	\$ 265.18	(H)

FUTURE DATE PAYOUT:(if applicable)

Principal Balance	\$ 948,910.61
Accrued Interest	\$ 2,386.58
Penalty	\$ -
Total Other Charge **	\$ -
<b>TOTAL AS AT:</b>	<b>\$ 951,297.19</b>
Per Diem Rate	\$ 265.18

Notes:

Prime Rate on Payout Calculation Date: 6.95%

\*\* Other Charges Defined:

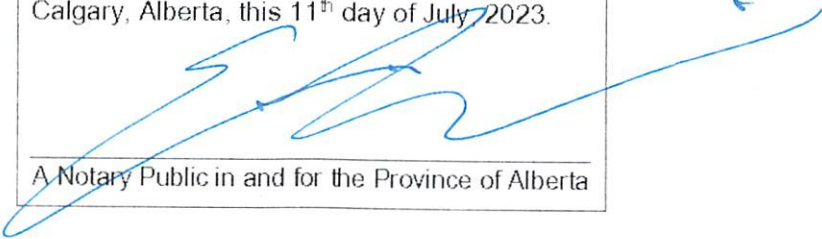
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\_\_\_\_\_

\*\* Total Other Charge \$ -

This is **Exhibit "B"** referred to in **Affidavit #1**  
of **Michelle Madrigga**, sworn before me at  
Calgary, Alberta, this 11<sup>th</sup> day of July 2023.



---

A Notary Public in and for the Province of Alberta

Erinn V. Wilson  
Barrister & Solicitor





This is **Exhibit "C"** referred to in **Affidavit #1**  
of **Michelle Madrigga**, sworn before me at  
Calgary, Alberta, this 11<sup>th</sup> day of July, 2023.

---

A Notary Public in and for the Province of Alberta

Erinn V. Wilson  
Barrister & Solicitor

**From:** Kevin Dowkes <kevin@unifab.ca>  
**Sent:** July 6, 2023 6:05 PM  
**To:** Madrigga, Michelle <Michelle.Madrigga@bmo.com>  
**Cc:** Brandon Friesen <brandon@unifab.ca>  
**Subject:** Re: Unifab Payroll Release

Hi Michelle

Proposal was accepted and the garnishment should be removed right away.

Notification was sent from Drop's counsel to BMO's branch manager, Ms. Hooper.

I've attached the payroll requirement that we are prepared to issue cheques for and require your approval per cheque.

I'll send you a copy of agreement as soon as I have as most was done by email/phone. They will have tomorrow morning.

Best regards

**Kevin Dowkes**

Owner

[kevin@unifab.ca](mailto:kevin@unifab.ca)Cell: [250.442.9813](tel:250.442.9813)**Unifab Industries Ltd**6050 2<sup>nd</sup> St, Grand Forks, BC, Canada[www.unifab.ca](http://www.unifab.ca)

Sent from my BlackBerry — the most secure mobile device — via the Bell Network

**From:** [kevin@unifab.ca](mailto:kevin@unifab.ca)**Sent:** July 6, 2023 3:16 PM**To:** [Michelle.Madrigga@bmo.com](mailto:Michelle.Madrigga@bmo.com)**Cc:** [brandon@unifab.ca](mailto:brandon@unifab.ca)**Subject:** Re: Unifab Payroll Release

We are proposing monthly payments starting 3 months and continue for 12 of approx \$20,000 per month.

Lawyers are on it and will have draft for your records shortly.

Regards

Kevin

Sent from my BlackBerry — the most secure mobile device — via the Bell Network

**From:** [Michelle.Madrigga@bmo.com](mailto:Michelle.Madrigga@bmo.com)**Sent:** July 6, 2023 3:13 PM**To:** [kevin@unifab.ca](mailto:kevin@unifab.ca)**Cc:** [brandon@unifab.ca](mailto:brandon@unifab.ca)**Subject:** RE: Unifab Payroll Release

Please advise of the terms of the proposed resolution plan that was sent to Drop's legal counsel and provide a copy.

**Michelle Madrigga**, CPA, CGA, CIRP  
Senior Account Manager, ERPM Western Canada

BMO Financial Group

525 – 8<sup>th</sup> Ave SW, 9<sup>th</sup> Floor  
 Calgary, AB T2P 1G1

[michelle.madrigga@bmo.com](mailto:michelle.madrigga@bmo.com)

T 403-503-6206

F 403-503-7020

**From:** Kevin Dowkes <[kevin@unifab.ca](mailto:kevin@unifab.ca)>  
**Sent:** July 6, 2023 2:57 PM  
**To:** Madrigga, Michelle <[Michelle.Madrigga@bmo.com](mailto:Michelle.Madrigga@bmo.com)>  
**Cc:** Brandon Friesen <[brandon@unifab.ca](mailto:brandon@unifab.ca)>  
**Subject:** Re: Unifab Payroll Release

Hi Michelle

To keep you updated our legal team has sent a letter to Drop's legal on a proposed resolution plan. They all know the urgency and expecting to have agreement and removal of garnishment today or early tomorrow latest.

I will keep you updated as develops and upon agreement.

Best regards  
 Kevin

**From:** [Michelle.Madrigga@bmo.com](mailto:Michelle.Madrigga@bmo.com)  
**Sent:** July 6, 2023 9:52 AM  
**To:** [kevin@unifab.ca](mailto:kevin@unifab.ca)  
**Cc:** [brandon@unifab.ca](mailto:brandon@unifab.ca)  
**Subject:** RE: Unifab Payroll Release

Kevin,

The Bank has received a garnishment with respect to a debt owed to Drop Sockets Inc. and the account has been frozen. Therefore, regardless of whether I can obtain approval for a temporary bulge, no payments will be authorized to clear the account until this is addressed. When was the company informed of this action by Drop Sockets Inc. and what steps have you taken/are you taking to address this? Why was the Bank not informed of this legal action previously?

Yours sincerely,

**Michelle Madrigga**, CPA, CGA, CIRP  
 Senior Account Manager, ERPM Western Canada

**BMO Financial Group**

525 – 8<sup>th</sup> Ave SW, 9<sup>th</sup> Floor  
 Calgary, AB T2P 1G1

[michelle.madrigga@bmo.com](mailto:michelle.madrigga@bmo.com)

T 403-503-6206

F 403-503-7020

**From:** Kevin Dowkes <[kevin@unifab.ca](mailto:kevin@unifab.ca)>  
**Sent:** July 6, 2023 10:47 AM  
**To:** Madrigga, Michelle <[Michelle.Madrigga@bmo.com](mailto:Michelle.Madrigga@bmo.com)>  
**Cc:** Brandon Friesen <[brandon@unifab.ca](mailto:brandon@unifab.ca)>  
**Subject:** Unifab Payroll Release

**External Email:** Use caution with links and attachments | **Courriel externe :** Faites preuve de prudence en ce qui a trait aux liens et aux pièces jointes

Good morning, Michelle,

I have been in direct communication with Julie @ MNP and will continue to do so going forth. She has confirmed they are reviewing information provided.

Appreciate it will take additional time to evaluate and advise on the proposed longer-term bulge.

In the short term we have a payroll (cheques) to release end of day Thursday and will provide a list as per previous requirement before end of the day.

Best regards

**Kevin Dowkes**

Owner

[kevin@unifab.ca](mailto:kevin@unifab.ca)

Cell: [250.442.9813](tel:250.442.9813)

**Unifab Industries Ltd**

6050 2<sup>nd</sup> St, Grand Forks, BC, Canada

[www.unifab.ca](http://www.unifab.ca)

*"Providing the best customer experiences since 1999."*



**External Email:** Exercise caution before clicking links or opening attachments | **Courriel externe:** Soyez prudent avant de cliquer sur des liens ou d'ouvrir des pièces jointes

	Name	Amount	Check #	07/07/2023	Pay #14
1			418		
1			419		
1			420		
1			421		
1			422		
1			423		
1			424		
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1			458		
1			459		
1			460		
1			461		
1			462		
1			374		
1			417		
		78,142.77			

**From:** Eric C.H. Ledding <ledding@pushormitchell.com>  
**Sent:** July 7, 2023 12:21 PM  
**To:** Kevin Dowkes <kevin@unifab.ca>; Mark E. A. Danielson <danielson@pushormitchell.com>  
**Cc:** Serena Nolan <nolan@pushormitchell.com>; Madrigga, Michelle <Michelle.Madrigga@bmo.com>; Brandon Friesen <brandon@unifab.ca>  
**Subject:** RE: Unifab Industries Ltd. ats Drop Sprockets Inc. - URGENT

**External Email:** Use caution with links and attachments | **Courriel externe :** Faites preuve de prudence en ce qui a trait aux liens et aux pièces jointes

Hi again Michelle,

Further to Kevin's recent email, I am attaching the letter from the lawyer for Drop Sprockets Inc, Nicholas Vaartou for your ease of reference.

We look forward to hearing from you at your earliest opportunity.

Eric



**Eric Ledding**

**Partner**

**Direct Line:** 250-869-1170

**Toll Free:** 1-800-558-1155

**Fax:** 1-250-762-9115

**Email:** [ledding@pushormitchell.com](mailto:ledding@pushormitchell.com)

**Profile:**

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**Pushor Mitchell LLP**

Lawyers

301 - 1665 Ellis Street

Kelowna, BC V1Y 2B3

<http://www.pushormitchell.com>

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**From:** Kevin Dowkes <[kevin@unifab.ca](mailto:kevin@unifab.ca)>

**Sent:** Friday, July 7, 2023 11:09 AM

**To:** Eric C.H. Ledding <[ledding@pushormitchell.com](mailto:ledding@pushormitchell.com)>; Mark E. A. Danielson <[danielson@pushormitchell.com](mailto:danielson@pushormitchell.com)>

**Cc:** Serena Nolan <[nolan@pushormitchell.com](mailto:nolan@pushormitchell.com)>; [michelle.madrigga@bmo.com](mailto:michelle.madrigga@bmo.com); Brandon Friesen <[brandon@unifab.ca](mailto:brandon@unifab.ca)>

**Subject:** Re: Unifab Industries Ltd. ats Drop Sprockets Inc. - URGENT

Hi Eric

I don't believe Mark had sent to Michelle as she is our senior account manager from Calgary.

I believe their was a Ms Hooper in the Castlegar branch that was advised.

Michelle if you are also able to confirm with us that would be greatly appreciated

Thank you all.

Kevin

Sent from my BlackBerry — the most secure mobile device — via the Bell Network

**From:** [ledding@pushormitchell.com](mailto:ledding@pushormitchell.com)

**Sent:** July 7, 2023 10:55 AM

**To:** [kevin@unifab.ca](mailto:kevin@unifab.ca); [danielson@pushormitchell.com](mailto:danielson@pushormitchell.com)

**Cc:** [nolan@pushormitchell.com](mailto:nolan@pushormitchell.com); [michelle.madrigga@bmo.com](mailto:michelle.madrigga@bmo.com); [brandon@unifab.ca](mailto:brandon@unifab.ca)

**Subject:** RE: Unifab Industries Ltd. ats Drop Sprockets Inc. - URGENT

Hi Michelle,

I understand that my partner Mark Danielson had sent you a letter yesterday from the lawyer for the Plaintiff, Drop Sprockets Inc, that had filed the Notice of Civil Claim and the pre-judgment garnishing orders (ie. orders obtained without notice to our client and prior to the Plaintiff proving its claim or obtaining judgment). That letter had confirmed that the Plaintiff was releasing its garnishing orders based on an agreement with our client. We will be providing you with a filed copy of the consent order once we obtained the filed copy from the court registry. However, I am attaching a copy of the fully executed consent order for your reference at this time.

Can you please confirm that BMO will be removing the freeze on the LOC as soon as possible? Our client has payroll obligations to its employees today and needs its operating account and LOC unfrozen by BMO in order to allow payroll to go through.

Eric

---

**Eric Ledding**

**Partner**

**Direct Line:** 250-869-1170

**Toll Free:** 1-800-558-1155

**Fax:** 1-250-762-9115

**Email:** [ledding@pushormitchell.com](mailto:ledding@pushormitchell.com)

**Profile:**

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**Pushor Mitchell LLP**

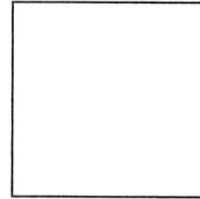
Lawyers

301 - 1665 Ellis Street

Kelowna, BC V1Y 2B3

<http://www.pushormitchell.com>

\*Providing services through a law corporation




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---

**From:** Kevin Dowkes <[kevin@unifab.ca](mailto:kevin@unifab.ca)>

**Sent:** Friday, July 7, 2023 10:46 AM

**To:** Eric C.H. Ledding <[ledding@pushormitchell.com](mailto:ledding@pushormitchell.com)>; Mark E. A. Danielson <[danielson@pushormitchell.com](mailto:danielson@pushormitchell.com)>

**Cc:** Serena Nolan <[nolan@pushormitchell.com](mailto:nolan@pushormitchell.com)>; [michelle.madrigga@bmo.com](mailto:michelle.madrigga@bmo.com); Brandon Friesen <[brandon@unifab.ca](mailto:brandon@unifab.ca)>

**Subject:** Re: Unifab Industries Ltd. ats Drop Sprockets Inc. - URGENT

Hi Eric

I've ccd Michelle with BMO here as she is the prime contact.

**Michelle Madrigga**, CPA, CGA, CIRP

Senior Account Manager, ERPM Western Canada

**BMO Financial Group**

525 – 8<sup>th</sup> Ave SW, 9<sup>th</sup> Floor

Calgary, AB T2P 1G1

[michelle.madrigga@bmo.com](mailto:michelle.madrigga@bmo.com)

T [403-503-6206](tel:403-503-6206)

F [403-503-7020](tel:403-503-7020)

Best regards

Kevin

Sent from my BlackBerry — the most secure mobile device — via the Bell Network

**From:** [ledding@pushormitchell.com](mailto:ledding@pushormitchell.com)

**Sent:** July 7, 2023 10:37 AM

**To:** [kevin@unifab.ca](mailto:kevin@unifab.ca); [danielson@pushormitchell.com](mailto:danielson@pushormitchell.com)

**Cc:** [nolan@pushormitchell.com](mailto:nolan@pushormitchell.com)

**Subject:** RE: Unifab Industries Ltd. ats Drop Sprockets Inc. - URGENT

Hi Kevin,

We have a signed consent order setting aside the garnishing orders. We will be submitting that signed order for filing with the court, so that we can then reach out to BMO and request that they remove the freeze on your LOC.

Can you please provide the name and contact information for the manager or account manager at BMO to whom we can send the filed order and request to remove the freeze on your LOC?

Eric

---

**Eric Ledding**

**Partner**

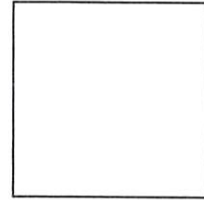
**Direct Line:** [250-869-1170](tel:250-869-1170)

**Toll Free:** [1-800-558-1155](tel:1-800-558-1155)

**Fax:** [1-250-762-9115](tel:1-250-762-9115)

**Email:** [ledding@pushormitchell.com](mailto:ledding@pushormitchell.com)

**Profile:**



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Lawyers

301 - 1665 Ellis Street

Kelowna, BC V1Y 2B3

<http://www.pushormitchell.com>

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---

**External Email:** Exercise caution before clicking links or opening attachments | **Courriel externe:** Soyez prudent avant de cliquer sur des liens ou d'ouvrir des pièces jointes

Reply Attention of: Nicholas M. Vaartnou  
 Direct Dial Number: 604.661-9374  
 Email Address: nvaartnou@farris.com

**FARRIS**

File No: 50868-0001-0000

July 6, 2023

BY FAX

Bank of Montreal  
 1990 Columbia Ave  
 Castlegar, BC V1N2W7

**Attention:** Tracy Hooper  
 Fax: 250-365-2744

Dear Sirs/Mesdames:

**Re:** *Drop Sprockets Inc. ("Drop Sprockets") v. Unifab Industries Ltd. ("Unifab")*, Supreme Court of British Columbia Action No. S-234644 (Vancouver Registry) (the "Action")

We are counsel for Drop Sprockets in respect of the Action.

Drop Sprockets has entered into an agreement with Unifab to settle the Action.

We confirm that Drop Sprockets consents to the Bank of Montreal allowing Unifab to access its line of credit with the Bank of Montreal and releasing any funds attached to the enclosed Garnishing Orders Before Judgment, entered on June 28 and 29, 2023 respectively. The parties shall be executing a consent order setting aside the garnishing orders in due course.

Yours truly,

FARRIS LLP

Per:



Nicholas M. Vaartnou

NMV/mmj

Enclosures

c.c.: Mark Danielson, Pushor Mitchell LLP (Counsel for Unifab Industries Ltd.) by e-mail:  
 danielson@pushormitchell.com

**FARRIS LLP**

25th Floor - 700 W Georgia Street Vancouver, BC Canada V7Y 1B3  
 Tel: 604 684 9151 | farris.com



When making payment into court this action number must be quoted

Court File No. VLC-S-S-234644  
No. Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

**BETWEEN:**

**DROP SPROCKETS INC.**

**PLAINTIFF**

**AND:**

**UNIFAB INDUSTRIES LTD.**

**DEFENDANT**

**AND:**

**BANK OF MONTREAL**

**GARNISHEE**

**GARNISHING ORDER BEFORE JUDGMENT**

On reading the affidavit of Anders Malpass, affirmed June 26, 2023, and on it appearing that the indebtedness, obligation or liability of the garnishees is not for wages or salary, I order that all debts, obligations or liabilities owing, payable or accruing due from the above named garnishee to the above named defendant, other than for wages or salary, be attached to the total amount set out below and paid into court.

Date: *June 28, 2023*

Digitally signed by  
Tam, Caleb

Registrar

ATTACH THIS COPY TO YOUR  
REMITTANCE AND MAIL TO  
COURT REGISTRY  
209 Smith St  
Vancouver BC V6Z2E1  
CHEQUE OR MONEY ORDER PAYABLE  
TO MINISTER OF FINANCE

- 2 -

To the Defendant:

Unifab Industries Ltd.  
 301 – 1665 Ellis Street  
 Kelowna, BC V1Y 2B3

To the Garnishee:

Bank of Montreal  
 294 Bernard Avenue  
 Kelowna, BC V1Y 6N4

	\$	Cents
Amount due on judgment [or balance of it as the case may be]	280,466	74
Cost of attachment proceedings		
basic fee	185	00
to issue garnishing order	80	00
<b>Total amount attached</b>	<b>280,731</b>	<b>74</b>

### NOTICE TO GARNISHEE

If you do not pay into court at once the amount of your indebtedness to the defendant, an order may be made against you for the payment of the full amount with costs.

If you dispute your liability, you should at once file a dispute note.

### NOTICE TO DEFENDANT

You may apply to the registrar or the court and, if considered just in all the circumstances, an order may be made releasing all or part of this garnishment.



When making payment into  
court this action number  
must be quoted

No. S-234644  
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

BETWEEN:

**DROP SPROCKETS INC.**

PLAINTIFF

AND:

**UNIFAB INDUSTRIES LTD.**

DEFENDANT

AND:

**BANK OF MONTREAL**

GARNISHEE

**GARNISHING ORDER BEFORE JUDGMENT**

On reading the affidavit of Nicholas Vaartnou, affirmed June 29, 2023, and on it appearing that the indebtedness, obligation or liability of the garnishees is not for wages or salary, I order that all debts, obligations or liabilities owing, payable or accruing due from the above named garnishee to the above named defendant, other than for wages or salary, be attached to the total amount set out below and paid into court.

Date: 29 - JUN - 2023

Digitally signed by  
Wong, Jonathan

Registrar

ATTACH THIS COPY TO YOUR  
REMITTANCE AND MAIL TO:  
COURT REGISTRY  
800 Smithe St.  
Vancouver BC V6Z2E1  
CHEQUE OR MONEY ORDER PAYABLE  
TO MINISTER OF FINANCE

- 2 -

To the Defendant:

Unifab Industries Ltd.  
 301 – 1665 Ellis Street  
 Kelowna, BC V1Y 2B3

To the Garnishee:

Bank of Montreal  
 1990 Columbia Avenue  
 Castlegar, BC V1N 2W7

	\$	Cents
Amount due on judgment [or balance of it as the case may be]	280,466	74
Cost of attachment proceedings		
basic fee	185	00
to issue garnishing order	80	00
Total amount attached	280,731	74

### NOTICE TO GARNISHEE

If you do not pay into court at once the amount of your indebtedness to the defendant, an order may be made against you for the payment of the full amount with costs.

If you dispute your liability, you should at once file a dispute note.

### NOTICE TO DEFENDANT

You may apply to the registrar or the court and, if considered just in all the circumstances, an order may be made releasing all or part of this garnishment.



No. S-S-234644  
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

DROP SPROCKETS INC.

PLAINTIFF

AND:

UNIFAB INDUSTRIES LTD.

DEFENDANT

CONSENT ORDER

BEFORE A JUDGE OF THE COURT  
or  
A MASTER OF THE COURT  
or  
A REGISTRAR




\_\_\_\_/Jul/2023


THE APPLICATION OF the Defendant, Unifab Industries Ltd., without a hearing and by consent.

THIS COURT ORDERS that:

1. The Garnishing Orders Before Judgment filed on 28/Jun/2023 and 29/Jun/2023 in the within proceeding naming the Bank of Montreal (Bernard Avenue, Kelowna and Columbia Avenue, Castlegar) as Garnishee be and are hereby set aside.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS NOTED ABOVE:

  
 \_\_\_\_\_  
 ERIC C. H. LEDDING  
 Lawyer for the Defendant,  
 Unifab Industries Ltd.

  
 \_\_\_\_\_  
 NICHOLAS M. VAARTNOU  
 Lawyer for the Plaintiff,  
 Drop Sprockets Inc.

By the Court

\_\_\_\_\_  
Registrar

No. S-S-234644  
Vancouver Registry

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

**BETWEEN:**

**DROP SPROCKETS INC.**

**PLAINTIFF**

**AND:**

**UNIFAB INDUSTRIES LTD.**

**DEFENDANT**

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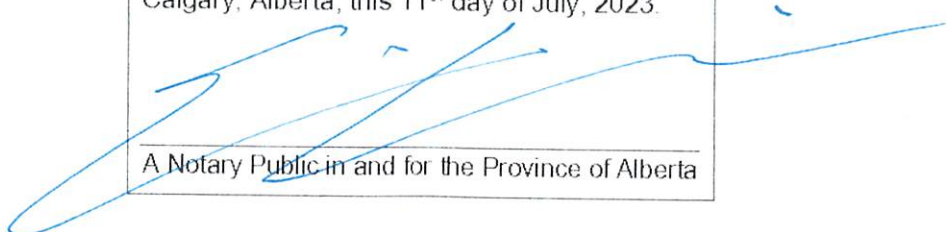
**CONSENT ORDER**

---

**ERIC C. H. LEDDING  
PUSHOR MITCHELL LLP  
Lawyers  
301 - 1665 Ellis Street  
Kelowna, British Columbia  
V1Y 2B3  
Telephone: (250) 762-2108  
Fax: (250) 762-5219**

File No. ECL/43255.new-smn

This is **Exhibit "D"** referred to in **Affidavit #1**  
of **Michelle Madrigga**, sworn before me at  
Calgary, Alberta, this 11<sup>th</sup> day of July, 2023.



A Notary Public in and for the Province of Alberta

**Erinn V. Wilson**  
**Barrister & Solicitor**

---

**From:** Madrigga, Michelle <Michelle.Madrigga@bmo.com>  
**Sent:** Friday, July 07, 2023 11:52 AM  
**To:** Kevin Dowkes  
**Cc:** Brandon Friesen  
**Subject:** [EXT] [PROTECT] Unifab Industries Ltd. and Sekwod Enterprises (2012) Ltd.  
**Attachments:** Pay 14 Check list.pdf  
  
**Importance:** High

Dear Kevin and Brandon,

We have reviewed the information that you have provided to the Bank as well the information you provided directly to MNP. We note that the cash flow projection you provided to us on July 4, 2023, which showed the temporary excess being required only until mid-August, is materially different that the updated cash flow projection provided to MNP on July 5, 2023, which shows the excess now being required until at least the end of October 31, 2023. We further note that this updated cash flow projection assumes the receipt of the Coldbox payment by the end of August, yet we understand that they have not actually provided you with any written contract or LOI at this point. We further now understand that you have been including invoices in your accounts receivable margining for which you have not provided any goods or services and the customer has not signed a binding agreement obligating them to make the payment to you. This is in contravention of the margining terms of your lending agreement with the Bank.

Please be advised that you are in default of the Forbearance Agreement and the extension currently in place until July 31, 2023. These defaults include:

- (1) Your account is in an excess position and/or loan payments have not been made when due;
- (2) You have not been operating your account within the parameters of your lending agreement;
- (3) There is a garnishment on your account for which you did not advise the Bank of; and,
- (4) Your statutory payments have not been kept current.

We have provided the consent order and letter from the Drop Sockets counsel to our internal team to remove the freeze from the account. Once this has been done and confirmed to you, the Bank is prepared to fund the items detailed on the attached list of cheques to allow payroll to proceed, apart from the payments to Ridley Consulting (Chq 374 for \$9,492.00) and SD #51 Scholarship (Chq 417 for \$750.00). Neither of these items are payroll and they will not be authorized as an excess.

Please be advised that the Bank's agreement to fund these payments is not a waiver of any defaults under the Forbearance Agreement and/or any of your lending agreements and related documents with the Bank. Please also note that, given the defaults under the Forbearance Agreement, the Forbearance Agreement is terminated and the Bank will be moving forward with enforcement.

Please also be advised that given the current excess in your account, your Mastercard facility has been terminated. Please ensure any automatic charges are cancelled.

Yours sincerely,

**Michelle Madrigga**, CPA, CGA, CIRP  
Senior Account Manager, ERPM Western Canada

BMO Financial Group  
525 – 8<sup>th</sup> Ave SW, 9<sup>th</sup> Floor  
Calgary, AB T2P 1G1

[michelle.madrigga@bmo.com](mailto:michelle.madrigga@bmo.com)

T 403-503-6206

F 403-503-7020

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