

TRADEMARK ASSIGNMENT COVER SHEET

Electronic Version v1.1
Stylesheet Version v1.2

ETAS ID: TM368408

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|---|------------------------|--|---------------------|
| SUBMISSION TYPE: | NEW ASSIGNMENT | | |
| NATURE OF CONVEYANCE: | SECURITY INTEREST | | |
| CONVEYING PARTY DATA | | | |
| Name | Formerly | Execution Date | Entity Type |
| Tilley Endurables, Inc. | | 11/26/2015 | CORPORATION: CANADA |
| RECEIVING PARTY DATA | | | |
| Name: | Bank of Montreal | | |
| Street Address: | 100 King Street West | | |
| Internal Address: | 11th Floor | | |
| City: | Toronto, Ontario | | |
| State/Country: | CANADA | | |
| Postal Code: | M5X 1A1 | | |
| Entity Type: | Bank of Canada: CANADA | | |
| PROPERTY NUMBERS Total: 12 | | | |
| Property Type | Number | Word Mark | |
| Registration Number: | 1853685 | ENDURABLES | |
| Registration Number: | 3031085 | FAST DRYING SWEAT DEFYING | |
| Registration Number: | 1940746 | GIVE'EM HELL! | |
| Registration Number: | 3105892 | HEMP NATURE'S PERFORMANCE FABRIC | |
| Registration Number: | 2062438 | PRACTISE SAFE SUN | |
| Registration Number: | 1906919 | THE BEST, MOST PRACTICAL, OUTDOOR HAT IN | |
| Registration Number: | 3105569 | TILLEY | |
| Registration Number: | 1869662 | TILLEY ENDURABLES | |
| Registration Number: | 1541646 | TILLEY ENDURABLES | |
| Registration Number: | 1853686 | ADVENTURECLOTH | |
| Serial Number: | 86815943 | TILLEY | |
| Serial Number: | 86815951 | | |
| CORRESPONDENCE DATA | | | |
| Fax Number: | 3122076400 | | |
| <i>Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent using a fax number, if provided; if that is unsuccessful, it will be sent via US Mail.</i> | | | |
| Phone: | 3122076400 | | |
| Email: | mbenson@reedsmith.com | | |

OP \$315.00 1853685

Correspondent Name: Robert E. Browne
Address Line 1: Reed Smith LLP
Address Line 2: 10 South Wacker Drive, 40th Floor
Address Line 4: Chicago, ILLINOIS 60606

ATTORNEY DOCKET NUMBER: 269105.00009

NAME OF SUBMITTER: Robert E. Browne

SIGNATURE: /Robert E. Browne/

DATE SIGNED: 01/07/2016

Total Attachments: 25

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NOTICE
OF
GRANT OF SECURITY INTEREST
IN
TRADEMARKS

Dated as of November 26, 2015

United States Patent and Trademark Office

Ladies and Gentlemen:

Please be advised that pursuant to the Security Agreement dated as of November 26, 2015 (as amended, extended, restated or otherwise modified from time to time, the "Agreement") among the Grantor (as identified on the signature pages hereto), the other grantors party thereto and the Lender (as identified on the signature pages hereto), the undersigned Grantor has granted a continuing security interest in and continuing lien upon the trademarks and trademark applications identified on Schedule A to the Lender.

The Grantor and the Lender hereby acknowledge and agree that the security interest in such trademarks and trademark applications (a) may only be terminated in accordance with the terms of the Agreement and (b) is not to be construed as an assignment of any trademark or trademark application.

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GRANTOR:

Tilley Endurables, Inc.
60 Gervais Drive
Toronto, ON M3C 1Z3

JURISDICTION OF FORMATION OF
GRANTOR: CANADA

TILLEY ENDURABLES, INC.

By: 

Name:

Title:

THULSTAN BEEBELEY
CHIEF FINANCIAL OFFICER

Tilley Endurables, Inc.
Notice of Grant of Security Interest in Trademarks
Signature Page

TRADEMARK
REEL: 005705 FRAME: 0170

Acknowledged and accepted:

LENDER:

Bank of Montreal
100 King Street West
11th Floor
Toronto, Ontario M5X 1A1

JURISDICTION OF FORMATION OF
LENDER: CANADA

BANK OF MONTREAL

By: 
Name: Lauren Thompson
Title: Managing Director
Corporate Finance, ABL
BMO Bank of Montreal

Tilley Endurables, Inc.
Notice of Grant of Security Interest in Trademarks
Signature Page

SCHEDULE A
TO
NOTICE
OF
GRANT OF SECURITY INTEREST
IN
TRADEMARKS

TRADEMARKS AND
TRADEMARK APPLICATIONS

| Trademark | Owner | Country U.S. State | Application Number | Filing Date | Registration Number | Registration Date |
|--|-------------------------|--------------------------|-----------------------|----------------|------------------------|----------------------|
| Endurables | Tilley Endurables, Inc. | United States | 74/308,936 | 31-Aug-1992 | 1,853,685 | 13-Sep-1994 |
| Fast Drying Sweat Defying | Tilley Endurables, Inc. | United States | 76,576,174 | 19-Feb-2004 | 3,031,085 | 20-Dec-2005 |
| Give'Em Hell! | Tilley Endurables, Inc. | United States | 74/560,593 | 15-Aug-1994 | 1,940,746 | 12-Dec-1995 |
| Hemp Nature's Performance Fabric | Tilley Endurables, Inc. | United States | 78/357,915 | 27-Jan-2004 | 3,105,892 | 20-Jun-2006 |
| Practise Safe Sun | Tilley Endurables, Inc. | United States | 74/404,399 | 22-Jun-1993 | 2,062,438 | 20-May-1997 |
| The Best, Most Practical, Outdoor Hat in the World | Tilley Endurables, Inc. | United States | 74/308,934 | 31-Aug-1992 | 1,906,919 | 18-Jul-1995 |
| Tilly & Hat Design | Tilley Endurables, Inc. | United States | 76/583,986 | 30-Mar-2004 | 3,105,569 | 20-Jun-2006 |
| Tilley Endurables | Tilley Endurables, Inc. | United States | 74/310,376 | 2-Sep-1992 | 1,869,662 | 27-Dec-1994 |
| Tilley Endurables | Tilley Endurables, Inc. | United States | 73/715,356 | 7-Mar-1988 | 1,541,646 | 30-May-1989 |
| AdventureCloth | Tilley Endurables, Inc. | United States | 74/308,937 | 31-Aug-1992 | 1,853,686 | 13-Sep-1994 |

ADDITIONAL TRADEMARKS AND
TRADEMARK APPLICATIONS ON NEXT PAGE

SCHEDULE A
(CONTINUED)
TO
NOTICE
OF
GRANT OF SECURITY INTEREST
IN
TRADEMARKS

TRADEMARKS AND
TRADEMARK APPLICATIONS

| Trademark | Owner | Country / U.S. State | Application Number (US Serial Number) | Filing Date | Registration Number | Registration Date |
|--------------|-------------------------|----------------------|---------------------------------------|-------------------|---------------------|-------------------|
| Tilley | Tilley Endurables, Inc. | United States | 86815943 | November 10, 2015 | Pending | Pending |
| Stylized Hat | Tilley Endurables, Inc. | United States | 86815951 | November 11, 2015 | Pending | Pending |

SECURITY AGREEMENT

The undersigned (hereinafter called the "Debtor") hereby enters into this Security Agreement with Bank of Montreal (hereinafter called the "Bank") for valuable consideration and as security for the repayment of all present and future indebtedness of the Debtor to the Bank and interest thereon and for the payment and discharge of all other present and future liabilities and obligations, direct or indirect, absolute or contingent, of the Debtor to the Bank (all such indebtedness, interest, liabilities and obligations being hereinafter collectively called the "Obligations"). This Security Agreement is entered into pursuant to and is governed by the *Personal Property Security Act* (Ontario). Capitalized terms used in this Security Agreement and not otherwise defined have the meanings given to them pursuant to the credit agreement dated even date herewith between, inter alia, the Debtor and the Bank (as the same may be modified, amended, supplemented, restated, or replaced from time to time, the "Credit Agreement").

1. The Debtor hereby represents and warrants to the Bank that it has assets at the following locations: **Please see Schedule A attached hereto.**

2. The Debtor hereby:

- (a) mortgages and charges to the Bank as and by way of a fixed and specific mortgage and charge, and grants to the Bank a security interest in, all its present and future equipment and any proceeds therefrom, including, without limiting the generality of the foregoing, all fixtures, plant, machinery, tools and furniture now or hereafter owned or acquired or in respect of which the Debtor has rights now or in the future and any equipment specifically listed or otherwise described in any Schedule hereto;
- (b) mortgages and charges to the Bank, and grants to the Bank a security interest in, all its present and future inventory and any proceeds therefrom, including, without limiting the generality of the foregoing, all raw materials, goods in process, finished goods and packaging material and goods acquired or held for sale or furnished or to be furnished under contracts of rental or service;
- (c) assigns, transfers and sets over to the Bank and grants to the Bank a security interest in, all its present and future intangibles and any proceeds therefrom, including, without limiting the generality of the foregoing, all its present and future accounts, accounts receivable, client lists, client records, client files, contract rights and other choses in action of every kind or nature now due or hereafter to become due, including insurance rights arising from or out of the assets referred to in sub-clauses (a) and (b) above;
- (d) grants, mortgages, charges, transfers and assigns to the Bank a security interest in, all its present and future chattel papers, documents of title, instruments, money and securities, and any proceeds therefrom; and

(e) charges in favour of the Bank as and by way of a floating charge its undertaking and all its property and assets, real and personal, moveable or immovable, of whatsoever nature and kind, both present and future (other than property and assets hereby validly assigned or subjected to a specific mortgage and charge and to the exceptions hereinafter contained). For the purposes of this Security Agreement, the equipment, inventory, intangibles, undertaking and all other property and assets of the Debtor referred to in this clause 2 are hereinafter sometimes collectively called the "Collateral". Without limiting the generality of the description of Collateral as set out in this clause 2, and for the greater certainty, the Collateral shall include all present and future personal property of the Debtor of the type described in any schedule attached hereto. The Debtor agrees that it shall promptly advise the Bank in writing of any acquisition of personal property which is not of the type herein described. The Debtor agrees to execute and deliver from time to time, at its own expense, amendments to this Security Agreement or additional security agreements, which may be reasonably required by the Bank to ensure attachment of security interests in such personal property.

3. The Collateral is on the date hereof primarily situate or located at the location(s) set out in clause 1 hereof but may from time to time be located at other premises of the Debtor. The Collateral may also be located at other places while in transit to and from such locations and premises; and the Collateral may from time to time be situated or located at any other place when on lease or consignment to any lessee or consignee from the Debtor.

4. It is hereby declared that the last day of any term of years reserved by any lease, verbal or written, or any agreement therefor, now held or hereafter acquired by the Debtor, is hereby or shall be excepted out of the mortgages, charges and security interests hereby created, but the Debtor shall stand possessed of the reversion of one day remaining in the Debtor in respect of any such term of years, for the time being demised, as aforesaid upon trust to assign and dispose of the same as any purchaser of such term of years shall direct. There shall also be excluded from the security created by this Security Agreement any property of the Debtor that constitutes consumer goods for the personal use of the Debtor.

5. The Debtor shall not without the prior written consent of the Bank sell or dispose of any of the Collateral other than as permitted in the Credit Agreement; and if the amounts of any of the intangibles referred to in sub-clause (c) of clause 2 above or any proceeds arising from the Collateral described in sub-clauses (a) and (b) of clause 2 above shall be paid to the Debtor, the Debtor shall receive the same as agent of the Bank and forthwith pay over the same to the Bank. Excluding Permitted Liens, the Debtor shall not without the prior written consent of the Bank create any liens upon or assign or transfer as security or pledge or hypothecate as security or create a security interest in the Collateral. The Debtor agrees that the Bank may require any account debtor to the Debtor to make payment to the Bank upon the occurrence of a continuing Event of Default and the Bank may take control of any proceeds referred to in sub-clauses (a), (b) and (c) of clause 2 hereof and may hold all amounts received from any account debtors and any proceeds as cash collateral as part of the Collateral and as security for the Obligations of the Debtor to the Bank.

6. The Debtor shall at all times do, execute, acknowledge and deliver or cause to be done, executed, acknowledged or delivered all and singular every such further acts, deeds, transfers, assignments, security agreements and assurances as the Bank may reasonably require for the better granting, transferring, assigning, charging, setting over, assuring and confirming unto the Bank the property and assets hereby mortgaged and charged or subjected to security interests or intended so to be or which the Debtor may hereafter become bound to mortgage, charge, transfer, assign or subject to a security interest in favour of the Bank and for the better accomplishing and effectuating of this Security Agreement.

7. The Debtor shall at all times have and maintain insurance over the Collateral against risks of fire (including so-called extended coverage), theft, and such other risks as the Bank may reasonably require in writing, containing such terms, in such form, for such periods and written by such companies as may be reasonably satisfactory to the Bank. The Debtor shall duly and seasonably pay all premiums and other sums payable for maintaining such insurance and shall cause the insurance money thereunder to be payable to the Bank as its interest hereunder may appear and shall, if required, furnish the Bank with certificates or other evidence satisfactory to the Bank of compliance with the foregoing insurance provisions.

8. The Debtor shall at all times upon request by the Bank furnish the Bank with such information concerning the Collateral and the Debtor's affairs and business as the Bank may reasonably request, including lists of inventory and equipment and lists of accounts and accounts receivable showing the amounts owing upon each account and securities therefor and copies of all financial statements, books and accounts, invoices, letters, papers and other documents in any way evidencing or relating to the account.

9. The Debtor shall be in default under this Security Agreement upon the occurrence of an Event of Default.

10. Upon any default under this Security Agreement, the Bank may declare any or all of the Obligations to be immediately due and payable and may proceed to realize the security hereby constituted and to enforce its rights by entry; or by the appointment by instrument in writing of a receiver or receivers of the subject matter of such security or any part thereof and such receiver or receivers may be any person or persons, whether an officer or officers or employee or employees of the Bank or not, and the Bank may remove any receiver or receivers so appointed and appoint another or others in his or their stead, or by proceedings in any court of competent jurisdiction for the appointment of a receiver or receivers or for sale of the Collateral or any part thereof; or by any other action, suit, remedy or proceeding authorized or permitted hereby or by law or by equity; and may file such proofs of claim and other documents as may be necessary or advisable in order to have its claim lodged in any bankruptcy, winding-up or other judicial proceedings relative to the Debtor. Any such receiver or receivers so appointed shall have power to take possession of the Collateral or any part thereof and to carry on the business of the Debtor, and to borrow money required for the maintenance, preservation or protection of the Collateral or any part thereof or the carrying on of the business of the Debtor, and to further charge the Collateral in priority to the security constituted by this Security Agreement as security for money so borrowed, and to sell, lease or otherwise dispose of the whole or any part of the Collateral on such terms and conditions and in such manner as he shall determine. In exercising any powers any such receiver or receivers shall act as agent or agents for the Debtor and the Bank shall not be responsible for his or their actions.

In addition, the Bank may enter upon the applicable premises and lease or sell the whole or any part or parts of the Collateral upon the occurrence of a continuing Event of Default. The Debtor agrees that considering the nature of that part of the Collateral that is not perishable it will be commercially reasonable to sell such part of the Collateral:

- (a) as a whole or in various lots;
- (b) by a public sale or call for tenders by advertising such sale once in a local daily newspaper at least seven (7) days before such sale; and
- (c) by private sale after the receipt by the Bank of at least two offers from prospective purchasers who may include persons related to or affiliated with the Debtor or other customers of the Bank.

Any such sale shall be on such terms and conditions as to credit or otherwise and as to upset or reserve bid or price as to the Bank in its sole discretion may seem advantageous and such sale may take place whether or not the Bank has taken possession of such property and assets.

No remedy for the realization of the security hereof or for the enforcement of the rights of the Bank shall be exclusive of or dependent on any other such remedy, but any one or more of such

remedies may from time to time be exercised independently or in combination. The term "receiver" as used in this Security Agreement includes a receiver and manager.

11. Any and all payments made in respect of the Obligations from time to time and moneys realized from any securities held therefor (including moneys realized on any enforcement of this Security Agreement) may be applied to such part or parts of the Obligations as the Bank may see fit, and the Bank shall at all times and from time to time have the right to change any appropriation as the Bank may see fit.

12. The Debtor agrees to pay all reasonable expenses, including solicitor's fees and disbursements and the remuneration of any receiver appointed hereunder, incurred by the Bank in the preparation, perfection and enforcement of this Security Agreement, including all expenses incurred by the Bank and its agents to put into place and confirm the priority of any security interest in this Security Agreement and the payment of such expenses shall be secured hereby.

13. The Bank may waive any default herein referred to; provided always that no act or omission by the Bank in the premises shall extend to or be taken in any manner whatsoever to affect any subsequent default or rights resulting therefrom.

14. The Debtor acknowledges that value has been given, that the Debtor has rights in the Collateral and that the parties have not agreed to postpone the time for attachment of any security interest in this Security Agreement.

15. The security hereof is in addition to and not in substitution for any other security now or hereafter held by the Bank and shall be general and continuing security notwithstanding that the Obligations of the Debtor shall at any time or from time to time be fully satisfied or paid.

16. Nothing herein shall obligate the Bank to make any advance or loan or further advance or loan or to renew any note or extend any time for payment or any indebtedness or liability of the Debtor to the Bank.

17. This Security Agreement shall enure to the benefit of and be binding upon the respective heirs, executors, administrators, successors and assigns of the Debtor and the Bank.

18. In the event of any conflict, inconsistency, ambiguity or difference between the provisions of this Security Agreement and of the Credit Agreement, then the provisions of the Credit Agreement shall govern and be paramount, and any such provision in this Security Agreement shall be deemed to be amended to the extent necessary to eliminate any such conflict, inconsistency, ambiguity or difference.

19. This Security Agreement shall terminate upon written confirmation from the Bank that the Obligations have been indefeasibly paid in full and the Credit Agreement terminated. Upon such written confirmation, the Bank will execute and deliver to Debtor such releases, discharges, financing change statements and other documents or instruments as Debtor may reasonably require and the Bank will redeliver to Debtor, or as Debtor may otherwise direct, any Collateral in its possession.

20. This Security Agreement is a security agreement within the meaning of the Personal Property Security Act (Ontario) and does not constitute an acknowledgement of any particular indebtedness or liability of the Debtor to the Bank.

21. The Debtor acknowledges receipt of a copy of this agreement.

22. In construing this Security Agreement, terms herein shall have the same meaning as defined in the Personal Property Security Act (Ontario), unless the context otherwise requires. The word "Debtor", the personal pronoun "it" or "its" and any verb relating thereto and used therewith shall be read and construed as required by and in accordance with the context in which such words are used depending upon whether the Debtor is one or more individuals, corporations or partnerships and, if more than one, shall apply and be binding upon each of them severally. The term "successors" shall include, without limiting its meaning, any corporation resulting from the amalgamation of a corporation with another corporation and, where the Debtor is a partnership, any new partnership resulting from the admission of new partners or any other change in the Debtor, including, without limiting the generality of the foregoing, the death of any or all of the partners.

IN WITNESS WHEREOF this Security Agreement has been executed by the Debtor on

26 day of November, 2015.

TILLEY ENDURABLES, INC.



Thurstan Berkaley

Chief Financial Officer

SCHEDULE A

List of Locations where Assets Located

1. 60 Gervais Drive, Toronto, Ontario, M3C 1Z3
2. 900 Don Mills Road, Unit 8, Toronto, Ontario M3C 1V6
3. 6000 Rome Boul., Brossard, Quebec J4Y 0B2
4. 1050 Laurier Street West, City of Outremont, Quebec, H2V 2K8
5. Unit 107, 560 Yates Street; Units 101 and 102, 562 Yates Street, Victoria, British Columbia V8W 1K8

SUBORDINATION AND POSTPONEMENT AGREEMENT

THIS AGREEMENT is made as of the 26th day of November, 2015

AMONG:

BANK OF MONTREAL
(the "Lender")

- and -

FileFigure 30 Limited
(the "Sub Lender")

- and -

TILLEY ENDURABLES, INC.
(the "Borrower")

WHEREAS:

1. The Lender has agreed to provide certain loan facilities to the Borrower pursuant to a loan agreement dated as of November 26, 2015, as same may be amended, restated, replaced, renewed or supplemented from time to time (the "Senior Loan Agreement").
2. The Senior Obligations (as defined herein) to the Lender are and will be secured by such present and future liens, charges, mortgages, guarantees, indemnities and security interests provided to the Lender by the Borrower and others from time to time including, without limitation, Tilley Endurables Limited, Tilley Endurables Corporation and Tilley Endurables Direct Inc. (collectively, the "Guarantors" and each a "Guarantor") from time to time, as same may be amended, restated, replaced, renewed or supplemented from time to time (the "Senior Security").
3. The Sub Lender has agreed to provide certain loan facilities to the Borrower pursuant to a loan agreement dated as of April 22, 2015, as same may be amended, restated, replaced, renewed or supplemented from time to time (the "Sub Loan Agreement").
4. The Sub Obligations (as defined herein) are and will be secured by such present and future liens, charges, mortgages, guarantees, indemnities and security interests provided to the Sub Lender by the Borrower and the Guarantors from time to time, as same may be amended, restated, replaced, renewed or supplemented from time to time (the "Sub Security").
5. The parties have agreed that the Sub Obligations and the Sub Security shall be subordinated and postponed to the Senior Obligations and the Senior Security, all on the terms and conditions of this Agreement.

THEREFORE, for value received and intending to be legally bound by this Agreement, the parties agree as follows:

1. **Defined Terms.** In this Agreement, in addition to the terms defined in other sections:
 - (i) **"Credit Parties"** means collectively the Borrower and the Guarantors and **"Credit Party"** means any one of them.
 - (ii) **"Distribution Proceeding"** means any distribution of the assets of the Credit Parties, or any liquidation, dissolution, winding up or reorganization of the Credit Parties, or the business of the Credit Parties, whether by judicial or court proceeding or otherwise, including, without limitation, any sale out of the ordinary course of the Borrower's business, receivership, insolvency, arrangement, reorganization, bankruptcy, assignment for the benefit of creditors, marshalling of assets and liabilities, or other proceedings by or against any of the Credit Parties under any bankruptcy, reorganization, insolvency or other law or laws relating to the relief of debtors, readjustment or indebtedness, reorganization or composition in any jurisdiction.
 - (iii) **"Senior Obligations"** means all obligations of the Credit Parties to the Lender arising from or pursuant to the Senior Loan Agreement and the Senior Security, including, but not limited to, all debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not and by way of subrogation, assignment, set-off or otherwise, at any time owing by the Credit Parties to the Lender.
 - (iv) **"Sub Obligations"** means all obligations of the Credit Parties to the Sub Lender arising from or pursuant to the Sub Loan Agreement and the Sub Security, including, but not limited to, all debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not and by way of subrogation, assignment, set-off or otherwise, at any time owing by the Credit Parties to the Sub Lender.
2. **Consents.** The Lender hereby consents to the creation and continuance by the Credit Parties of the Sub Obligations and Sub Security. The Sub Lender hereby consents to the creation and continuance by the Credit Parties of the Senior Obligations and Senior Security.
3. **Security.** The Sub Lender represents to, and agrees with, the Lender that there is not now, nor shall there be in the future, any Sub Security from the Borrower or any other person in connection with the Sub Obligations other than as set out in Schedule "A" to this Agreement. Neither the Borrower nor the Sub Lender shall directly or indirectly take any action, consent to the taking of any action, or cause or assist any person to take any action, to challenge the validity, legality, perfection, priority or enforceability of any of the Senior Security. The Sub Lender shall not directly or indirectly take any action, consent to the taking of any action, or cause or assist any person to take any action, to challenge, object to, compete with or impede in any manner any act taken or proceeding

commenced by the Lender in connection with the enforcement of the Senior Obligations and the Senior Security. The foregoing shall not prevent the Credit Parties or the Sub Lender from asserting, following the completion of any realization by the Lender upon all or substantially all of the collateral secured by the Senior Security, any bona fides claims they may have for improvident realization.

4. **Subordination.** Subject to the terms of this Agreement, each of the Sub Lender, the Lender and the Credit Parties declare, covenant and agree that the Sub Security and the Sub Obligations are hereby postponed and subordinated in all respects to the Senior Security and Senior Obligations. The subordinations and postponements contained herein shall apply in all events and circumstances regardless of:
- (a) the date of execution, delivery attachment, filing, registration, perfection or enforcement of any of the Senior Security or the Sub Security;
 - (b) the date of any loan, advance, advances or other accommodation;
 - (c) the date of any default under or in respect of any of the Senior Obligations, the Senior Security, the Sub Obligations or Sub Security, or the dates of any crystallization of any floating charges constituted by the Senior Security or Sub Security;
 - (d) any priority granted by any applicable principle of law or statute;
 - (e) a Distribution Proceeding;
 - (f) the failure of the Lender to register, maintain, renew or keep current any registration of or pertaining to the Senior Security; or
 - (g) any exercise or non-exercise of any right or remedy in respect of the Senior Security.

Any insurance proceeds received by the Credit Parties shall be dealt with in accordance with the preceding provisions as though such insurance proceeds were paid or payable as proceeds of realization of the collateral for which they compensate. For greater certainty, and notwithstanding any term of the Sub Security, any interest that the Sub Lender may now or hereafter have in the assets, property and undertaking of the Credit Parties is subject to the Senior Security in accordance with the terms hereof.

5. **Bankruptcy.** If either of the Senior Security or Sub Security is claimed or found by a trustee in bankruptcy or a court of competent jurisdiction to be unenforceable, invalid, unequalled or imperfect, then Section 3 shall not apply to such security to the extent that such security is so found to be unenforceable, invalid or unperfected as against a third party or the trustee in bankruptcy, unless the Lender or the Sub Lender, as the case may be, as holder of such security has reasonable grounds for, and is diligently contesting such claim and has provided the other with indemnities satisfactory to it, acting reasonably. Nothing in this Agreement shall be construed as conferring any rights upon any person other than the Lender and the Sub Lender.

6. **Postponement of Payment.** Other than as permitted by Section 7 hereof, the repayment and performance of all Sub Obligations is hereby subordinated and postponed to indefeasible payment and performance in full in cash of all Senior Obligations.
7. **Permitted Payments.** The Credit Parties shall neither make nor be entitled to make, and the Sub Lender shall not receive nor be entitled to receive, any payment, prepayment or other compensation in respect of the Sub Obligations other than those expressly permitted under the Senior Loan Agreement. If the Sub Lender receives any such payments, prepayments, proceeds or other compensation in respect of the Sub Obligations or otherwise contrary to this Agreement, the payment, prepayment, compensation or proceeds shall be held by the Sub Lender in trust for the Lender and shall be forthwith paid over to the Lender on account of the Senior Obligations.
8. **Distribution Proceeding.** Without limiting the generality of any other provision of this Agreement, upon any Distribution Proceeding by or against the Credit Parties, any payment or distribution of any kind or character, whether in cash, property or securities which, but for the provisions of this Agreement, would be payable or deliverable to the Sub Lender upon or in respect of the Sub Obligations, shall be paid or delivered by the Sub Lender or the person making such payment or distribution (whether a trustee in bankruptcy, debtor in possession, a receiver, custodian, liquidating trustee or otherwise) directly to the Lender for application by the Lender as a payment or a prepayment on account of the Senior Obligations, and the Sub Lender shall not receive any such payment or distribution or any benefit therefrom unless and until the Senior Obligations have been fully paid and satisfied; provided however that the Sub Lender may: (i) file a proof of claim or attend and vote at a meeting of creditors in connection with any action, suit or proceeding whether under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Agreement Act* (Canada) or otherwise provided any such vote shall not be used adverse in interest to the Lender, (ii) take action that is required to preserve the validity, efficacy or priority of the Sub Obligations, or (iii) give notice of a default under the Sub Loan Agreement and/or Sub Security.
9. **No Discharge.** To the extent that the Sub Lender receives any monies which they are required to pay over in whole or in part to the Lender pursuant to the terms of this Agreement, the indebtedness of the Credit Parties to the Sub Lender shall not be reduced and discharged by the receipt of such monies.
10. **Standstill Requirements.** Until the Senior Obligations have been fully paid and satisfied, the Sub Lender shall not be entitled to accelerate the time for payment of any Sub Obligations, enforce any rights under any Sub Security, bring an application to have the Credit Parties declared bankrupt, initiate or participate in the initiation of any similar proceeding (including but not limited to a proceeding in respect of the Credit Parties under the *Companies' Creditors Arrangement Act* or the *Bankruptcy and Insolvency Act* or any other Distribution Proceeding), initiate or participate in the initiation of any proceeding claiming judgment for payment or performance of any of the Sub Obligations, without giving the Lender ninety (90) days' prior written notice. Furthermore, if during or after such 90 day notice period, the Lender makes demand for repayment of the Senior Obligations or enforces any rights under the Senior Security,

then any proceedings initiated by the Sub Lender shall be suspended and subordinated to the Lender's proceedings under the Senior Security.

11. **Amendments to Obligations.** The Credit Parties and the Sub Lender shall not amend, supplement, restate or replace the Sub Loan Agreement or the Sub Security without the prior written consent of the Lender, such consent not to be unreasonably withheld. The Lender shall have the right, without the consent of the Sub Lender, to amend, supplement, restate or replace any of the terms of the Senior Loan Agreement and the Senior Security without in any way affecting the rights of the Lender under this Agreement.
12. **Right to Purchase by Sub Lender.**
 - (a) The Sub Lender shall at any time have the right (but not the obligation) to purchase the Senior Obligations, the Senior Security and all supporting loan and security documentation (collectively, the "Senior Interest") by paying to the Lender the entire outstanding principal balance of the Senior Obligations, all accrued and unpaid interest, and all amounts then due and owing in connection with the Senior Obligations (collectively, the "Purchase Price").
 - (b) If the Sub Lender elects to exercise this option to purchase, the Sub Lender shall provide at least 10 days' prior written notice (the "Buy-Out Notice") to the Lender of the intended closing date for the purchase, which shall be not less than 10 nor more than 30 days after receipt by the Lender of the Buy-Out Notice.
 - (c) In connection with such purchase, the Sub Lender shall pay the Purchase Price to the Lender and the Lender shall transfer and assign to the Sub Lender all the loan and security documentation held by the Lender in connection with the Senior Obligations and execute and deliver to the Sub Lender such agreements, instruments, registrations, and assignments as the Sub Lender may reasonably request to effect such sale, assignment and transfer. The sale, assignment and transfer shall be expressly made without representation or warranty of any kind by the Lender as to any of the Senior Interest being purchased or otherwise and without recourse to the Lender, except that the Lender shall represent and warrant: (i) the amount of the Senior Obligations, (ii) that the Lender owns such Senior Obligations free and clear of any liens or security interests, and (iii) that the Lender has the right to sell the Senior Interest to the Sub Lender and that the sale, assignment and transfer is duly authorized.
13. **Notices by the Sub Lender and Lender.** Each of the Sub Lender and the Lender agrees that it shall use commercially reasonable efforts to deliver to the other copies of demands and notices in respect of any defaults under or in respect of the Sub Obligations, the Sub Security, the Senior Obligations, and the Senior Security, respectively.
14. **Acknowledgement of the Credit Parties.** Each Credit Party acknowledges that it has actual notice of the terms of this Agreement, consents hereto, agrees to be bound by the terms hereof, and covenants with each of the parties that it will at all times during the

continuance hereof comply and act in accordance with the terms, provisions and intent of this Agreement. Each Credit Party also acknowledges that the terms and conditions of this Agreement are for the sole benefit of the Lender and the Sub Lender and that nothing in this Agreement shall be construed as conferring any rights upon the Credit Parties or any other third party, other than permitted assigns hereunder.

15. **Exchange of Information.** Each Credit Party irrevocably consents to the Lender and the Sub Lender exchanging notices and demands, as contemplated hereunder, as well as any information they have from time to time concerning the Credit Parties and their undertaking, property and assets.
16. **Agreement to Govern.** This Agreement contains the entire understanding of the parties concerning the priority of the Senior Obligations, the Senior Security, the Sub Obligations and the Sub Security, and supersedes any prior agreements, undertakings, representations and understandings, both written and oral and shall apply until the indefeasible payment in full of the Senior Obligations. The terms of this Agreement may only be amended or waived by written agreement of the Lender and the Sub Lender. In the event of any conflict or apparent inconsistency between the provisions of this Agreement and the provisions of any other agreement, instrument or documents, whether between the parties or otherwise, including, without limitation, the Senior Loan Agreement, Senior Security, the Sub Loan Agreement and the Sub Security, the provisions of this Agreement shall in all events prevail and be paramount.
17. **Further Assurances.** The parties shall execute and deliver such further deeds and assurances and do or cause to be done all such acts, matters and things as may from time to time be necessary or conducive to the carrying out of the terms and intent of this Agreement.
18. **Waivers, Etc.** No right of the Lender or the Sub Lender to enforce its respective rights under this Agreement shall at any time or in any way be prejudiced or impaired by any act or failure to act on the part of the Credit Parties, by any act or failure to act on the part of the Lender or the Sub Lender, as the case may be, or by any non-compliance by the Credit Parties, the Sub Lender (in the case of the Lender) or the Lender (in the case of the Sub Lender) with the terms of this Agreement, regardless of any knowledge thereof which the Lender or the Sub Lender, as the case may be, may have or be deemed to have.
19. **Address for Notice.** Any notice required to be given and any payments required to be made hereunder shall be deemed to have been properly given or paid, if delivered personally or by the telecopier (in the case of notices only) to the addresses set forth below:

(a) to the Lender at:

The Bank of Montreal
100 King Street West
11th Floor
Toronto, Ontario M5X 1A1

Attention: Lauren Thompson
Fax No.: 416-643-4249

(b) to the Sub Lender at:

7 River Court
Brighthouse Business Village, Brighthouse Road,
Middlesbrough, UK TS2 1RT

Attention: Howard Gunn
Fax No.: +44 20 7317 2051

(c) to the Credit Parties at:

60 Gervais Drive
Toronto, Ontario, M3C 1Z3

Attention: Chief Financial Officer
Fax No.: 416-441-3860

and if sent by telecopier, shall be deemed to be received by the party to whom it is addressed on the date of transmission and, if delivered shall be deemed to have been received by the party to whom it is addressed at the time of actual receipt. Any party may change its address for notice or payment at any time by notice given to the other parties hereto pursuant to the provisions of this Agreement.

20. **Successors and Assigns.** This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective personal representatives, successors and permitted assigns. Without limiting the generality of the foregoing, this Agreement shall be binding on all present and future holders of the Sub Obligations and Senior Obligations. Any sale, assignment or transfer of the Sub Obligations or the Senior Obligations, or any part thereof, to any person who has not first expressly agreed with the other parties to be bound by this Agreement, shall be null and void.
21. **Term of Agreement.** Unless terminated by written agreement of the Lender and the Sub Lender, this Agreement shall continue until the indefeasible payment in full in cash and performance of all Senior Obligations and the termination of all obligations of the Lender under or in connection with the Senior Loan Agreement.
22. **Counterparts.** This Agreement may be executed and delivered by pdf or facsimile transmission in one or more counterparts, each of which counterparts when executed

shall constitute an original and all of which counterparts when executed shall constitute one and the same agreement.

23. **Governing Law.** This Agreement shall be construed and interpreted in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable in the Province of Ontario and each of the parties hereby attorns to the non-exclusive jurisdiction of the courts thereof.

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IN WITNESS WHEREOF the parties have executed this Agreement on the date first written above.

BANK OF MONTREAL

Per:

Name:

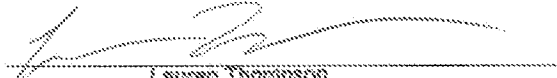
Title:

Per:

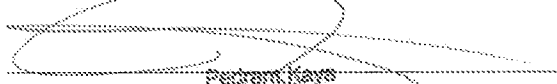
Name:

Title:

I/we have authority to bind the Bank.



Lauren Thompson
Managing Director
Corporate Finance, ABL
BMO Bank of Montreal



Frédéric Gagné
Managing Director
Corporate Finance, ABL
BMO Bank of Montreal

[Signature Page to Subordination and Postponement Agreement -- Filefigure/BMO]

IN WITNESS WHEREOF the parties have executed this Agreement on the date first written above.

BANK OF MONTREAL

Per: _____

Name: _____

Title: _____

Per: _____

Name: _____

Title: _____

We have authority to bind the Bank.

TILLEY ENDURABLES, INC.

Per: 

Name/Title: Thurstan Berkeley
Chief Financial Officer

I have authority to bind the Corporation.

TILLEY ENDURABLES LIMITED

Per: _____

Name/Title: Mary-Coleen Shanahan / Director
I have authority to bind the Corporation.

TILLEY ENDURABLES CORPORATION

Per: 

Name/Title: Thurstan Berkeley
Chief Financial Officer

I have authority to bind the Corporation.

Subordination and Postponement Agreement

IN WITNESS WHEREOF the parties have executed this Agreement on the date first written above.

BANK OF MONTREAL

Per:

Name: _____

Title:

Per:

Name: _____

Title:

We have authority to bind the Bank.

TILLEY ENDURABLES, INC.

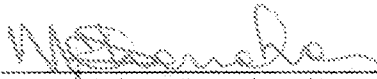
Per:

Name/Title: Thurstan Berkeley
Chief Financial Officer

I have authority to bind the Corporation.

TILLEY ENDURABLES LIMITED

Per:

Name/Title:  _____
Mary-Coleen Shanahan / Director

I have authority to bind the Corporation.

TILLEY ENDURABLES CORPORATION

Per:

Name/Title: Thurstan Berkeley
Chief Financial Officer

I have authority to bind the Corporation.

Subordination and Postponement Agreement

TRADEMARK
REEL: 005705 FRAME: 0190

TILLEY ENDURABLES DIRECT INC.

Per: 

Name/Title: Thurstan Berkeley
Chief Financial Officer

I have authority to bind the Corporation.

FILEFIGURE 30 LIMITED

Per: _____

Name: _____ c/s
Title: _____

Per: _____

Name: _____ c/s
Title: _____

We have authority to bind the Corporation

Subordination and Postponement Agreement

TRADEMARK
REEL: 005705 FRAME: 0191

TILLEY ENDURABLES DIRECT INC.

Per:

.....
Name/Title: Thurstan Berkeley
Chief Financial Officer

I have authority to bind the Corporation.

FILEFIGURE 30 LIMITED

Per: ILOB

Name: INCA LOCKHART-KOS c/s

Title: COMPANY SECRETARY

Per:

Name: c/s

Title:

We have authority to bind the Corporation

Schedule "A"

LIST OF SUB LENDER SECURITY

1. General Security Agreement dated April 22, 2015 between Tilley Endurables, Inc., Tilley Endurables Limited, Tilley Endurables Corporation, Tilley Endurables Direct Inc. and FileFigure 30 Limited.
2. Assignment and Direction re: Insurance dated April 22, 2015 between Tilley Endurables, Inc., Tilley Endurables Limited, Tilley Endurables Corporation, Tilley Endurables Direct Inc. and FileFigure 30 Limited.
3. Quebec Hypothecation of Moveables (General) dated April 22, 2015 between Tilley Endurables, Inc. and FileFigure 30 Limited.
4. Debenture dated April 22, 2015 between Tilley Endurables Limited and FileFigure 30 Limited.
5. Guaranty Agreement dated April 22, 2105 between Tilley Endurables Limited, Tilley Endurables Corporation, Tilley Endurables Direct Inc. and FileFigure 30 Limited.
6. Collateral Agreement dated April 22, 2015 between Tilley Endurables Corporation, Tilley Endurables Direct, Inc., and FileFigure 30 Limited.
7. Subsidiary Guaranty Agreement dated April 22, 2015 between Tilley Endurables Direct Inc., Tilley Endurables Corporation, and FileFigure 30 Limited.