

COURT FILE NUMBER 2501-02108  
COURT COURT OF KING'S BENCH OF ALBERTA  
JUDICIAL CENTRE CALGARY  
PLAINTIFF/APPLICANT MGB INVESTMENTS LIMITED PARTNERSHIP,  
BRIAN CRAIG, JOSEPH OSINSKI AND JUDY  
OSINSKI, MARK MILLER, AND DONNA ROSS-  
FERRARA  
DEFENDANT/RESPONDENT KATIPULT TECHNOLOGY CORP.  
DOCUMENT **AFFIDAVIT OF DONNA ROSS-FERRARA**  
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT Norton Rose Fulbright Canada LLP  
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File No. 1001333661

**AFFIDAVIT OF DONNA ROSS-FERRARA**

**Sworn (or Affirmed) on February 10, 2025**

I, Donna Ross-Ferrara, of the City of Calgary, in the Province of Alberta, MAKE OATH AND SAY:

1. I am:
  - (a) a lender pursuant to an Amended and Restated Secured Convertible Debenture between me and Katipult Technology Corp. (**Katipult**) for the principal amount of \$333,333.33 dated July 18, 2024 (the Ross-Ferrara **CD1**); and
  - (b) a secured party pursuant to a General Security Agreement made by Katipult, as debtor, in favour of me, MGB Investments Limited Partnership (**MGB**), Brian Craig, Joseph Osinski and Judy Osinski, and Mark Miller (collectively, the **Secured Parties** or the **Lenders**) dated July 18, 2024 (the **GSA**),

and as such, have personal knowledge of the matters deposed to herein, except where stated to be based on information and belief where so stated, I verily believe them to be true.



## The Agreements

2. On July 18, 2024, I executed the Ross-Ferrara CD1. Attached hereto as **Exhibit "A"** is a copy of the Ross-Ferrara CD1.
3. Counsel to the Lenders, Norton Rose Fulbright Canada LLP (**Lenders' Counsel**), has provided me with a copy of an Amended and Restated Secured Convertible Debenture regarding Katapult for the principal amount of \$1,000,000.00, executed on July 18, 2024 by MGB (the **MGB CD1**), which I verily believe to be a true and accurate copy of such document. Lenders' Counsel has advised me that the MGB CD1 is identical to the Ross-Ferrara CD1 in all respects except for the name of the Lender and principal amount. Attached hereto as **Exhibit "B"** is a copy of the MGB CD1.
4. Lenders' Counsel has provided me with a copy of an Amended and Restated Secured Convertible Debenture regarding Katapult for the principal amount of \$1,000,000.00, executed on July 18, 2024 by Brian Craig (the **Craig CD1**), which I verily believe to be a true and accurate copy of such document. Lenders' Counsel has advised me that the Craig CD1 is identical to the Ross-Ferrara CD1 in all respects except for the name of the Lender and principal amount. Attached hereto as **Exhibit "C"** is a copy of the Craig CD1.
5. Lenders' Counsel has provided me with a copy of an Amended and Restated Secured Convertible Debenture regarding Katapult for the principal amount of \$333,333.33, executed on July 18, 2024 by Joseph Osinski and Judy Osinski (the **Osinski CD1**), which I verily believe to be a true and accurate copy of such document. Lenders' Counsel has advised me that the Osinski CD1 is identical to the Ross-Ferrara CD1 in all respects except for the name of the Lender. Attached hereto as **Exhibit "D"** is a copy of the Osinski CD1.
6. Lenders' Counsel has provided me with a copy of an Amended and Restated Secured Convertible Debenture regarding Katapult for the principal amount of \$333,333.33, executed on July 18, 2024 by Mark Miller (the **Miller CD1**), which I verily believe to be a true and accurate copy of such document. Lenders' Counsel has advised me that the Miller CD1 is identical to the Ross-Ferrara CD1 in all respects except for the name of the Lender. Attached hereto as **Exhibit "E"** is a copy of the Miller CD1.
7. The Ross-Ferrara CD1, MGB CD1, the Craig CD1, the Osinski CD1, and the Miller CD1 shall collectively be referred to herein as the **CD1 Agreements**.
8. I have been provided by a copy of the GSA by Lenders' Counsel and verily believe that on July 18, 2024, Gord Breese, the CEO of Katapult at the time, executed the GSA. Attached hereto as **Exhibit "F"** is a copy of the GSA.

## The Default, Demand, and Notice

9. I have been advised by Lenders' Counsel, and verily believe, that as of February 5, 2025, Katipult has not paid any amounts due and owing pursuant to the CD1 Agreements.

10. I am advised by Lenders' Counsel, and verily believe, that as of February 5, 2025, the total amount owing (before interest and costs that continue to accrue) pursuant to the CD1 Agreements was \$3,000,000.00, broken down as follows, and equivalent to the principal amounts pursuant to the CD1 Agreements:

- (a) MGB: \$1,000,000.00
- (b) Brian Craig: \$1,000,000.00
- (c) Mark Miller: \$333,333.33
- (d) Joseph Osinski and Judy Osinski: \$333,333.33
- (e) Donna Ross-Ferrara: \$333,333.33 (collectively, the **Outstanding Indebtedness**).

11. I am advised by Lenders' Counsel, and verily believe, that on February 5, 2025, the Lenders demanded that Katipult immediately repay the Outstanding Indebtedness (the **Demand**) and provided Katipult with a Notice of Intention to Enforce Security (the **Notice**) pursuant to Section 244 of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3.

12. I am advised by Lenders' Counsel, and verily believe, that on February 7, 2025, Katipult delivered its signed consent to:

- (a) the immediate enforcement of the Lenders' security; and
- (b) the disposition of any and all collateral subject to the Lenders security immediately to the Lenders.

Attached hereto as **Exhibit "G"** is a current copy of the signed consent of Katipult to the above.

13. I am further advised by Lenders' Counsel, and believe, that Katipult has consented to an order appointing KSV Restructuring Inc. ("**KSV**") as Receiver and Manager of Katipult.

14. I am further advised by Lenders' Counsel, and believe, that KSV has consented to act as the Receiver and Manager of Katipult. Attached hereto as **Exhibit "H"** is a true copy of KSV's executed consent to act.

### The Secured Interests

15. I have been provided with copies of search results for Katapult from the Personal Property Registry (PPR) in Alberta and British Columbia from Lenders' counsel and I verily believe they are accurate results. Attached hereto as **Exhibit "I"** is a copy of the PPR result from Alberta. Attached hereto as **Exhibit "J"** is a copy of the PPR result from British Columbia.

16. Under the terms of the CD1 Agreements and the GSA, and as evidenced by the PPR search results, the Lenders' secured interest in the Collateral is subordinate to secured interests of the Royal Bank of Canada (RBC). I have been advised by Lenders' Counsel, and verily believe, that the proposed Receivership will not impact RBC's security, and that RBC will be treated as unaffected.

### The Receivership

17. I am advised by Lenders' Counsel that appointing KSV as Receiver and Manager is intended to facilitate a contemplated going-concern transaction for the sale of the assets of Katapult on an expedited basis to its major customer. I am advised by Lenders' Counsel that such a sale will be subject to the approval of this Honourable Court.

### Conclusion

18. I make this Affidavit in support of an Application for a Consent Receivership Order and for no improper purpose.

SWORN (OR AFFIRMED) BEFORE ME at the  
City of Calgary, in the Province of Alberta, this  
10<sup>th</sup> day of February, 2025.




A Commissioner for Oaths in and for the Province  
of Alberta



Donna Ross-Ferrara

**Armaan Dhillon**  
**Student at Law**

THIS IS EXHIBIT A TO THE AFFIDAVIT  
OF DONNA ROSS FERRARA, SWORN OR  
AFFIRMED FEBRUARY 10, 2025

  
A NOTARY PUBLIC/  
COMMISSIONER FOR OATHS IN AND FOR  
THE PROVINCE OF ALBERTA

**Armaan Dhillon**  
**Student at Law**

**KATIPULT TECHNOLOGY CORP.**

**AMENDED AND RESTATED SECURED CONVERTIBLE DEBENTURE**

Name of Lender: Donna Ross-Ferrara (the "Lender")

Address of Lender: 48 Morgans Ridge

Calgary, Alberta T3Z 0A5

Attention: \_\_\_\_\_

Email Address: j.ferrara@shaw.ca

Principal Amount:<sup>1</sup> \$333,333.33

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<sup>1</sup> Note: To include only the principal amount of the Original Debenture.  
CAN\_DMS: \112080083\10

## 1. DEFINITIONS AND INTERPRETATION

1.1 **Definitions.** In this Debenture, unless there is something in the context inconsistent therewith, the following words and phrases shall have the following meanings, respectively:

- (1) “**2018 Debentures**” means the 8.5% convertible debentures issued by the Company on May 30, 2018 in the initial aggregate principal amount of \$3,050,000 and which were amended on August 11, 2023, November 30, 2023 and were amended and restated on the date hereof, including but not limited to this Debenture, as the same may be amended, varied, supplemented, restated, renewed or replaced at any time and from time to time;
- (2) “**Adjusted Interest Rate**” has the meaning ascribed to it in Section 2.3(2);
- (3) “**Affiliate**” means any entity that directly or indirectly controls, is controlled by, or is under common control with the subject entity with “control,” for purposes of this definition, meaning direct or indirect ownership of more than 50% of the voting interests of the subject entity;
- (4) “**Applicable Laws**” means, in respect of any Person, property, transaction or event, all present or future applicable laws, statutes, decrees, regulations, treaties, ordinances, orders, writs, injunctions, judgments and decrees and all applicable official directives, rules, guidelines, orders and policies of any governmental or other regulatory bodies including, without limitation, stock exchanges having authority over any of the foregoing;
- (5) “**Board**” means the Company’s board of directors;
- (6) “**Bridge Loan Note**” means the secured promissory note in the principal amount of \$250,000 between the Company and Adventure Capital (2019) Inc. dated May 22, 2024;
- (7) “**Bridge Loan Security**” means the Liens in certain accounts receivable of the Company as described in and pursuant to the terms of the Bridge Loan Note and Bridge Loan Security Agreement;
- (8) “**Bridge Loan Security Agreement**” means the security agreement granted by the Company in favour of Adventure Capital (2019) Inc. in respect of the Bridge Loan Security, dated May 22, 2024;
- (9) “**Business Day**” means any day but excludes Saturday or Sunday and any other day which is a statutory holiday in Calgary, Alberta;
- (10) “**CFO**” means the then current Chief Financial Officer of the Company;
- (11) “**Collateral**” means all of the present and after acquired real and personal property of the Company;
- (12) “**Common Share**” means a common share in the capital of the Company;
- (13) “**Company**” means Katapult Technology Corp. and every Successor Company (and for the purposes of all covenants, representations and Events of Default, includes all subsidiaries and affiliates of Katapult Technology Corp.);
- (14) “**Conversion Date**” shall have the meaning ascribed to it in Section 4.4;
- (15) “**Conversion Notice**” shall have the meaning ascribed to it in Section 4.3;

- (16) “**Conversion Price for Interest**” means \$0.20 per Common Share;
- (17) “**Conversion Price for Principal**” means \$0.20 per Common Share;
- (18) “**Convertible Indebtedness**” means, on any date of determination, the outstanding principal under this Debenture or the other 2018 Debentures taken as a whole (or any of them), as the context requires;
- (19) “**Current Annual Cash Burn**” shall have the meaning ascribed to it in Section 2.3(2);
- (20) “**Current Cash**” shall have the meaning ascribed to it in Section 2.3(2);
- (21) “**Debenture**” means this amended and restated secured convertible debenture, which amends and restates the Original Debenture, as the same may be amended, varied, supplemented, restated, renewed or replaced at any time and from time to time;
- (22) “**Debenture Documents**” means this Debenture, the GSA and all other agreements, instruments and other documents granted by the Company in favour of the Lender under or in connection with the foregoing.
- (23) “**Debenture Holder Resolution**” means a resolution in writing signed by Debenture Holders holding not less than 51% of the aggregate principal amount of the 2018 Debentures;
- (24) “**Debenture Holders**” means, on any date of determination, the registered holders of 2018 Debentures on such date, and “**Debenture Holder**” means any of them;
- (25) “**Debenture Representative**” means a representative of the Debenture Holders appointed pursuant to Article 10;
- (26) “**Default**” means any event or circumstance which, with the passage of time or giving of notice (or both) would result in an Event of Default;
- (27) “**Effective Date**” means July 18, 2024;
- (28) “**Event of Default**” shall have the meaning ascribed to it in Section 9.1;
- (29) “**Exchange**” means the TSX Venture Exchange;
- (30) “**Forced Conversion**” shall have the meaning ascribed to it in Section 4.1;
- (31) “**Forced Conversion Criteria**” shall have the meaning ascribed to it in Section 4.1;
- (32) “**Forced Conversion Date**” shall have the meaning ascribed to it in Section 4.1;
- (33) “**Forced Conversion Notice**” shall have the meaning ascribed to it in Section 4.1;
- (34) “**GAAP**” means generally accepted accounting principles which are in effect from time to time in Canada, which is currently International Financial Reporting Standards;
- (35) “**GSA**” means the general security agreement dated on or about the Effective Date, granted by the Company in favour of the Lender in respect of all of the real and personal property of the Company to secure the Secured Obligations;
- (36) “**Interest**” shall have the meaning ascribed to it in Section 2.2;



- (37) “**Interest Base Rate**” shall have the meaning ascribed to it in Section 2.3;
- (38) “**Interest Rate Adjustment**” shall have the meaning ascribed to it in Section 2.3;
- (39) “**Lender**” shall have the meaning ascribed to it above;
- (40) “**Liens**” means mortgages, charges, pledges, hypothecs, assignments by way of security, conditional sales or other title retention arrangements, security created under the *Bank Act* (Canada), liens, encumbrances, security interests or other interests in property, howsoever created or arising, whether fixed or floating, perfected or not, which secure payment or performance of an obligation;
- (41) “**Market Price per Common Shares**” means the volume weighted average trading price per share for Common Shares for the 10 consecutive trading days ending on the trading day before the relevant date on which not less than one board lot of Common Shares was traded on the Exchange;
- (42) “**Maturity Date**” shall have the meaning ascribed to it in Section 6.1;
- (43) “**Monthly Cash Burn Rate**” shall have the meaning ascribed to it in Section 2.3(1);
- (44) “**Notices**” shall have the meaning ascribed to it in Section 12.5;
- (45) “**Original Closing Date**” means May 30, 2018;
- (46) “**Original Debenture**” shall have the meaning ascribed to it in Section 2.1;
- (47) “**Overdue Interest**” shall have the meaning ascribed to it in Section 6.2;
- (48) “**Parties**” means the Lender and the Company and their successors and permitted assignees;
- (49) “**Permitted Encumbrances**” means, in respect of the Company:
- (a) Liens arising by operation of law for amounts not yet due or delinquent, minor encumbrances on real property such as easements and rights of way which do not materially detract from the value of such property, and Liens given to municipalities and similar public authorities when required by such authorities in connection with the operations of the Borrower in the ordinary course of business;
  - (b) Liens granted pursuant the Bridge Loan Security to secure the Bridge Loan Note;
  - (c) Liens granted pursuant to the RBC Security;
  - (d) Liens granted in favour of the Debenture Holders to secure obligations under or in connection with the 2018 Debentures, including the Secured Obligations; and
  - (e) Liens in respect of which the Debenture Holders have provided their prior written consent.
- (50) “**Person**” means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, regulatory body or agency, government or governmental agency, authority or entity however designated or constituted;

- (51) “**PPSA**” means the *Personal Property Security Act* (Alberta) or any other applicable statute pertaining to the granting, perfecting, opposability, priority, ranking or enforcement of Liens on personal or movable property, and any successor statutes, together with any regulations thereunder, in each case as in effect from time to time;
- (52) “**RBC Security**” means the security granted by the Company in favour of the Royal Bank of Canada in all the present and after-acquired personal property of the Company as evidenced by Alberta PPSA registration numbers #14072335006, 20013137012 and 20013136931;
- (53) “**Redemption Date**” shall have the meaning ascribed to it in Section 5.1;
- (54) “**Redemption Notice**” shall have the meaning ascribed to it in Section 5.1;
- (55) “**Redemption Option**” shall have the meaning ascribed to it in Section 5.1;
- (56) “**Retraction Notice**” shall have the meaning ascribed to it in Section 6.1;
- (57) “**Register**” means the register of Debenture Holders maintained pursuant to Article 3;
- (58) “**Secured Obligations**” means, at any time and from time to time, all of the obligations, indebtedness and liabilities (present or future, absolute or contingent, matured or not) of the Company to the Lender under, pursuant or relating to this Debenture or the other Debenture Documents or the Convertible Indebtedness and whether the same are from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and including all principal, interest, fees, legal (on a full indemnity basis) and other costs, charges and expenses and other amounts payable by the Company under the Debenture Documents;
- (59) “**Security Agent**” shall have the meaning ascribed to it in Section 2.4(8);
- (60) “**Security Documents**” means the GSA and each other agreement, instrument or other document from time to time granted by the Company or any Affiliate of the Company to secure the Secured Obligations;
- (61) “**Shortfall Months**” shall have the meaning ascribed to it in Section 6.1;
- (62) “**Successor Company**” means any company which is formed by the amalgamation, merger, restructuring or reorganization of the Company;
- (63) “**U.S. Person**” has the meaning ascribed thereto in Regulation S of the U.S. Securities Act; and
- (64) “**U.S. Securities Act**” means the *United States Securities Act of 1933*, as amended.

1.2 **Gender and Number.** Throughout this Debenture words importing the singular number include the plural and vice versa and words importing gender include the masculine, feminine and neuter genders.

1.3 **Meaning of “Outstanding”.** Each 2018 Debenture will be deemed to be outstanding until (a) it has been converted in full (and all accrued and unpaid interest thereon has been irrevocably paid in full in cash in accordance with its terms) or (b) the Convertible Indebtedness thereunder and accrued and unpaid Interest thereon have been irrevocably paid, in full, in cash in accordance with its terms, and:

- (1) where the Convertible Indebtedness and accrued unpaid Interest of a 2018 Debenture has been partially paid irrevocably in cash, the 2018 Debenture will be deemed to be

outstanding only to the extent of the unpaid portion of the Convertible Indebtedness and Interest thereof; and

- (2) where a new 2018 Debenture has been issued in substitution for a 2018 Debenture which has been lost, stolen or destroyed, only one of them will be counted for the purposes of determining the aggregate principal amount of and the accrued unpaid Interest of the 2018 Debentures outstanding.

1.4 **Headings.** The division of this Debenture into sections, subsections and paragraphs and the provision of a table of contents and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation of this Debenture.

1.5 **Applicable Law.** This Debenture is governed by the laws of Alberta and the laws of Canada applicable therein and will be treated in all respects as Alberta contracts. The Parties hereto irrevocably attorn to the non-exclusive jurisdiction of the courts of the Province of Alberta.

1.6 **Currency.** Except as otherwise expressly provided herein, all references to dollar amounts herein are deemed to be references to lawful money of Canada.

1.7 **Business Day.** Whenever any payment is due or required to be taken under this Debenture on or as of a day that is not a Business Day, that payment must be made and the other action must be taken on or as of the next day that is a Business Day.

1.8 **Severability.** If one or more of the provisions contained herein shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

## 2. TERMS OF DEBENTURE

2.1 **Amended and Restated Debenture.** The Company and the Lender acknowledge that this Debenture represents an amendment and restatement of the convertible debenture dated May 30, 2018 issued by the Company to the Lender on the Original Closing Date in the initial aggregate principal amount of \$3,050,000 (the "**Original Debenture**").

2.2 **Convertible Indebtedness.** The Company, in consideration for the receipt of the Convertible Indebtedness under the Original Debenture and the agreement of the Parties to amend and restate the Original Debenture upon the terms of this Debenture, hereby acknowledges itself indebted to, and covenants with the Lender to, repay, unless and except to the extent that such Convertible Indebtedness under this Debenture is converted into Common Shares as provided for by this Debenture, the Convertible Indebtedness under this Debenture, plus interest, calculated and payable in accordance with Section 2.3 the ("**Interest**", which term includes Overdue Interest).

2.3 **Interest.** All unpaid Interest owing on the Original Debenture shall accrue on the Convertible Indebtedness under this Debenture to and excluding April 15, 2024 and Interest shall not accrue on the Convertible Indebtedness under this Debenture from April 15, 2024 until November 30, 2024, following which, Interest on the Convertible Indebtedness under this Debenture, or so much thereof as remains outstanding from time to time, shall accrue daily at the rate of 4% *per annum* (the "**Interest Base Rate**") compounded quarterly, and calculated based upon the actual number of days passed in any actual year. All Interest shall be payable at the times set out herein excepting only Overdue Interest which shall be paid pursuant to Section 6.2. The rate of Interest shall be adjusted on a monthly basis (the "**Interest Rate Adjustment**") as follows:

- (1) On or before the 10<sup>th</sup> day of each month, the CFO shall calculate the Company's Monthly Cash Burn Rate, and (if paragraph (2) below applies) Current Cash, Current Annual Cash

Burn, Shortfall Months and Adjusted Interest Rate, and deliver to the Lender a notice setting out such amounts and rates and the calculations thereof in reasonable detail.

- (2) If the minimum unencumbered cash balance of the Company during the last day in the immediately preceding calendar month (the “**Current Cash**”) falls below the current Monthly Cash Burn Rate multiplied by 12 months (the “**Current Annual Cash Burn**”), then the Interest for the current month will automatically be adjusted (each adjusted rate being an “**Adjusted Interest Rate**”) to be the lesser of:
  - (a) 4.0% plus 0.5% x Shortfall Months per annum; or
  - (b) 10.0% per annum.

Where

“**Cash Burn**” means, in respect of any calendar month, the amount (if any) of negative cash flow of the Company during such month, the calculation of which shall include all incoming cash from business operations and all outgoing cash for business expense, but shall exclude any incoming or outgoing cash from investments in and other capital raised by the Company, dividend payments, indebtedness incurred by the Company, repayment of debt and interest thereon, interest and other investment income, and third party grants received or repaid;

“**Monthly Cash Burn Rate**” means, as of any date of calculation, the amount equal to the simple average of the Company’s Cash Burn in each of the three immediately preceding calendar months; and

“**Shortfall Months**” means, as of any date of determination, the number of whole months (subject to a maximum of 12 months) which, at the then-current Monthly Cash Burn Rate, it would take for the Company to have zero or negative cash on hand (assuming that Current Cash remains unchanged for the next 12 months).

- (3) For greater certainty, expressed as a formula, the Adjusted Interest Rate shall be the maximum of 10.0% or the Adjusted Interest Rate calculated as follows (rounded to the nearest second decimal place):

$$\text{Adjusted Interest Rate} = \text{Interest Base Rate} + (\text{Shortfall Months} \times 0.50)$$

- (4) The Adjusted Interest Rate shall be adjusted on a monthly basis upwards or downwards and it may be reduced towards the Interest Base Rate as the ratio between minimum cash balance and Current Annual Cash Burn improves. For certainty, the Adjusted Interest Rate shall never be less than the Interest Base Rate, and never be greater than 10.0% per annum.
- (5) In the event of any dispute arising from the calculation of the Interest Rate Adjustment, such dispute shall be conclusively determined by the then current auditor of the Company or a third-party accounting firm mutually appointed by the Company and the Debenture Representative (or by a Debenture Holder Resolution).
- (6) Notwithstanding the foregoing, the Interest Rate Adjustment may be waived for any given month by the Debenture Representative or by Debenture Holder Resolution (provided that such resolution is agreed to by all Debenture Holders), in which case the Adjusted Interest Rate for such month will remain at 4% per annum compounded quarterly.

## 2.4 Security.

- (1) The due and punctual payment of the Secured Obligations, when and as the same shall be due and payable, and performance of all other obligations of the Company to the Lender under or in connection with this Debenture and the other Debenture Documents, according to the terms hereunder or thereunder, are secured, as provided in the Security Documents. The Company consents and agrees to be bound by the terms of the Security Documents as the same may be in effect from time to time, and agree to perform its obligations thereunder in accordance therewith.
- (2) The Company shall do or cause to be done all acts and things that may be required, or that the Lender from time to time may reasonably request, to assure and confirm that the Lender holds duly created and enforceable and perfected Liens upon the Collateral, and in connection with any merger, consolidation or sale of the Company, the property and assets of the Person which is consolidated or merged with or into the Company, to the extent that they are property or assets of the types which would constitute Collateral under the Debenture Documents, shall be treated as after-acquired property and the Company shall take such action as may be reasonably necessary to cause such property and assets to be made subject to the Liens constituted under the Security Documents, in the manner and to the extent required under the Security Documents.
- (3) The Company acknowledges conclusively that the Company and the Lender intend the Liens in the Collateral granted under the Security Documents to attach immediately upon the execution of this Debenture. The charge shall be effective and shall attach as of the date hereof whether the monies hereby secured or any part thereof shall become owing by the Company before or after or upon the date of execution of this Debenture. The Company acknowledges conclusively that value has been given.
- (4) The Parties confirm and agree that 2018 Debentures shall rank *pari passu* in terms of both payment and security without preference or priority, as if all such debentures had been issued simultaneously, and all such debentures are and shall be secured equally and rateably.
- (5) The Company and the Lender hereby authorize the Lender or its agents to file at any time financing statements, continuation statements, and amendments thereto that (i) either specifically describe the Collateral or describe the Collateral as all assets of the Company of the kind pledged hereunder, and (ii) contain any other information required by the PPSA for the sufficiency of filing office acceptance of any financing statement, continuation statement, or amendment. Without derogation from the foregoing, the Company shall promptly execute, acknowledge and deliver such Security Documents, instruments, certificates, filings, financing statements (including filings of continuation statements or amendments to financing statements that may be necessary to continue the effectiveness of such financing statements), notices and other documents, and take such other actions as shall be reasonably required, or that the Lender may reasonably request, to create, perfect, protect, assure, maintain or enforce (at the sole cost and expense of the Company) the Liens and benefits intended to be conferred, in each case as contemplated by the Security Documents for the benefit of the Lender.
- (6) If the Lender determines at any time or from time to time that the form and nature of the then existing Security Documents is deficient in any way or does not fully provide the Lender with the security and priority to which each is entitled hereunder and under the other Debenture Documents, the Company will forthwith execute and deliver or cause to be executed and delivered to the Lender, at the Company's expense, such amendments to

the Security Documents or provide such new Security Documents as the Lender may reasonably request.

- (7) Each item or part of the Liens issued under the Security Documents shall for all purposes be treated as a separate and continuing collateral security and shall be deemed to have been given in addition to and not in place of any other item or part of the Security Documents or any other Liens now held or hereafter acquired by the Lender. No item or part of the Security Documents shall be merged or be deemed to have been merged in or by this Debenture or any documents, instruments or acknowledgements delivered hereunder, or any simple contract debt or any judgment, and any realization of or steps taken under or pursuant to any Lien, instrument or agreement shall be independent of and not create a merger with any other right available to the Lender, under any Lien, instruments or agreements held by it or at law or in equity.
- (8) The Lender, immediately upon notice from the Debenture Representative, shall be deemed (to the extent permitted by Applicable Law) to appoint such third party (or parties) as the Debenture Representative shall determine to represent the Lender as a security agent (the "**Security Agent**") to enforce the Liens granted by the Company under the Security Documents and to apply the proceeds of such enforcement *pro rata* among the Lender and each holder under all other 2018 Debentures, in each case, in accordance with the terms hereof and authorizes the Security Agent to take such actions on its behalf and to exercise such powers as are delegated to the Security Agent by the terms hereof, together with such actions and powers as are reasonably incidental thereto. The Company hereby acknowledges such appointment. The Lender hereby irrevocably authorizes and directs the Security Agent to take such action and to exercise such rights, powers, privileges and remedies on behalf of the Lender as the Security Agent in its sole and absolute discretion deems necessary or desirable for the purposes hereof. The Security Agent may, from time to time, appoint a nominee to exercise all or any of the powers, rights, remedies and benefits of the Security Agent hereunder and such nominee shall be vested with all rights, remedies, powers, benefits, discretions, protection and relief of the Security Agent and shall be bound by all of the covenants and obligations of the Lender hereunder or thereunder or pursuant to Applicable Law. The Lender hereby authorizes the Debenture Representative providing notice pursuant to this Section 2.4(8) to do and perform all such acts, deeds and things and to negotiate, execute, and deliver and to file or cause to be executed, delivered or filed, all such documents, which it in its discretion shall deem necessary, desirable or proper, in order to give effect to the foregoing.
- (9) Upon an Event of Default (as defined herein) that is continuing, the Security Agent may, upon receipt of written instructions from the Debenture Representative, exercise such rights and remedies as are provided by the PPSA and otherwise under Applicable Law with respect to the Collateral or any part thereof and all other rights and remedies recognized under Applicable Laws against the Company or in respect of the Collateral or any part thereof for the enforcement of full payment and performance of all amount owing hereunder and under the other Debenture Documents. If there is any deficiency of payment in respect of such amounts the Company shall be and at all times remain liable for the payment thereof to the Lender.
- (10) The Company hereby irrevocably constitutes and appoints the Security Agent, on behalf of the Lender, as its true and lawful attorney and Security Agent, with full power and authority in the Company's name, place and stead, from time to time, to do all acts and things and execute and deliver all transfers, certificates, proxies, resolutions, consents, assignments, transfers, conveyances and agreements, in such form as the Security Agent or the Lender consider necessary or desirable, and to do all things which the Company is required to sign, execute and do hereunder if the Company has failed to sign, execute or do

the same and generally to use the name of the Company in the exercise of all or any of the powers hereby conferred on the Security Agent or the Lender, in each case, with full powers of substitution and revocation; provided that this power of attorney may not be exercised by the Security Agent until an Event of Default shall have occurred and is continuing. Such appointment and power of attorney is hereby declared by the Company to be an irrevocable power coupled with an interest.

- (11) To the extent not prohibited by any law applicable to the Company, the Company hereby waives its rights, if any, under all provisions of Applicable Law that would in any manner, limit, restrict or otherwise affect the Security Agent's rights and remedies hereunder or impose any additional obligations on the Security Agent.
- (12) Nothing contained in this Section 2.4 or elsewhere in this Debenture is intended to or shall impair, as between the Company and the Lender, the obligation of the Company under or in connection with the Debenture Documents, which is absolute and unconditional, to pay to the Lender the Secured Obligations, as and when the same shall become due and payable in accordance with their terms, or affect the relative rights of the Lender and creditors of the Company, nor shall anything herein or therein prevent the Lender from exercising all remedies otherwise permitted by Applicable Law upon an Event of Default under this Debenture and the other Debenture Documents.

2.5 **Subordination.** The Lender agrees that Liens under the Security Documents securing its right in the Collateral shall be subordinated to the Bridge Loan Security and the RBC Security; provided that subordination to the Bridge Loan Security shall cease and shall be of no force and effect from and after August 31, 2024. The Lender agrees to execute and deliver an acknowledgment of such subordination to Adventure Capital (2019) Inc. and Royal Bank of Canada promptly after written request for same, at the cost of the Company.

2.6 **Issue in Substitution for Lost Debenture.** If this Debenture is mutilated, lost, destroyed or stolen, the Company in its discretion may issue and deliver a new 2018 Debenture of like date and tenor as the one mutilated, lost, destroyed or stolen in exchange for and in place of and upon cancellation of such mutilated debenture or in lieu of and in substitution for such lost, destroyed or stolen debenture and the new 2018 Debenture will rank equally in accordance with its terms with all other 2018 Debentures issued.

2.7 **Cost for Replacement.** The applicant for the issue of a new 2018 Debenture pursuant to this section will bear the cost of the issue thereof and in case of loss, destruction or theft will, as a condition precedent to the issue thereof, furnish to the Company:

- (1) evidence of ownership and of the loss, destruction or theft of the 2018 Debenture so lost, destroyed or stolen satisfactory to the Company in its discretion;
- (2) an indemnity and surety bond in amount and form satisfactory to the Company in its discretion; and
- (3) the reasonable charges of the Company in connection with the issue of the new 2018 Debenture.

### 3. **REGISTRATION, TRANSFER, EXCHANGE AND OWNERSHIP OF DEBENTURE**

3.1 **Register of Debentures.** The Company will cause to be kept by and at the registered office of the Company the register in which will be entered the names and addresses of the Lender and the other Debenture Holders and particulars of the 2018 Debentures held by them respectively and of all transfers of 2018 Debentures.

- 3.2 **Resales in the United States.** This Debenture has not been and will not be registered under the *U.S. Securities Act* and may not be transferred to a U.S. Person, or for the account or benefit of a U.S. Person.
- 3.3 **Requirements for Transfer.** No transfer of this Debenture will be valid unless made by the Lender or his or her executors, administrators or other legal representatives or his or her attorney duly appointed by an instrument in writing in form and with execution satisfactory to the Company upon compliance with such reasonable requirements as the Company may prescribe, nor unless the name of the transferee will have been noted on the Register by the Company.
- 3.4 **Exchange of Debentures.** 2018 Debentures in any denomination may be exchanged upon reasonable notice to the Company for 2018 Debentures of equal aggregate amount in any other denomination.
- 3.5 **Place for Exchange.** 2018 Debentures may be exchanged only at the registered office of the Company. Any 2018 Debentures tendered for exchange must be surrendered to the Company. The Company will execute all 2018 Debentures necessary to carry out exchanges as aforesaid. All 2018 Debentures surrendered for exchange will be cancelled.
- 3.6 **Applicant to Pay Charges.** Payment of any such charges of the Company for reasonable fees and any transfer taxes or governmental or other charges required to be paid will be made by the Party requesting such exchange, or transfer, as a condition precedent thereto.
- 3.7 **Register Open for Inspection.** The Register will be open for inspection by the Company, the Lender, or any Debenture Holder during normal business hours on Business Days.
- 3.8 **Closing of Register.** The Company will not be required to make transfers or exchanges of any Debenture Holder's fully registered 2018 Debenture:
- (1) after a Conversion Notice or Forced Conversion Notice; or
  - (2) on the Conversion Notice Maturity Date or during the 10 preceding Business Days.
- 3.9 **Ownership of Debenture.** The Lender will be deemed to be the owner of this Debenture for all purposes and payment of or on account of the Convertible Indebtedness hereunder and Interest thereon will be made only to or upon the order in writing of the Lender.
- 3.10 **No Notice of Trusts.** The Company shall not be bound to take notice of or see to the execution of any trust, whether express, implied or constructive, in respect of any 2018 Debenture and may transfer the same on the direction of the person registered as the holder thereof, whether named as trustee or otherwise, as though that person were the beneficial owner thereof.
- 3.11 **No Set-Off.** The Lender will be entitled to the Convertible Indebtedness hereunder and Interest hereon free from all equities or rights of set-off or counterclaim from the Company and all Persons may act accordingly and the receipt of the Lender of any such principal, or interest will be a good discharge to the Company for the same and the Company is not bound to inquire into the title of the Lender.
- 3.12 **Actual Production not Required.** The Company may treat the Lender as owner of this Debenture without actual production of this Debenture for the purpose of any requisition, direction, consent, instrument or other document as aforesaid.



#### 4. CONVERSION OF DEBENTURE

4.1 **Forced Conversion by the Company.** If, on or before the Maturity Date, in any two consecutive calendar quarters the Company shall have achieved all of the following criteria:

- (1) positive EBITDA (as determined by the Company's accountants) normalized for abnormal items;
- (2) revenue equal to at least \$0.023 per issued and outstanding Common Share (as determined by the Company's accountants, acting reasonably);
- (3) the volume weighted average trading price per share for Common Shares for the prior three months is equal to at least \$0.41 per share; and
- (4) subscription based recurring revenue is equal to at least \$0.017 per issued and outstanding Common Share

(collectively, the "**Forced Conversion Criteria**"), then the Company may elect to convert all Convertible Indebtedness hereunder into Common Shares at the Conversion Price for Principal and all accrued unpaid Interest Common Shares at the Conversion Price for Interest (the "**Forced Conversion**"), subject to prior Exchange review and acceptance, by sending notice in writing (the "**Forced Conversion Notice**") of the Forced Conversion to all Debenture Holders who hold outstanding 2018 Debentures as at the date that the Forced Conversion Criteria have been met (the "**Forced Conversion Date**"). Within 5 Business Days of providing the Forced Conversion Notice, the Company shall issue that number of whole Common Shares, as applicable, as equals the value of all outstanding Convertible Indebtedness hereunder divided by the Conversion Price of Principal and accrued unpaid Interest as at the Forced Conversion Date divided by the Conversion Price for Interest. Upon the surrender of this Debenture at the offices of the Company, the Lender will be entitled to be entered in the books of the Company as the holder of such number of Common Shares effective as of the Forced Conversion Date. As soon as the Company delivers share certificate(s) representing all of the Common Shares issuable to the Lender pursuant to the Forced Conversion, the 2018 Debenture in respect of each such share certificate(s) so delivered shall be deemed to be cancelled and be non-enforceable against the Company.

4.2 **Voluntary Conversion by Lender.** On or before the Maturity Date, subject to regulatory and Exchange approval, until the Convertible Indebtedness hereunder and any accrued unpaid Interest has been fully repaid, the Lender shall have the right to convert all or any portion of the then outstanding Convertible Indebtedness under this Debenture into Common Shares at the Conversion Price for Principal and/or all or a portion of the accrued unpaid Interest under this Debenture into Common Shares at the Conversion Price for Interest, subject to prior Exchange review and acceptance. Such conversion may be effected by the surrender of this Debenture for conversion at the offices of the Company, accompanied by a conversion notice (the "**Conversion Notice**") signed by the Lender in the form attached as Schedule "A" notifying the Company as to the exercise of the right of conversion and specifying the amount of Convertible Indebtedness hereunder and/or Interest being converted and setting forth the name and address of the nominees of the Lender in whose name(s) the Common Shares issuable upon such conversion are to be registered. For greater certainty, no conversion in part or in whole of the Convertible Indebtedness hereunder shall extinguish or satisfy, or relieve the Company of its obligation to pay, any Interest on such Convertible Indebtedness, or Interest on such Interest, accruing up to but excluding the Conversion Date.

4.3 **Conversion Date.** The conversion of the Convertible Indebtedness hereunder and/or Interest shall be deemed to have been made immediately prior to the close of business on the date on which this Debenture is surrendered for conversion (the "**Conversion Date**") in accordance with the

provisions of this Article 4. The Lender's rights in respect of the converted portion shall terminate at the time of surrender, and the nominee of the Lender entitled to receive the Common Shares into which all or any portion of the Convertible Indebtedness hereunder and/or Interest is converted shall be treated, as between the Company and such person or persons, as having become the holder or holders of record of such Common Shares on that date, provided that if this Debenture is surrendered for conversion on any day on which the register for Common Shares is closed, the Lender or its nominee entitled to receive Common Shares upon the conversion of this Debenture shall become the holder of record of such Common Shares as of the date on which the register of Common Shares is next open.

- 4.4 **Issuance of Share Certificates.** As promptly as practicable after the Conversion Date, the Company shall issue to the Lender or its nominee(s) a certificate or certificates representing that number of applicable whole Common Shares issuable pursuant to the conversion of the Convertible Indebtedness hereunder and accrued unpaid Interest in accordance with the terms of this Debenture and shall cause the Lender or its nominee to be entered in its books as of the Conversion Date as the holder of the number of Common Shares into which the Convertible Indebtedness hereunder, accrued unpaid Interest, or portion thereof being converted, is converted. Common Shares issued upon such conversion shall be entitled to dividends (if any) declared in favour of holders of Common Shares of record on and after the Conversion Date. As of and from the Conversion Date, the Common Shares so issued shall for all purposes be and be deemed to be issued and outstanding as fully paid and non-assessable Common Share. In the event that any amounts remain outstanding under this Debenture after giving effect to such conversion, the Company shall acknowledge in writing the amount of remaining Convertible Indebtedness hereunder owing by the Company to the Lender, plus any accrued and outstanding unpaid Interest.
- 4.5 **Fractions of Common Shares.** No fractional Common Share or other security shall be issued upon the conversion of all or any portion of the Convertible Indebtedness hereunder or Interest. If the conversion of all or any portion of the Convertible Indebtedness hereunder or Interest would otherwise result in a fractional Common Share, the Company shall only issue the next lowest whole number of Common Shares and no payment or other adjustment will be made for the fractional interest.
- 4.6 **Hold Period on Common Shares.** Common Shares issued pursuant to this Article 4 may be subject to a hold period pursuant to applicable securities laws and the securities shall bear the required legends.
- 4.7 **Adjustment of Common Shares.** The number of Common Shares deliverable upon the conversion of this Debenture will be subject to adjustment in the events and in the manner following:
- (1) if and whenever at any time prior to a Conversion Date or Forced Conversion Date, the Company (i) subdivides or redivides the outstanding Common Shares into a greater number of Common Shares, (ii) reduces, combines or consolidates the outstanding Common Shares into a smaller number of Common Shares, or (iii) issues Common Shares or securities exchangeable for or convertible into Common Shares to the holders of all or substantially all of the outstanding Common Shares by way of a stock dividend, the Conversion Price for Principal or the Conversion Price for Interest, if any of the foregoing events occurs within the ten (10) consecutive trading day period in which the Market Price per Common Share is calculated, as applicable, in effect on the effective dates of such subdivision, redivision (including, in the case where securities exchangeable for or convertible into Common Shares are distributed, the number of Common Shares that would have been outstanding if all such securities had been exchanged or converted into Common Shares on the record date), reduction, combination or consolidation or on the record date for such issue of Common Shares by way of a stock dividend, as the case may be, will in the case of the events referred to in (i) and (iii) above, be decreased in proportion to the number of

outstanding Common Shares resulting from such subdivision, redivision, or will, in the case of the events referred to in (ii) above, be increased in proportion to the number of outstanding Common Shares resulting from such reduction, combination or consolidation; in either case, with the result that the proportion of shares to be received upon such conversion to the total number of outstanding Common Shares will be equivalent to the proportion immediately prior to such event;

- (2) adjustments will be made successively whenever any event referred to in Section 4.7(1) occurs; and
- (3) in the event of any dispute arising from the adjustments referred to in this Section 4.7, such dispute shall be conclusively determined by the then current auditor of the Company or a third party accounting firm mutually appointed by the Company and the Debenture Representative or by Debenture Holder Resolution.

For greater certainty, no adjustment shall be made to the Conversion Price for Interest pursuant to this section 4.7 to the extent that any of the foregoing events occurs prior to the ten (10) consecutive trading day period for which the Market Price per Common Share is calculated.

4.8 **Reclassification, Merger, Etc.** In case of any reclassification of the capital of the Company, or in the case of the merger, arrangement, reorganization, amalgamation or other form of business combination of the Company with, or into any other company or of the sale of substantially all of the property and assets of the Company to any other company, this Debenture will, after such reclassification of capital, merger, arrangement, reorganization, amalgamation or other form of business combination or sale, confer the right to acquire upon conversion that number of Common Shares or other securities or property of the Company or of the Company resulting from such reclassification, merger, arrangement, reorganization, amalgamation or other form of business combination, or to which such sale will be made, as the case may be, which the Lender would then hold if the Lender had exercised the Lender's rights under this Debenture before reclassification of capital, merger, arrangement, reorganization, amalgamation or other form of business combination or sale; and in any such case, if necessary, appropriate adjustments will be made in the application of the provisions set forth in this Article 4 with respect to the rights and interest thereafter of the Lender to the end that the provisions set forth in this Article 4 will thereafter correspondingly be made applicable as nearly as may reasonably be in relation to any Common Shares or other securities or property thereafter deliverable on the conversion of this Debenture.

4.9 **Reservation of Common Shares.** The Company will reserve and there will remain unissued out of its authorized capital a sufficient number of Common Shares to satisfy the Forced Conversion or exercise of conversion rights pursuant to this Article 4.

## 5. COMPANY REDEMPTION OPTION

5.1 **Redemption Option.** On or before the Maturity Date, the Company may, from time to time, on not less than 30 days written notice to the Lender (the "**Redemption Notice**") have the option (the "**Redemption Option**") to redeem the 2018 Debentures on the first Business Day following the expiry of the 30 day period herein (the "**Redemption Date**") by paying to the Lender:

- (1) the full amount of the Convertible Indebtedness hereunder in cash, plus
- (2) any accrued Interest, payable at the option of the Lender (in its sole discretion) in either (a) cash or (b) Common Shares at the Conversion Price for Interest, subject to prior Exchange review and acceptance.

- 5.2 **Black-Out Periods.** A Redemption Notice shall not be provided by the Company during any insider trading black-out period for the Company.
- 5.3 **Conversion Rights Maintained.** For greater certainty, at any time prior to the Redemption Date, the Lender shall retain the right to convert all or any portion of the then outstanding Convertible Indebtedness hereunder into Common Shares at the Conversion Price for Principal and all or any portion of the then accrued unpaid Interest into Common Shares at the Conversion Price for Interest pursuant to Section 4.2. If a Conversion Notice is delivered prior to the Redemption Date then the Redemption Option shall not proceed with respect to the portion of the Convertible Indebtedness hereunder subject to the Conversion Notice notwithstanding that a Redemption Notice was delivered to the Lender prior to the delivery of the Conversion Notice to the Company.
- 5.4 **Share Certificates.** Share certificates to be issued pursuant to the Redemption Option shall be dated as of the date immediately following the expiry of the Redemption Notice or, if such day is not a Business Day, the next succeeding Business Day, and shall be delivered to the Lender within 5 Business Days following such date.

## 6. LENDER RETRACTION FOLLOWING MATURITY DATE

- 6.1 In the event that this Debenture has not been converted or redeemed by May 30, 2027 (the "**Maturity Date**"), the Convertible Indebtedness hereunder and all accrued unpaid Interest will become due and payable, in full, in cash, upon delivery by the Lender at any time of notice to the Company (the "**Retraction Notice**") and pursuant to the terms of such Retraction Notice. This Debenture shall continue to be outstanding until such time as all Convertible Indebtedness and all accrued unpaid Interest that is due and payable hereunder has been paid in full to the Lender notwithstanding whether the Lender has delivered the Retraction Notice to the Company.
- 6.2 Any amount of Convertible Indebtedness hereunder and accrued unpaid Interest not paid within 10 days of delivery of the Retraction Notice shall be subject to interest (the "**Overdue Interest**"), payable in cash at an annual interest rate of 14.5% (based on the actual number of days in the actual year), accruing daily and compounding quarterly, due on the last day of the month for which it is calculated.

## 7. REPRESENTATIONS AND WARRANTIES OF THE COMPANY

- 7.1 **Representations and Warranties.** The Company represents and warrants to the Lender, all of which shall survive the execution and delivery of this Debenture, as follows:
- (1) the Company is a company validly existing and in good standing pursuant to the *Business Corporations Act* (Alberta);
  - (2) the Company has the corporate power and capacity to carry on the business now carried on by it and has the full power and authority to execute and deliver the 2018 Debentures and to perform its obligations hereunder and under the other Debenture Documents;
  - (3) the Company has taken all necessary corporate proceedings to authorize the execution and delivery of the 2018 Debentures and the Debenture Documents and to authorize and make the creation and delivery of the 2018 Debentures and the Debenture Documents and the performance by the Company of its obligations thereunder legal, valid and binding upon the Company;
  - (4) the Company will not, by entering into the 2018 Debentures or any Debenture Document or performing its obligations under any of the foregoing, contravene (a) any Applicable

Laws, (b) the articles or other constating documents of the Company or (c) any agreement, written or verbal, by which it is bound;

- (5) all governmental authorizations and other requirements of any governmental authority or any other Person which are reasonably necessary to carry on the businesses of the Company have been obtained and are in full force and effect;
- (6) there are no actions, suits, judgments, investigations, proceedings, writs of execution, work orders, injunctions, directives or proceedings outstanding, pending or, to the knowledge of the Company, threatened, which challenge the validity of any 2018 Debenture or any Debenture Document or which would materially adversely affect the ability of the Company to perform its obligations under the 2018 Debentures, the Debenture Documents or any document evidencing any indebtedness of the Company to the Lender;
- (7) each of the 2018 Debentures and each of the Debenture Documents constitutes a valid and legally binding obligation of the Company enforceable against the Company in accordance with its terms, subject only to bankruptcy, insolvency or other statutes or judicial decisions affecting the enforcement of creditors' rights in general and to general principles of equity;
- (8) the Company is not in material breach of any material agreement to which it is a party or by which it is bound; and
- (9) no Default or Event of Default has occurred and is continuing.

## **8. COMPANY'S COVENANTS**

8.1 **Positive Covenants.** The Company hereby covenants to the Lender that at all times while the Lender's conversion rights are outstanding, it will:

- (1) duly and punctually pay, or cause to be paid, all amounts which may, at any time and from time to time, be payable in respect of the 2018 Debentures and the Debenture Documents (whether on account of Convertible Indebtedness, Interest or otherwise) or which otherwise may be payable pursuant to the terms of the 2018 Debentures or the Debenture Documents, all payments to be made by the Company in accordance with the applicable provisions of the 2018 Debentures or the Debenture Documents and in connection therewith the Company will furnish the Lender with evidence of each such payment as soon as practicable after the payment is made;
- (2) at all times maintain its corporate existence and carry on its business in accordance with Applicable Laws;
- (3) provide the Debenture Holders with written notice of any change in the name of the Company and of any change in the registered or principal office address of the Company immediately upon the occurrence of such a change;
- (4) provide the Debenture Holders with written notice immediately upon obtaining knowledge of (i) a Default or Event of Default hereunder, (ii) any actual or potential litigation or claim which could reasonably be expected to materially adversely affect the business or financial condition of the Company or (iii) any change in any information provided in the 2018 Debentures (or any of them);
- (5) obtain and maintain insurance coverage on its property and assets in accordance with industry practice;

- (6) pay and discharge, as they become due, all payments due and owing under or with respect to any other indebtedness of the Company created, incurred or otherwise outstanding or Liens given by the Company to any person or corporation and will observe, perform and carry out all the terms, covenants, provisions and agreements relating thereto and any default in payment of any monies due and payable under or the occurrence of an event of default, as defined in any indenture or instrument under which the Company, at any time while any 2018 Debenture is outstanding, will be deemed to be an Event of Default hereunder at the option of the Debenture Representative and any and all remedies available to the Lender by law or otherwise will forthwith be available to the Lender upon the occurrence of any such event;
- (7) within 120 days after its fiscal year end, deliver to the Lender a copy of its annual audited consolidated financial statements, duly prepared in accordance with GAAP;
- (8) within 60 days after each of the first three fiscal quarters of each fiscal year, deliver to the Lender a copy of its quarterly unaudited consolidated financial statements, duly prepared in accordance with GAAP;
- (9) concurrent with the delivery of financial statements to the Lender pursuant to clauses (7) and (8) above, provide the Lender with a certificate of an officer of the Company, certifying (a) that no Default or Event of Default has occurred and is continuing (or providing details of any such Default or Event of Default) and (b) the Convertible Indebtedness under the 2018 Debentures outstanding as of such date; and
- (10) upon due and proper conversion of this Debenture pursuant to the terms of Article 4 hereof, the Company shall issue Common Shares in such denominations as required pursuant to Article 4 and upon issuance in accordance thereto the Common Shares shall be duly issued as fully paid and non-assessable shares.

8.2 **Negative Covenants.** Unless authorized by the Debenture Representative or Debenture Holder Resolution, the Company covenants that, at all times while the Lender's conversion rights are outstanding, it will not:

- (1) incur any indebtedness which is senior in preference to the 2018 Debentures, other than:
  - (a) subject to Section 2.5, all indebtedness pursuant to the Bridge Loan Note;
  - (b) trade payables of the Company (other than indebtedness for borrowed money) incurred in the ordinary course of business, provided that such indebtedness is classified as a current liability on the financial statements of the Company;
  - (c) operating loans or lines of credit facilities that are either unsecured or secured only by the Company's accounts receivable;
  - (d) loans for capital equipment that are unsecured or secured only by purchase money Liens, conditional sales agreements or other title retention mortgages against such capital equipment; and
  - (e) all indebtedness that has been approved by a Debenture Holder Resolution.
- (2) except for Permitted Encumbrances, will not grant, create, assume or suffer to exist any Lien affecting any of its properties, assets or other rights;
- (3) change its chief executive office or jurisdiction of organization without written notice being provided to the Lender at least 15 days prior to such change;

- (4) change its name without written notice being provided to the Lender of its new name and the date when such new name is to become effective at least 15 days prior to such change;
- (5) otherwise amend its articles or other constating documents in any manner adverse to the interests of the Debenture Holders (or any of them); and
- (6) declare or make any dividend, payment or distribution to the holders of its issued and outstanding shares of its capital stock (including any return of capital, repurchase, redemption, or retractions) or make any change in its issued or authorized capital stock either by way of redemption or stock or otherwise.

## 9. DEFAULT AND ENFORCEMENT

### 9.1 **Events of Default.** The following events will constitute events of default (an “**Event of Default**”):

- (1) if the Company makes default in the observance or performance of any written covenant or undertaking given by the Company to the Lender or the holder of any other 2018 Debentures (other than in clause (2) below) under any agreement, instrument or other document (including the Debenture Documents) and such default is not rectified within 30 days of the earlier of (a) notice being delivered by the Lender to the Company and (b) knowledge by the Company of such default;
- (2) if the Company makes default in payment of any indebtedness or liability of the Company to the Lender hereunder or to the holder of any other 2018 Debenture thereunder, when due, and such default is not remedied within 15 days of the earlier of (a) notice being delivered by the Lender to the Company and (b) knowledge by the Company of such default;
- (3) if a decree or order of a court of competent jurisdiction is entered adjudging the Company a bankrupt or insolvent or approving as properly filed a petition seeking the winding-up of the Company under the *Companies' Creditors Arrangement Act* (Canada), the *Bankruptcy and Insolvency Act* (Canada), the *Winding Up Act* (Canada) or any other bankruptcy, insolvency or analogous laws or ordering the winding up or liquidation of its affairs
- (4) if any resolution is passed for the winding-up or liquidation of the Company, or if the Company makes any assignment in bankruptcy or makes any other assignment for the benefit of creditors, makes any proposal under the *Bankruptcy and Insolvency Act* (Canada) or any comparable law, seeks relief under the *Companies' Creditors Arrangement Act* (Canada), the *Winding Up Act* (Canada) or any other bankruptcy, insolvency or analogous law, files a petition or proposal to take advantage of any act of insolvency, consents to or acquiesces in the appointment of a trustee, receiver, receiver and manager, interim receiver, custodian, sequestrator or other person with similar powers of itself or of all or any substantial portion of its assets, or files a petition or otherwise commences any proceeding seeking any reorganization, arrangement, composition, administration or readjustment under any applicable bankruptcy, insolvency, moratorium, reorganization or other similar law affecting creditors' rights or consents to, or acquiesces in, the filing of such petition;
- (5) if an encumbrancer takes lawful possession of any portion of the property of the Company which is material to the Company taken as a whole, or if any process of execution is levied or enforced upon or against a material portion of the property of the Company and remains unsatisfied for such period as would permit any such property to be sold thereunder, unless the Company actively and diligently contests in good faith such process, but in that event the Company shall, if the Lender so requires, give security which, in the discretion of the

Lender, is sufficient to pay in full the amount thereby claimed in case the claim is held to be valid;

- (6) if the Company ceases to carry on its business; or
- (7) if any representation or warranty of the Company herein or in any other Debenture Document hereof is untrue in any material respect.

9.2 **Notice of Defaults and Events of Default.** If a Default or Event of Default occurs and is continuing, the Company will immediately after it becomes aware of the occurrence of such Default or Event of Default give notice of such Default or Event of Default to each Debenture Holder (and to the Debenture Representative, if applicable) in the manner provided in Article 12 unless the default has been waived pursuant to Section 9.2.

Where notice of the occurrence of a Default or Event of Default has been given and the Default or Event of Default is thereafter cured, notice that the Default or Event of Default is no longer continuing will be given by the Company to the Debenture Holders (or the Debenture Representative, if applicable) in the manner provided in Article 12 immediately after the Company becomes aware that the Default or Event of Default has been cured.

9.3 **Waiver of Default.** The Debenture Representative (or Debenture Holders by Debenture Holder Resolution) may in writing waive any breach by the Company of any of the provisions contained herein or any default by the Company in the observance or performance of any covenant or condition required by the Lender to be observed or performed by the Company; provided always that no act or omission by the Lender in the premises shall extend to or be taken in any manner whatsoever to affect any subsequent breach or default or the rights resulting therefrom.

9.4 **No Merger.** Neither the taking of any judgment nor the exercise of any power of seizure or sale shall operate to extinguish the liability of the Company to make payment of or to satisfy the obligations hereunder nor shall the acceptance of any payment or alternate security constitute or create any novation, and it is further agreed that the taking of a judgment or judgments under any of the covenants herein contained shall not operate as a merger of such covenants.

## 10. DEBENTURE REPRESENTATIVE

10.1 The Lender, together with the other Debenture Holders, shall be entitled to designate a representative (the “**Investor Representative**”) from time to time, to be elected by Debenture Holder Resolution.

## 11. SATISFACTION AND DISCHARGE

11.1 **Cancellation and Destruction.** Upon payment by the Company of the outstanding Convertible Indebtedness hereunder and accrued unpaid Interest and all other obligations of the Company hereunder or secured hereby, the Lender shall upon request in writing by the Company deliver this Debenture to the Company and shall at the expense of the Company cancel and discharge the charge of this Debenture and execute and deliver to the Company such deeds or other instruments as shall be requisite to discharge the charge hereby constituted.

11.2 **Non-Presentation of Debenture.** If the Lender fails to present this Debenture for payment at the Forced Conversion Date or Conversion Notice Maturity Date, the Company will be entitled to set aside the outstanding Convertible Indebtedness hereunder and/or the accrued unpaid Interest payable on or represented by this Debenture and in respect whereof such monies have been set aside will be deemed to have been paid and the Lender will thereafter have no right in respect thereof except that of receiving payment of the monies so set aside by the Company (without



interest on such monies) upon due presentation and surrender thereof, subject always to the provisions of Article 9.

- 11.3 **Release from Covenants.** Upon full payment of the outstanding Convertible Indebtedness hereunder and accrued unpaid Interest (including Overdue Interest) and other monies payable hereunder have been paid to the Lender; the Lender will, at the request and at the expense of the Company, execute and deliver to the Company such deeds or other instruments as are necessary to release the Company from its covenants herein contained.

## 12. MISCELLANEOUS

- 12.1 The Lender, without exonerating in whole or in part the Company, may grant time, renewals, extensions, indulgences, releases and discharges to, may take securities from and give the same and any or all existing securities up to, may abstain from taking securities from or from perfecting securities of, may accept compositions from, and may otherwise deal with the Company and all other persons and securities as the Lender may see fit.
- 12.2 Nothing herein shall obligate the Lender to make any advance or loan or further advance or loan or to renew any note or extend any time for payment of any indebtedness of the Company to the Lender.
- 12.3 This Debenture is in addition to, not in substitution for and shall not be merged in any other agreement, security, document or instrument now or hereafter held by the Lender.
- 12.4 This Debenture shall be binding upon the Company and its successors and assigns including any successor by reason of amalgamation of or any other change in the Company and shall enure to the benefit of the Lender and its successors and assigns; provided that, unless an Event of Default has occurred and is continuing, the Lender shall not assign any of its rights or obligations hereunder without the prior written consent of the Company, which consent is not to be unreasonably withheld. The Company shall not assign any of its rights or obligations hereunder without the prior written consent of the Lender, not to be unreasonably withheld.
- 12.5 All notices, requests, demands or other communications (collectively, “**Notices**”) by the terms hereof required or permitted to be given by one party to any other party, or to any other person shall be given in writing by personal delivery, facsimile transmission or email communication to such other party as follows:

To the Company at: Suite 340, 318 – 11<sup>th</sup> Avenue S.E.  
Calgary, Alberta  
T2G 0Y2  
Email: [gbreese@katipult.com](mailto:gbreese@katipult.com)  
Attention: Gord Breese, Chief Executive Officer

to the Lender at: the address or facsimile specified on the first page of this Debenture

or at such other address as may be given by such person to the other Parties hereto in writing from time to time. All such Notices shall be deemed to have been received when delivered or transmitted.

- 12.6 Time shall be of the essence.
- 12.7 This Debenture may be executed and delivered in as many counterparts and by electronic transmission as may be necessary and each of which so signed and delivered will be deemed to be an original and such counterparts and electronic transmissions together will constitute one and the

same instrument and notwithstanding the date of execution will be deemed to bear the date set forth above. The words "execution," "signed," "signature," and words of like import in this Debenture or any other Debenture Document shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any Applicable Law.

**IN WITNESS WHEREOF** the Parties hereto have executed this Debenture as of the date first above written.

**KATIPULT TECHNOLOGY CORP.**

By: Gord Breese  
Name: Gord Breese  
Title: Chief Executive Officer

Acknowledged and Agreed as of the date first above written.

**LENDER**

By: Donna Ross-Ferrara  
Name: Donna Ross-Ferrara  
Title:

**SCHEDULE A**  
**FORM OF CONVERSION NOTICE**

**TO: KATIPULT TECHNOLOGY CORP.** (the "Company")

The undersigned, registered holder of the attached Debenture, hereby irrevocably elects to convert such the Convertible Indebtedness and accrued unpaid Interest under such Debenture (or \$ \_\_\_\_\_ principal amount and \$ \_\_\_\_\_ Interest thereof) into \_\_\_\_\_ Common Shares of the Company in accordance with the terms of such Debenture and directs that such Common Shares issuable and deliverable upon the conversion be issued and delivered to the person indicated below (provided that if the person indicated below is not the undersigned, then the undersigned acknowledges and agrees that the delivery of such Common Shares to the person indicated below fully satisfies repayment of the amount of the Convertible Indebtedness and accrued unpaid Interest under such Debenture converted into such Common Shares).

**DATED** the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

**[HOLDER NAME]**

**Per:** \_\_\_\_\_  
**Name:**  
**Title:**

**REGISTER AND DELIVER AS FOLLOWS:**

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

THIS IS EXHIBIT B TO THE AFFIDAVIT  
OF DONNA ROSS FERRARA, SWORN OR  
AFFIRMED FEBRUARY 10, 2025



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A NOTARY PUBLIC/  
COMMISSIONER FOR OATHS IN AND FOR  
THE PROVINCE OF ALBERTA

**Armaan Dhillon**  
**Student at Law**

**KATIPULT TECHNOLOGY CORP.**

**AMENDED AND RESTATED SECURED CONVERTIBLE DEBENTURE**

Name of Lender: MGB Investments Limited Partnership (the “**Lender**”)

Address of Lender: 163 Wildwood Drive SW

Calgary, Alberta T3C 3C8

Attention: Mike Broadfoot

Email Address: mike.broadfoot@icloud.com

Principal Amount:<sup>1</sup> **\$1,000,000.00**

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<sup>1</sup> Note: To include only the principal amount of the Original Debenture.  
CAN\_DMS:\112080083\10

## 1. DEFINITIONS AND INTERPRETATION

1.1 **Definitions.** In this Debenture, unless there is something in the context inconsistent therewith, the following words and phrases shall have the following meanings, respectively:

- (1) “**2018 Debentures**” means the 8.5% convertible debentures issued by the Company on May 30, 2018 in the initial aggregate principal amount of \$3,050,000 and which were amended on August 11, 2023, November 30, 2023 and were amended and restated on the date hereof, including but not limited to this Debenture, as the same may be amended, varied, supplemented, restated, renewed or replaced at any time and from time to time;
- (2) “**Adjusted Interest Rate**” has the meaning ascribed to it in Section 2.3(2);
- (3) “**Affiliate**” means any entity that directly or indirectly controls, is controlled by, or is under common control with the subject entity with “control,” for purposes of this definition, meaning direct or indirect ownership of more than 50% of the voting interests of the subject entity;
- (4) “**Applicable Laws**” means, in respect of any Person, property, transaction or event, all present or future applicable laws, statutes, decrees, regulations, treaties, ordinances, orders, writs, injunctions, judgments and decrees and all applicable official directives, rules, guidelines, orders and policies of any governmental or other regulatory bodies including, without limitation, stock exchanges having authority over any of the foregoing;
- (5) “**Board**” means the Company’s board of directors;
- (6) “**Bridge Loan Note**” means the secured promissory note in the principal amount of \$250,000 between the Company and Adventure Capital (2019) Inc. dated May 22, 2024;
- (7) “**Bridge Loan Security**” means the Liens in certain accounts receivable of the Company as described in and pursuant to the terms of the Bridge Loan Note and Bridge Loan Security Agreement;
- (8) “**Bridge Loan Security Agreement**” means the security agreement granted by the Company in favour of Adventure Capital (2019) Inc. in respect of the Bridge Loan Security, dated May 22, 2024;
- (9) “**Business Day**” means any day but excludes Saturday or Sunday and any other day which is a statutory holiday in Calgary, Alberta;
- (10) “**CFO**” means the then current Chief Financial Officer of the Company;
- (11) “**Collateral**” means all of the present and after acquired real and personal property of the Company;
- (12) “**Common Share**” means a common share in the capital of the Company;
- (13) “**Company**” means Katapult Technology Corp. and every Successor Company (and for the purposes of all covenants, representations and Events of Default, includes all subsidiaries and affiliates of Katapult Technology Corp.);
- (14) “**Conversion Date**” shall have the meaning ascribed to it in Section 4.4;
- (15) “**Conversion Notice**” shall have the meaning ascribed to it in Section 4.3;



- (16) “**Conversion Price for Interest**” means \$0.20 per Common Share;
- (17) “**Conversion Price for Principal**” means \$0.20 per Common Share;
- (18) “**Convertible Indebtedness**” means, on any date of determination, the outstanding principal under this Debenture or the other 2018 Debentures taken as a whole (or any of them), as the context requires;
- (19) “**Current Annual Cash Burn**” shall have the meaning ascribed to it in Section 2.3(2);
- (20) “**Current Cash**” shall have the meaning ascribed to it in Section 2.3(2);
- (21) “**Debenture**” means this amended and restated secured convertible debenture, which amends and restates the Original Debenture, as the same may be amended, varied, supplemented, restated, renewed or replaced at any time and from time to time;
- (22) “**Debenture Documents**” means this Debenture, the GSA and all other agreements, instruments and other documents granted by the Company in favour of the Lender under or in connection with the foregoing.
- (23) “**Debenture Holder Resolution**” means a resolution in writing signed by Debenture Holders holding not less than 51% of the aggregate principal amount of the 2018 Debentures;
- (24) “**Debenture Holders**” means, on any date of determination, the registered holders of 2018 Debentures on such date, and “**Debenture Holder**” means any of them;
- (25) “**Debenture Representative**” means a representative of the Debenture Holders appointed pursuant to Article 10;
- (26) “**Default**” means any event or circumstance which, with the passage of time or giving of notice (or both) would result in an Event of Default;
- (27) “**Effective Date**” means July 18, 2024;
- (28) “**Event of Default**” shall have the meaning ascribed to it in Section 9.1;
- (29) “**Exchange**” means the TSX Venture Exchange;
- (30) “**Forced Conversion**” shall have the meaning ascribed to it in Section 4.1;
- (31) “**Forced Conversion Criteria**” shall have the meaning ascribed to it in Section 4.1;
- (32) “**Forced Conversion Date**” shall have the meaning ascribed to it in Section 4.1;
- (33) “**Forced Conversion Notice**” shall have the meaning ascribed to it in Section 4.1;
- (34) “**GAAP**” means generally accepted accounting principles which are in effect from time to time in Canada, which is currently International Financial Reporting Standards;
- (35) “**GSA**” means the general security agreement dated on or about the Effective Date, granted by the Company in favour of the Lender in respect of all of the real and personal property of the Company to secure the Secured Obligations;
- (36) “**Interest**” shall have the meaning ascribed to it in Section 2.2;

- (37) “**Interest Base Rate**” shall have the meaning ascribed to it in Section 2.3;
- (38) “**Interest Rate Adjustment**” shall have the meaning ascribed to it in Section 2.3;
- (39) “**Lender**” shall have the meaning ascribed to it above;
- (40) “**Liens**” means mortgages, charges, pledges, hypothecs, assignments by way of security, conditional sales or other title retention arrangements, security created under the *Bank Act* (Canada), liens, encumbrances, security interests or other interests in property, howsoever created or arising, whether fixed or floating, perfected or not, which secure payment or performance of an obligation;
- (41) “**Market Price per Common Shares**” means the volume weighted average trading price per share for Common Shares for the 10 consecutive trading days ending on the trading day before the relevant date on which not less than one board lot of Common Shares was traded on the Exchange;
- (42) “**Maturity Date**” shall have the meaning ascribed to it in Section 6.1;
- (43) “**Monthly Cash Burn Rate**” shall have the meaning ascribed to it in Section 2.3(1);
- (44) “**Notices**” shall have the meaning ascribed to it in Section 12.5;
- (45) “**Original Closing Date**” means May 30, 2018;
- (46) “**Original Debenture**” shall have the meaning ascribed to it in Section 2.1;
- (47) “**Overdue Interest**” shall have the meaning ascribed to it in Section 6.2;
- (48) “**Parties**” means the Lender and the Company and their successors and permitted assignees;
- (49) “**Permitted Encumbrances**” means, in respect of the Company:
- (a) Liens arising by operation of law for amounts not yet due or delinquent, minor encumbrances on real property such as easements and rights of way which do not materially detract from the value of such property, and Liens given to municipalities and similar public authorities when required by such authorities in connection with the operations of the Borrower in the ordinary course of business;
  - (b) Liens granted pursuant the Bridge Loan Security to secure the Bridge Loan Note;
  - (c) Liens granted pursuant to the RBC Security;
  - (d) Liens granted in favour of the Debenture Holders to secure obligations under or in connection with the 2018 Debentures, including the Secured Obligations; and
  - (e) Liens in respect of which the Debenture Holders have provided their prior written consent.
- (50) “**Person**” means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, regulatory body or agency, government or governmental agency, authority or entity however designated or constituted;

- (51) “**PPSA**” means the *Personal Property Security Act* (Alberta) or any other applicable statute pertaining to the granting, perfecting, opposability, priority, ranking or enforcement of Liens on personal or movable property, and any successor statutes, together with any regulations thereunder, in each case as in effect from time to time;
- (52) “**RBC Security**” means the security granted by the Company in favour of the Royal Bank of Canada in all the present and after-acquired personal property of the Company as evidenced by Alberta PPSA registration numbers #14072335006, 20013137012 and 20013136931;
- (53) “**Redemption Date**” shall have the meaning ascribed to it in Section 5.1;
- (54) “**Redemption Notice**” shall have the meaning ascribed to it in Section 5.1;
- (55) “**Redemption Option**” shall have the meaning ascribed to it in Section 5.1;
- (56) “**Retraction Notice**” shall have the meaning ascribed to it in Section 6.1;
- (57) “**Register**” means the register of Debenture Holders maintained pursuant to Article 3;
- (58) “**Secured Obligations**” means, at any time and from time to time, all of the obligations, indebtedness and liabilities (present or future, absolute or contingent, matured or not) of the Company to the Lender under, pursuant or relating to this Debenture or the other Debenture Documents or the Convertible Indebtedness and whether the same are from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and including all principal, interest, fees, legal (on a full indemnity basis) and other costs, charges and expenses and other amounts payable by the Company under the Debenture Documents;
- (59) “**Security Agent**” shall have the meaning ascribed to it in Section 2.4(8);
- (60) “**Security Documents**” means the GSA and each other agreement, instrument or other document from time to time granted by the Company or any Affiliate of the Company to secure the Secured Obligations;
- (61) “**Shortfall Months**” shall have the meaning ascribed to it in Section 6.1;
- (62) “**Successor Company**” means any company which is formed by the amalgamation, merger, restructuring or reorganization of the Company;
- (63) “**U.S. Person**” has the meaning ascribed thereto in Regulation S of the U.S. Securities Act; and
- (64) “**U.S. Securities Act**” means the *United States Securities Act of 1933*, as amended.
- 1.2 **Gender and Number.** Throughout this Debenture words importing the singular number include the plural and vice versa and words importing gender include the masculine, feminine and neuter genders.
- 1.3 **Meaning of “Outstanding”.** Each 2018 Debenture will be deemed to be outstanding until (a) it has been converted in full (and all accrued and unpaid interest thereon has been irrevocably paid in full in cash in accordance with its terms) or (b) the Convertible Indebtedness thereunder and accrued and unpaid Interest thereon have been irrevocably paid, in full, in cash in accordance with its terms, and:
- (1) where the Convertible Indebtedness and accrued unpaid Interest of a 2018 Debenture has been partially paid irrevocably in cash, the 2018 Debenture will be deemed to be

outstanding only to the extent of the unpaid portion of the Convertible Indebtedness and Interest thereof; and

- (2) where a new 2018 Debenture has been issued in substitution for a 2018 Debenture which has been lost, stolen or destroyed, only one of them will be counted for the purposes of determining the aggregate principal amount of and the accrued unpaid Interest of the 2018 Debentures outstanding.

- 1.4 **Headings.** The division of this Debenture into sections, subsections and paragraphs and the provision of a table of contents and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation of this Debenture.
- 1.5 **Applicable Law.** This Debenture is governed by the laws of Alberta and the laws of Canada applicable therein and will be treated in all respects as Alberta contracts. The Parties hereto irrevocably attorn to the non-exclusive jurisdiction of the courts of the Province of Alberta.
- 1.6 **Currency.** Except as otherwise expressly provided herein, all references to dollar amounts herein are deemed to be references to lawful money of Canada.
- 1.7 **Business Day.** Whenever any payment is due or required to be taken under this Debenture on or as of a day that is not a Business Day, that payment must be made and the other action must be taken on or as of the next day that is a Business Day.
- 1.8 **Severability.** If one or more of the provisions contained herein shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

## 2. TERMS OF DEBENTURE

- 2.1 **Amended and Restated Debenture.** The Company and the Lender acknowledge that this Debenture represents an amendment and restatement of the convertible debenture dated May 30, 2018 issued by the Company to the Lender on the Original Closing Date in the initial aggregate principal amount of \$3,050,000 (the “**Original Debenture**”).
- 2.2 **Convertible Indebtedness.** The Company, in consideration for the receipt of the Convertible Indebtedness under the Original Debenture and the agreement of the Parties to amend and restate the Original Debenture upon the terms of this Debenture, hereby acknowledges itself indebted to, and covenants with the Lender to, repay, unless and except to the extent that such Convertible Indebtedness under this Debenture is converted into Common Shares as provided for by this Debenture, the Convertible Indebtedness under this Debenture, plus interest, calculated and payable in accordance with Section 2.3 the (“**Interest**”, which term includes Overdue Interest).
- 2.3 **Interest.** All unpaid Interest owing on the Original Debenture shall accrue on the Convertible Indebtedness under this Debenture to and excluding April 15, 2024 and Interest shall not accrue on the Convertible Indebtedness under this Debenture from April 15, 2024 until November 30, 2024, following which, Interest on the Convertible Indebtedness under this Debenture, or so much thereof as remains outstanding from time to time, shall accrue daily at the rate of 4% *per annum* (the “**Interest Base Rate**”) compounded quarterly, and calculated based upon the actual number of days passed in any actual year. All Interest shall be payable at the times set out herein excepting only Overdue Interest which shall be paid pursuant to Section 6.2. The rate of Interest shall be adjusted on a monthly basis (the “**Interest Rate Adjustment**”) as follows:
  - (1) On or before the 10<sup>th</sup> day of each month, the CFO shall calculate the Company’s Monthly Cash Burn Rate, and (if paragraph (2) below applies) Current Cash, Current Annual Cash

Burn, Shortfall Months and Adjusted Interest Rate, and deliver to the Lender a notice setting out such amounts and rates and the calculations thereof in reasonable detail.

- (2) If the minimum unencumbered cash balance of the Company during the last day in the immediately preceding calendar month (the “**Current Cash**”) falls below the current Monthly Cash Burn Rate multiplied by 12 months (the “**Current Annual Cash Burn**”), then the Interest for the current month will automatically be adjusted (each adjusted rate being an “**Adjusted Interest Rate**”) to be the lesser of:
- (a) 4.0% plus 0.5% x Shortfall Months per annum; or
  - (b) 10.0% per annum.

Where

“**Cash Burn**” means, in respect of any calendar month, the amount (if any) of negative cash flow of the Company during such month, the calculation of which shall include all incoming cash from business operations and all outgoing cash for business expense, but shall exclude any incoming or outgoing cash from investments in and other capital raised by the Company, dividend payments, indebtedness incurred by the Company, repayment of debt and interest thereon, interest and other investment income, and third party grants received or repaid;

“**Monthly Cash Burn Rate**” means, as of any date of calculation, the amount equal to the simple average of the Company’s Cash Burn in each of the three immediately preceding calendar months; and

“**Shortfall Months**” means, as of any date of determination, the number of whole months (subject to a maximum of 12 months) which, at the then-current Monthly Cash Burn Rate, it would take for the Company to have zero or negative cash on hand (assuming that Current Cash remains unchanged for the next 12 months).

- (3) For greater certainty, expressed as a formula, the Adjusted Interest Rate shall be the maximum of 10.0% or the Adjusted Interest Rate calculated as follows (rounded to the nearest second decimal place):

$$\text{Adjusted Interest Rate} = \text{Interest Base Rate} + (\text{Shortfall Months} \times 0.50)$$

- (4) The Adjusted Interest Rate shall be adjusted on a monthly basis upwards or downwards and it may be reduced towards the Interest Base Rate as the ratio between minimum cash balance and Current Annual Cash Burn improves. For certainty, the Adjusted Interest Rate shall never be less than the Interest Base Rate, and never be greater than 10.0% per annum.
- (5) In the event of any dispute arising from the calculation of the Interest Rate Adjustment, such dispute shall be conclusively determined by the then current auditor of the Company or a third-party accounting firm mutually appointed by the Company and the Debenture Representative (or by a Debenture Holder Resolution).
- (6) Notwithstanding the foregoing, the Interest Rate Adjustment may be waived for any given month by the Debenture Representative or by Debenture Holder Resolution (provided that such resolution is agreed to by all Debenture Holders), in which case the Adjusted Interest Rate for such month will remain at 4% per annum compounded quarterly.

## 2.4 Security.

- (1) The due and punctual payment of the Secured Obligations, when and as the same shall be due and payable, and performance of all other obligations of the Company to the Lender under or in connection with this Debenture and the other Debenture Documents, according to the terms hereunder or thereunder, are secured, as provided in the Security Documents. The Company consents and agrees to be bound by the terms of the Security Documents as the same may be in effect from time to time, and agree to perform its obligations thereunder in accordance therewith.
- (2) The Company shall do or cause to be done all acts and things that may be required, or that the Lender from time to time may reasonably request, to assure and confirm that the Lender holds duly created and enforceable and perfected Liens upon the Collateral, and in connection with any merger, consolidation or sale of the Company, the property and assets of the Person which is consolidated or merged with or into the Company, to the extent that they are property or assets of the types which would constitute Collateral under the Debenture Documents, shall be treated as after-acquired property and the Company shall take such action as may be reasonably necessary to cause such property and assets to be made subject to the Liens constituted under the Security Documents, in the manner and to the extent required under the Security Documents.
- (3) The Company acknowledges conclusively that the Company and the Lender intend the Liens in the Collateral granted under the Security Documents to attach immediately upon the execution of this Debenture. The charge shall be effective and shall attach as of the date hereof whether the monies hereby secured or any part thereof shall become owing by the Company before or after or upon the date of execution of this Debenture. The Company acknowledges conclusively that value has been given.
- (4) The Parties confirm and agree that 2018 Debentures shall rank *pari passu* in terms of both payment and security without preference or priority, as if all such debentures had been issued simultaneously, and all such debentures are and shall be secured equally and rateably.
- (5) The Company and the Lender hereby authorize the Lender or its agents to file at any time financing statements, continuation statements, and amendments thereto that (i) either specifically describe the Collateral or describe the Collateral as all assets of the Company of the kind pledged hereunder, and (ii) contain any other information required by the PPSA for the sufficiency of filing office acceptance of any financing statement, continuation statement, or amendment. Without derogation from the foregoing, the Company shall promptly execute, acknowledge and deliver such Security Documents, instruments, certificates, filings, financing statements (including filings of continuation statements or amendments to financing statements that may be necessary to continue the effectiveness of such financing statements), notices and other documents, and take such other actions as shall be reasonably required, or that the Lender may reasonably request, to create, perfect, protect, assure, maintain or enforce (at the sole cost and expense of the Company) the Liens and benefits intended to be conferred, in each case as contemplated by the Security Documents for the benefit of the Lender.
- (6) If the Lender determines at any time or from time to time that the form and nature of the then existing Security Documents is deficient in any way or does not fully provide the Lender with the security and priority to which each is entitled hereunder and under the other Debenture Documents, the Company will forthwith execute and deliver or cause to be executed and delivered to the Lender, at the Company's expense, such amendments to

the Security Documents or provide such new Security Documents as the Lender may reasonably request.

- (7) Each item or part of the Liens issued under the Security Documents shall for all purposes be treated as a separate and continuing collateral security and shall be deemed to have been given in addition to and not in place of any other item or part of the Security Documents or any other Liens now held or hereafter acquired by the Lender. No item or part of the Security Documents shall be merged or be deemed to have been merged in or by this Debenture or any documents, instruments or acknowledgements delivered hereunder, or any simple contract debt or any judgment, and any realization of or steps taken under or pursuant to any Lien, instrument or agreement shall be independent of and not create a merger with any other right available to the Lender, under any Lien, instruments or agreements held by it or at law or in equity.
- (8) The Lender, immediately upon notice from the Debenture Representative, shall be deemed (to the extent permitted by Applicable Law) to appoint such third party (or parties) as the Debenture Representative shall determine to represent the Lender as a security agent (the “**Security Agent**”) to enforce the Liens granted by the Company under the Security Documents and to apply the proceeds of such enforcement *pro rata* among the Lender and each holder under all other 2018 Debentures, in each case, in accordance with the terms hereof and authorizes the Security Agent to take such actions on its behalf and to exercise such powers as are delegated to the Security Agent by the terms hereof, together with such actions and powers as are reasonably incidental thereto. The Company hereby acknowledges such appointment. The Lender hereby irrevocably authorizes and directs the Security Agent to take such action and to exercise such rights, powers, privileges and remedies on behalf of the Lender as the Security Agent in its sole and absolute discretion deems necessary or desirable for the purposes hereof. The Security Agent may, from time to time, appoint a nominee to exercise all or any of the powers, rights, remedies and benefits of the Security Agent hereunder and such nominee shall be vested with all rights, remedies, powers, benefits, discretions, protection and relief of the Security Agent and shall be bound by all of the covenants and obligations of the Lender hereunder or thereunder or pursuant to Applicable Law. The Lender hereby authorizes the Debenture Representative providing notice pursuant to this Section 2.4(8) to do and perform all such acts, deeds and things and to negotiate, execute, and deliver and to file or cause to be executed, delivered or filed, all such documents, which it in its discretion shall deem necessary, desirable or proper, in order to give effect to the foregoing.
- (9) Upon an Event of Default (as defined herein) that is continuing, the Security Agent may, upon receipt of written instructions from the Debenture Representative, exercise such rights and remedies as are provided by the PPSA and otherwise under Applicable Law with respect to the Collateral or any part thereof and all other rights and remedies recognized under Applicable Laws against the Company or in respect of the Collateral or any part thereof for the enforcement of full payment and performance of all amount owing hereunder and under the other Debenture Documents. If there is any deficiency of payment in respect of such amounts the Company shall be and at all times remain liable for the payment thereof to the Lender.
- (10) The Company hereby irrevocably constitutes and appoints the Security Agent, on behalf of the Lender, as its true and lawful attorney and Security Agent, with full power and authority in the Company’s name, place and stead, from time to time, to do all acts and things and execute and deliver all transfers, certificates, proxies, resolutions, consents, assignments, transfers, conveyances and agreements, in such form as the Security Agent or the Lender consider necessary or desirable, and to do all things which the Company is required to sign, execute and do hereunder if the Company has failed to sign, execute or do

the same and generally to use the name of the Company in the exercise of all or any of the powers hereby conferred on the Security Agent or the Lender, in each case, with full powers of substitution and revocation; provided that this power of attorney may not be exercised by the Security Agent until an Event of Default shall have occurred and is continuing. Such appointment and power of attorney is hereby declared by the Company to be an irrevocable power coupled with an interest.

- (11) To the extent not prohibited by any law applicable to the Company, the Company hereby waives its rights, if any, under all provisions of Applicable Law that would in any manner, limit, restrict or otherwise affect the Security Agent's rights and remedies hereunder or impose any additional obligations on the Security Agent.
- (12) Nothing contained in this Section 2.4 or elsewhere in this Debenture is intended to or shall impair, as between the Company and the Lender, the obligation of the Company under or in connection with the Debenture Documents, which is absolute and unconditional, to pay to the Lender the Secured Obligations, as and when the same shall become due and payable in accordance with their terms, or affect the relative rights of the Lender and creditors of the Company, nor shall anything herein or therein prevent the Lender from exercising all remedies otherwise permitted by Applicable Law upon an Event of Default under this Debenture and the other Debenture Documents.

2.5 **Subordination.** The Lender agrees that Liens under the Security Documents securing its right in the Collateral shall be subordinated to the Bridge Loan Security and the RBC Security; provided that subordination to the Bridge Loan Security shall cease and shall be of no force and effect from and after August 31, 2024. The Lender agrees to execute and deliver an acknowledgment of such subordination to Adventure Capital (2019) Inc. and Royal Bank of Canada promptly after written request for same, at the cost of the Company.

2.6 **Issue in Substitution for Lost Debenture.** If this Debenture is mutilated, lost, destroyed or stolen, the Company in its discretion may issue and deliver a new 2018 Debenture of like date and tenor as the one mutilated, lost, destroyed or stolen in exchange for and in place of and upon cancellation of such mutilated debenture or in lieu of and in substitution for such lost, destroyed or stolen debenture and the new 2018 Debenture will rank equally in accordance with its terms with all other 2018 Debentures issued.

2.7 **Cost for Replacement.** The applicant for the issue of a new 2018 Debenture pursuant to this section will bear the cost of the issue thereof and in case of loss, destruction or theft will, as a condition precedent to the issue thereof, furnish to the Company:

- (1) evidence of ownership and of the loss, destruction or theft of the 2018 Debenture so lost, destroyed or stolen satisfactory to the Company in its discretion;
- (2) an indemnity and surety bond in amount and form satisfactory to the Company in its discretion; and
- (3) the reasonable charges of the Company in connection with the issue of the new 2018 Debenture.

### 3. REGISTRATION, TRANSFER, EXCHANGE AND OWNERSHIP OF DEBENTURE

3.1 **Register of Debentures.** The Company will cause to be kept by and at the registered office of the Company the register in which will be entered the names and addresses of the Lender and the other Debenture Holders and particulars of the 2018 Debentures held by them respectively and of all transfers of 2018 Debentures.



- 3.2 **Resales in the United States.** This Debenture has not been and will not be registered under the *U.S. Securities Act* and may not be transferred to a U.S. Person, or for the account or benefit of a U.S. Person.
- 3.3 **Requirements for Transfer.** No transfer of this Debenture will be valid unless made by the Lender or his or her executors, administrators or other legal representatives or his or her attorney duly appointed by an instrument in writing in form and with execution satisfactory to the Company upon compliance with such reasonable requirements as the Company may prescribe, nor unless the name of the transferee will have been noted on the Register by the Company.
- 3.4 **Exchange of Debentures.** 2018 Debentures in any denomination may be exchanged upon reasonable notice to the Company for 2018 Debentures of equal aggregate amount in any other denomination.
- 3.5 **Place for Exchange.** 2018 Debentures may be exchanged only at the registered office of the Company. Any 2018 Debentures tendered for exchange must be surrendered to the Company. The Company will execute all 2018 Debentures necessary to carry out exchanges as aforesaid. All 2018 Debentures surrendered for exchange will be cancelled.
- 3.6 **Applicant to Pay Charges.** Payment of any such charges of the Company for reasonable fees and any transfer taxes or governmental or other charges required to be paid will be made by the Party requesting such exchange, or transfer, as a condition precedent thereto.
- 3.7 **Register Open for Inspection.** The Register will be open for inspection by the Company, the Lender, or any Debenture Holder during normal business hours on Business Days.
- 3.8 **Closing of Register.** The Company will not be required to make transfers or exchanges of any Debenture Holder's fully registered 2018 Debenture:
- (1) after a Conversion Notice or Forced Conversion Notice; or
  - (2) on the Conversion Notice Maturity Date or during the 10 preceding Business Days.
- 3.9 **Ownership of Debenture.** The Lender will be deemed to be the owner of this Debenture for all purposes and payment of or on account of the Convertible Indebtedness hereunder and Interest thereon will be made only to or upon the order in writing of the Lender.
- 3.10 **No Notice of Trusts.** The Company shall not be bound to take notice of or see to the execution of any trust, whether express, implied or constructive, in respect of any 2018 Debenture and may transfer the same on the direction of the person registered as the holder thereof, whether named as trustee or otherwise, as though that person were the beneficial owner thereof.
- 3.11 **No Set-Off.** The Lender will be entitled to the Convertible Indebtedness hereunder and Interest hereon free from all equities or rights of set-off or counterclaim from the Company and all Persons may act accordingly and the receipt of the Lender of any such principal, or interest will be a good discharge to the Company for the same and the Company is not bound to inquire into the title of the Lender.
- 3.12 **Actual Production not Required.** The Company may treat the Lender as owner of this Debenture without actual production of this Debenture for the purpose of any requisition, direction, consent, instrument or other document as aforesaid.

#### 4. CONVERSION OF DEBENTURE

4.1 **Forced Conversion by the Company.** If, on or before the Maturity Date, in any two consecutive calendar quarters the Company shall have achieved all of the following criteria:

- (1) positive EBITDA (as determined by the Company's accountants) normalized for abnormal items;
- (2) revenue equal to at least \$0.023 per issued and outstanding Common Share (as determined by the Company's accountants, acting reasonably);
- (3) the volume weighted average trading price per share for Common Shares for the prior three months is equal to at least \$0.41 per share; and
- (4) subscription based recurring revenue is equal to at least \$0.017 per issued and outstanding Common Share

(collectively, the "**Forced Conversion Criteria**"), then the Company may elect to convert all Convertible Indebtedness hereunder into Common Shares at the Conversion Price for Principal and all accrued unpaid Interest Common Shares at the Conversion Price for Interest (the "**Forced Conversion**"), subject to prior Exchange review and acceptance, by sending notice in writing (the "**Forced Conversion Notice**") of the Forced Conversion to all Debenture Holders who hold outstanding 2018 Debentures as at the date that the Forced Conversion Criteria have been met (the "**Forced Conversion Date**"). Within 5 Business Days of providing the Forced Conversion Notice, the Company shall issue that number of whole Common Shares, as applicable, as equals the value of all outstanding Convertible Indebtedness hereunder divided by the Conversion Price of Principal and accrued unpaid Interest as at the Forced Conversion Date divided by the Conversion Price for Interest. Upon the surrender of this Debenture at the offices of the Company, the Lender will be entitled to be entered in the books of the Company as the holder of such number of Common Shares effective as of the Forced Conversion Date. As soon as the Company delivers share certificate(s) representing all of the Common Shares issuable to the Lender pursuant to the Forced Conversion, the 2018 Debenture in respect of each such share certificate(s) so delivered shall be deemed to be cancelled and be non-enforceable against the Company.

4.2 **Voluntary Conversion by Lender.** On or before the Maturity Date, subject to regulatory and Exchange approval, until the Convertible Indebtedness hereunder and any accrued unpaid Interest has been fully repaid, the Lender shall have the right to convert all or any portion of the then outstanding Convertible Indebtedness under this Debenture into Common Shares at the Conversion Price for Principal and/or all or a portion of the accrued unpaid Interest under this Debenture into Common Shares at the Conversion Price for Interest, subject to prior Exchange review and acceptance. Such conversion may be effected by the surrender of this Debenture for conversion at the offices of the Company, accompanied by a conversion notice (the "**Conversion Notice**") signed by the Lender in the form attached as Schedule "A" notifying the Company as to the exercise of the right of conversion and specifying the amount of Convertible Indebtedness hereunder and/or Interest being converted and setting forth the name and address of the nominees of the Lender in whose name(s) the Common Shares issuable upon such conversion are to be registered. For greater certainty, no conversion in part or in whole of the Convertible Indebtedness hereunder shall extinguish or satisfy, or relieve the Company of its obligation to pay, any Interest on such Convertible Indebtedness, or Interest on such Interest, accruing up to but excluding the Conversion Date.

4.3 **Conversion Date.** The conversion of the Convertible Indebtedness hereunder and/or Interest shall be deemed to have been made immediately prior to the close of business on the date on which this Debenture is surrendered for conversion (the "**Conversion Date**") in accordance with the

provisions of this Article 4. The Lender's rights in respect of the converted portion shall terminate at the time of surrender, and the nominee of the Lender entitled to receive the Common Shares into which all or any portion of the Convertible Indebtedness hereunder and/or Interest is converted shall be treated, as between the Company and such person or persons, as having become the holder or holders of record of such Common Shares on that date, provided that if this Debenture is surrendered for conversion on any day on which the register for Common Shares is closed, the Lender or its nominee entitled to receive Common Shares upon the conversion of this Debenture shall become the holder of record of such Common Shares as of the date on which the register of Common Shares is next open.

- 4.4 **Issuance of Share Certificates.** As promptly as practicable after the Conversion Date, the Company shall issue to the Lender or its nominee(s) a certificate or certificates representing that number of applicable whole Common Shares issuable pursuant to the conversion of the Convertible Indebtedness hereunder and accrued unpaid Interest in accordance with the terms of this Debenture and shall cause the Lender or its nominee to be entered in its books as of the Conversion Date as the holder of the number of Common Shares into which the Convertible Indebtedness hereunder, accrued unpaid Interest, or portion thereof being converted, is converted. Common Shares issued upon such conversion shall be entitled to dividends (if any) declared in favour of holders of Common Shares of record on and after the Conversion Date. As of and from the Conversion Date, the Common Shares so issued shall for all purposes be and be deemed to be issued and outstanding as fully paid and non-assessable Common Share. In the event that any amounts remain outstanding under this Debenture after giving effect to such conversion, the Company shall acknowledge in writing the amount of remaining Convertible Indebtedness hereunder owing by the Company to the Lender, plus any accrued and outstanding unpaid Interest.
- 4.5 **Fractions of Common Shares.** No fractional Common Share or other security shall be issued upon the conversion of all or any portion of the Convertible Indebtedness hereunder or Interest. If the conversion of all or any portion of the Convertible Indebtedness hereunder or Interest would otherwise result in a fractional Common Share, the Company shall only issue the next lowest whole number of Common Shares and no payment or other adjustment will be made for the fractional interest.
- 4.6 **Hold Period on Common Shares.** Common Shares issued pursuant to this Article 4 may be subject to a hold period pursuant to applicable securities laws and the securities shall bear the required legends.
- 4.7 **Adjustment of Common Shares.** The number of Common Shares deliverable upon the conversion of this Debenture will be subject to adjustment in the events and in the manner following:
- (1) if and whenever at any time prior to a Conversion Date or Forced Conversion Date, the Company (i) subdivides or redivides the outstanding Common Shares into a greater number of Common Shares, (ii) reduces, combines or consolidates the outstanding Common Shares into a smaller number of Common Shares, or (iii) issues Common Shares or securities exchangeable for or convertible into Common Shares to the holders of all or substantially all of the outstanding Common Shares by way of a stock dividend, the Conversion Price for Principal or the Conversion Price for Interest, if any of the foregoing events occurs within the ten (10) consecutive trading day period in which the Market Price per Common Share is calculated, as applicable, in effect on the effective dates of such subdivision, redivision (including, in the case where securities exchangeable for or convertible into Common Shares are distributed, the number of Common Shares that would have been outstanding if all such securities had been exchanged or converted into Common Shares on the record date), reduction, combination or consolidation or on the record date for such issue of Common Shares by way of a stock dividend, as the case may be, will in the case of the events referred to in (i) and (iii) above, be decreased in proportion to the number of

outstanding Common Shares resulting from such subdivision, redivision, or will, in the case of the events referred to in (ii) above, be increased in proportion to the number of outstanding Common Shares resulting from such reduction, combination or consolidation; in either case, with the result that the proportion of shares to be received upon such conversion to the total number of outstanding Common Shares will be equivalent to the proportion immediately prior to such event;

- (2) adjustments will be made successively whenever any event referred to in Section 4.7(1) occurs; and
- (3) in the event of any dispute arising from the adjustments referred to in this Section 4.7, such dispute shall be conclusively determined by the then current auditor of the Company or a third party accounting firm mutually appointed by the Company and the Debenture Representative or by Debenture Holder Resolution.

For greater certainty, no adjustment shall be made to the Conversion Price for Interest pursuant to this section 4.7 to the extent that any of the foregoing events occurs prior to the ten (10) consecutive trading day period for which the Market Price per Common Share is calculated.

4.8 **Reclassification, Merger, Etc.** In case of any reclassification of the capital of the Company, or in the case of the merger, arrangement, reorganization, amalgamation or other form of business combination of the Company with, or into any other company or of the sale of substantially all of the property and assets of the Company to any other company, this Debenture will, after such reclassification of capital, merger, arrangement, reorganization, amalgamation or other form of business combination or sale, confer the right to acquire upon conversion that number of Common Shares or other securities or property of the Company or of the Company resulting from such reclassification, merger, arrangement, reorganization, amalgamation or other form of business combination, or to which such sale will be made, as the case may be, which the Lender would then hold if the Lender had exercised the Lender's rights under this Debenture before reclassification of capital, merger, arrangement, reorganization, amalgamation or other form of business combination or sale; and in any such case, if necessary, appropriate adjustments will be made in the application of the provisions set forth in this Article 4 with respect to the rights and interest thereafter of the Lender to the end that the provisions set forth in this Article 4 will thereafter correspondingly be made applicable as nearly as may reasonably be in relation to any Common Shares or other securities or property thereafter deliverable on the conversion of this Debenture.

4.9 **Reservation of Common Shares.** The Company will reserve and there will remain unissued out of its authorized capital a sufficient number of Common Shares to satisfy the Forced Conversion or exercise of conversion rights pursuant to this Article 4.

## 5. COMPANY REDEMPTION OPTION

5.1 **Redemption Option.** On or before the Maturity Date, the Company may, from time to time, on not less than 30 days written notice to the Lender (the "**Redemption Notice**") have the option (the "**Redemption Option**") to redeem the 2018 Debentures on the first Business Day following the expiry of the 30 day period herein (the "**Redemption Date**") by paying to the Lender:

- (1) the full amount of the Convertible Indebtedness hereunder in cash, plus
- (2) any accrued Interest, payable at the option of the Lender (in its sole discretion) in either (a) cash or (b) Common Shares at the Conversion Price for Interest, subject to prior Exchange review and acceptance.

- 5.2 **Black-Out Periods.** A Redemption Notice shall not be provided by the Company during any insider trading black-out period for the Company.
- 5.3 **Conversion Rights Maintained.** For greater certainty, at any time prior to the Redemption Date, the Lender shall retain the right to convert all or any portion of the then outstanding Convertible Indebtedness hereunder into Common Shares at the Conversion Price for Principal and all or any portion of the then accrued unpaid Interest into Common Shares at the Conversion Price for Interest pursuant to Section 4.2. If a Conversion Notice is delivered prior to the Redemption Date then the Redemption Option shall not proceed with respect to the portion of the Convertible Indebtedness hereunder subject to the Conversion Notice notwithstanding that a Redemption Notice was delivered to the Lender prior to the delivery of the Conversion Notice to the Company.
- 5.4 **Share Certificates.** Share certificates to be issued pursuant to the Redemption Option shall be dated as of the date immediately following the expiry of the Redemption Notice or, if such day is not a Business Day, the next succeeding Business Day, and shall be delivered to the Lender within 5 Business Days following such date.

## 6. LENDER RETRACTION FOLLOWING MATURITY DATE

- 6.1 In the event that this Debenture has not been converted or redeemed by May 30, 2027 (the “**Maturity Date**”), the Convertible Indebtedness hereunder and all accrued unpaid Interest will become due and payable, in full, in cash, upon delivery by the Lender at any time of notice to the Company (the “**Retraction Notice**”) and pursuant to the terms of such Retraction Notice. This Debenture shall continue to be outstanding until such time as all Convertible Indebtedness and all accrued unpaid Interest that is due and payable hereunder has been paid in full to the Lender notwithstanding whether the Lender has delivered the Retraction Notice to the Company.
- 6.2 Any amount of Convertible Indebtedness hereunder and accrued unpaid Interest not paid within 10 days of delivery of the Retraction Notice shall be subject to interest (the “**Overdue Interest**”), payable in cash at an annual interest rate of 14.5% (based on the actual number of days in the actual year), accruing daily and compounding quarterly, due on the last day of the month for which it is calculated.

## 7. REPRESENTATIONS AND WARRANTIES OF THE COMPANY

- 7.1 **Representations and Warranties.** The Company represents and warrants to the Lender, all of which shall survive the execution and delivery of this Debenture, as follows:
- (1) the Company is a company validly existing and in good standing pursuant to the *Business Corporations Act* (Alberta);
  - (2) the Company has the corporate power and capacity to carry on the business now carried on by it and has the full power and authority to execute and deliver the 2018 Debentures and to perform its obligations hereunder and under the other Debenture Documents;
  - (3) the Company has taken all necessary corporate proceedings to authorize the execution and delivery of the 2018 Debentures and the Debenture Documents and to authorize and make the creation and delivery of the 2018 Debentures and the Debenture Documents and the performance by the Company of its obligations thereunder legal, valid and binding upon the Company;
  - (4) the Company will not, by entering into the 2018 Debentures or any Debenture Document or performing its obligations under any of the foregoing, contravene (a) any Applicable

- Laws, (b) the articles or other constating documents of the Company or (c) any agreement, written or verbal, by which it is bound;
- (5) all governmental authorizations and other requirements of any governmental authority or any other Person which are reasonably necessary to carry on the businesses of the Company have been obtained and are in full force and effect;
  - (6) there are no actions, suits, judgments, investigations, proceedings, writs of execution, work orders, injunctions, directives or proceedings outstanding, pending or, to the knowledge of the Company, threatened, which challenge the validity of any 2018 Debenture or any Debenture Document or which would materially adversely affect the ability of the Company to perform its obligations under the 2018 Debentures, the Debenture Documents or any document evidencing any indebtedness of the Company to the Lender;
  - (7) each of the 2018 Debentures and each of the Debenture Documents constitutes a valid and legally binding obligation of the Company enforceable against the Company in accordance with its terms, subject only to bankruptcy, insolvency or other statutes or judicial decisions affecting the enforcement of creditors' rights in general and to general principles of equity;
  - (8) the Company is not in material breach of any material agreement to which it is a party or by which it is bound; and
  - (9) no Default or Event of Default has occurred and is continuing.

## **8. COMPANY'S COVENANTS**

8.1 **Positive Covenants.** The Company hereby covenants to the Lender that at all times while the Lender's conversion rights are outstanding, it will:

- (1) duly and punctually pay, or cause to be paid, all amounts which may, at any time and from time to time, be payable in respect of the 2018 Debentures and the Debenture Documents (whether on account of Convertible Indebtedness, Interest or otherwise) or which otherwise may be payable pursuant to the terms of the 2018 Debentures or the Debenture Documents, all payments to be made by the Company in accordance with the applicable provisions of the 2018 Debentures or the Debenture Documents and in connection therewith the Company will furnish the Lender with evidence of each such payment as soon as practicable after the payment is made;
- (2) at all times maintain its corporate existence and carry on its business in accordance with Applicable Laws;
- (3) provide the Debenture Holders with written notice of any change in the name of the Company and of any change in the registered or principal office address of the Company immediately upon the occurrence of such a change;
- (4) provide the Debenture Holders with written notice immediately upon obtaining knowledge of (i) a Default or Event of Default hereunder, (ii) any actual or potential litigation or claim which could reasonably be expected to materially adversely affect the business or financial condition of the Company or (iii) any change in any information provided in the 2018 Debentures (or any of them);
- (5) obtain and maintain insurance coverage on its property and assets in accordance with industry practice;

- (6) pay and discharge, as they become due, all payments due and owing under or with respect to any other indebtedness of the Company created, incurred or otherwise outstanding or Liens given by the Company to any person or corporation and will observe, perform and carry out all the terms, covenants, provisions and agreements relating thereto and any default in payment of any monies due and payable under or the occurrence of an event of default, as defined in any indenture or instrument under which the Company, at any time while any 2018 Debenture is outstanding, will be deemed to be an Event of Default hereunder at the option of the Debenture Representative and any and all remedies available to the Lender by law or otherwise will forthwith be available to the Lender upon the occurrence of any such event;
- (7) within 120 days after its fiscal year end, deliver to the Lender a copy of its annual audited consolidated financial statements, duly prepared in accordance with GAAP;
- (8) within 60 days after each of the first three fiscal quarters of each fiscal year, deliver to the Lender a copy of its quarterly unaudited consolidated financial statements, duly prepared in accordance with GAAP;
- (9) concurrent with the delivery of financial statements to the Lender pursuant to clauses (7) and (8) above, provide the Lender with a certificate of an officer of the Company, certifying (a) that no Default or Event of Default has occurred and is continuing (or providing details of any such Default or Event of Default) and (b) the Convertible Indebtedness under the 2018 Debentures outstanding as of such date; and
- (10) upon due and proper conversion of this Debenture pursuant to the terms of Article 4 hereof, the Company shall issue Common Shares in such denominations as required pursuant to Article 4 and upon issuance in accordance thereto the Common Shares shall be duly issued as fully paid and non-assessable shares.

8.2 **Negative Covenants.** Unless authorized by the Debenture Representative or Debenture Holder Resolution, the Company covenants that, at all times while the Lender's conversion rights are outstanding, it will not:

- (1) incur any indebtedness which is senior in preference to the 2018 Debentures, other than:
  - (a) subject to Section 2.5, all indebtedness pursuant to the Bridge Loan Note;
  - (b) trade payables of the Company (other than indebtedness for borrowed money) incurred in the ordinary course of business, provided that such indebtedness is classified as a current liability on the financial statements of the Company;
  - (c) operating loans or lines of credit facilities that are either unsecured or secured only by the Company's accounts receivable;
  - (d) loans for capital equipment that are unsecured or secured only by purchase money Liens, conditional sales agreements or other title retention mortgages against such capital equipment; and
  - (e) all indebtedness that has been approved by a Debenture Holder Resolution.
- (2) except for Permitted Encumbrances, will not grant, create, assume or suffer to exist any Lien affecting any of its properties, assets or other rights;
- (3) change its chief executive office or jurisdiction of organization without written notice being provided to the Lender at least 15 days prior to such change;

- (4) change its name without written notice being provided to the Lender of its new name and the date when such new name is to become effective at least 15 days prior to such change;
- (5) otherwise amend its articles or other constating documents in any manner adverse to the interests of the Debenture Holders (or any of them); and
- (6) declare or make any dividend, payment or distribution to the holders of its issued and outstanding shares of its capital stock (including any return of capital, repurchase, redemption, or retractions) or make any change in its issued or authorized capital stock either by way of redemption or stock or otherwise.

## 9. DEFAULT AND ENFORCEMENT

9.1 **Events of Default.** The following events will constitute events of default (an “**Event of Default**”):

- (1) if the Company makes default in the observance or performance of any written covenant or undertaking given by the Company to the Lender or the holder of any other 2018 Debentures (other than in clause (2) below) under any agreement, instrument or other document (including the Debenture Documents) and such default is not rectified within 30 days of the earlier of (a) notice being delivered by the Lender to the Company and (b) knowledge by the Company of such default;
- (2) if the Company makes default in payment of any indebtedness or liability of the Company to the Lender hereunder or to the holder of any other 2018 Debenture thereunder, when due, and such default is not remedied within 15 days of the earlier of (a) notice being delivered by the Lender to the Company and (b) knowledge by the Company of such default;
- (3) if a decree or order of a court of competent jurisdiction is entered adjudging the Company a bankrupt or insolvent or approving as properly filed a petition seeking the winding-up of the Company under the *Companies’ Creditors Arrangement Act* (Canada), the *Bankruptcy and Insolvency Act* (Canada), the *Winding Up Act* (Canada) or any other bankruptcy, insolvency or analogous laws or ordering the winding up or liquidation of its affairs
- (4) if any resolution is passed for the winding-up or liquidation of the Company, or if the Company makes any assignment in bankruptcy or makes any other assignment for the benefit of creditors, makes any proposal under the *Bankruptcy and Insolvency Act* (Canada) or any comparable law, seeks relief under the *Companies’ Creditors Arrangement Act* (Canada), the *Winding Up Act* (Canada) or any other bankruptcy, insolvency or analogous law, files a petition or proposal to take advantage of any act of insolvency, consents to or acquiesces in the appointment of a trustee, receiver, receiver and manager, interim receiver, custodian, sequestrator or other person with similar powers of itself or of all or any substantial portion of its assets, or files a petition or otherwise commences any proceeding seeking any reorganization, arrangement, composition, administration or readjustment under any applicable bankruptcy, insolvency, moratorium, reorganization or other similar law affecting creditors’ rights or consents to, or acquiesces in, the filing of such petition;
- (5) if an encumbrancer takes lawful possession of any portion of the property of the Company which is material to the Company taken as a whole, or if any process of execution is levied or enforced upon or against a material portion of the property of the Company and remains unsatisfied for such period as would permit any such property to be sold thereunder, unless the Company actively and diligently contests in good faith such process, but in that event the Company shall, if the Lender so requires, give security which, in the discretion of the



Lender, is sufficient to pay in full the amount thereby claimed in case the claim is held to be valid;

- (6) if the Company ceases to carry on its business; or
- (7) if any representation or warranty of the Company herein or in any other Debenture Document hereof is untrue in any material respect.

9.2 **Notice of Defaults and Events of Default.** If a Default or Event of Default occurs and is continuing, the Company will immediately after it becomes aware of the occurrence of such Default or Event of Default give notice of such Default or Event of Default to each Debenture Holder (and to the Debenture Representative, if applicable) in the manner provided in Article 12 unless the default has been waived pursuant to Section 9.2.

Where notice of the occurrence of a Default or Event of Default has been given and the Default or Event of Default is thereafter cured, notice that the Default or Event of Default is no longer continuing will be given by the Company to the Debenture Holders (or the Debenture Representative, if applicable) in the manner provided in Article 12 immediately after the Company becomes aware that the Default or Event of Default has been cured.

9.3 **Waiver of Default.** The Debenture Representative (or Debenture Holders by Debenture Holder Resolution) may in writing waive any breach by the Company of any of the provisions contained herein or any default by the Company in the observance or performance of any covenant or condition required by the Lender to be observed or performed by the Company; provided always that no act or omission by the Lender in the premises shall extend to or be taken in any manner whatsoever to affect any subsequent breach or default or the rights resulting therefrom.

9.4 **No Merger.** Neither the taking of any judgment nor the exercise of any power of seizure or sale shall operate to extinguish the liability of the Company to make payment of or to satisfy the obligations hereunder nor shall the acceptance of any payment or alternate security constitute or create any novation, and it is further agreed that the taking of a judgment or judgments under any of the covenants herein contained shall not operate as a merger of such covenants.

## 10. DEBENTURE REPRESENTATIVE

10.1 The Lender, together with the other Debenture Holders, shall be entitled to designate a representative (the “**Investor Representative**”) from time to time, to be elected by Debenture Holder Resolution.

## 11. SATISFACTION AND DISCHARGE

11.1 **Cancellation and Destruction.** Upon payment by the Company of the outstanding Convertible Indebtedness hereunder and accrued unpaid Interest and all other obligations of the Company hereunder or secured hereby, the Lender shall upon request in writing by the Company deliver this Debenture to the Company and shall at the expense of the Company cancel and discharge the charge of this Debenture and execute and deliver to the Company such deeds or other instruments as shall be requisite to discharge the charge hereby constituted.

11.2 **Non-Presentation of Debenture.** If the Lender fails to present this Debenture for payment at the Forced Conversion Date or Conversion Notice Maturity Date, the Company will be entitled to set aside the outstanding Convertible Indebtedness hereunder and/or the accrued unpaid Interest payable on or represented by this Debenture and in respect whereof such monies have been set aside will be deemed to have been paid and the Lender will thereafter have no right in respect thereof except that of receiving payment of the monies so set aside by the Company (without

interest on such monies) upon due presentation and surrender thereof, subject always to the provisions of Article 9.

- 11.3 **Release from Covenants.** Upon full payment of the outstanding Convertible Indebtedness hereunder and accrued unpaid Interest (including Overdue Interest) and other monies payable hereunder have been paid to the Lender; the Lender will, at the request and at the expense of the Company, execute and deliver to the Company such deeds or other instruments as are necessary to release the Company from its covenants herein contained.

## 12. MISCELLANEOUS

- 12.1 The Lender, without exonerating in whole or in part the Company, may grant time, renewals, extensions, indulgences, releases and discharges to, may take securities from and give the same and any or all existing securities up to, may abstain from taking securities from or from perfecting securities of, may accept compositions from, and may otherwise deal with the Company and all other persons and securities as the Lender may see fit.
- 12.2 Nothing herein shall obligate the Lender to make any advance or loan or further advance or loan or to renew any note or extend any time for payment of any indebtedness of the Company to the Lender.
- 12.3 This Debenture is in addition to, not in substitution for and shall not be merged in any other agreement, security, document or instrument now or hereafter held by the Lender.
- 12.4 This Debenture shall be binding upon the Company and its successors and assigns including any successor by reason of amalgamation of or any other change in the Company and shall enure to the benefit of the Lender and its successors and assigns; provided that, unless an Event of Default has occurred and is continuing, the Lender shall not assign any of its rights or obligations hereunder without the prior written consent of the Company, which consent is not to be unreasonably withheld. The Company shall not assign any of its rights or obligations hereunder without the prior written consent of the Lender, not to be unreasonably withheld.
- 12.5 All notices, requests, demands or other communications (collectively, “**Notices**”) by the terms hereof required or permitted to be given by one party to any other party, or to any other person shall be given in writing by personal delivery, facsimile transmission or email communication to such other party as follows:

To the Company at: Suite 340, 318 – 11<sup>th</sup> Avenue S.E.  
Calgary, Alberta  
T2G 0Y2  
Email: [gbreese@katipult.com](mailto:gbreese@katipult.com)  
Attention: Gord Breese, Chief Executive Officer

to the Lender at: the address or facsimile specified on the first page of this Debenture

or at such other address as may be given by such person to the other Parties hereto in writing from time to time. All such Notices shall be deemed to have been received when delivered or transmitted.

- 12.6 Time shall be of the essence.
- 12.7 This Debenture may be executed and delivered in as many counterparts and by electronic transmission as may be necessary and each of which so signed and delivered will be deemed to be an original and such counterparts and electronic transmissions together will constitute one and the

same instrument and notwithstanding the date of execution will be deemed to bear the date set forth above. The words “execution,” “signed,” “signature,” and words of like import in this Debenture or any other Debenture Document shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any Applicable Law.

**IN WITNESS WHEREOF** the Parties hereto have executed this Debenture as of the date first above written.

**KATIPULT TECHNOLOGY CORP.**

By: *Gord Breese*  
\_\_\_\_\_  
Name: Gord Breese  
Title: Chief Executive Officer

Acknowledged and Agreed as of the date first above written.

**LENDER**

**MGB Investments Limited Partnership**

By: MB  
Name: Mike Broadfoot  
Title: General Partner

[Signature Page - Convertible Debenture]

**SCHEDULE A**

**FORM OF CONVERSION NOTICE**

**TO: KATIPULT TECHNOLOGY CORP.** (the “Company”)

The undersigned, registered holder of the attached Debenture, hereby irrevocably elects to convert such the Convertible Indebtedness and accrued unpaid Interest under such Debenture (or \$ \_\_\_\_\_ principal amount and \$ \_\_\_\_\_ Interest thereof) into \_\_\_\_\_ Common Shares of the Company in accordance with the terms of such Debenture and directs that such Common Shares issuable and deliverable upon the conversion be issued and delivered to the person indicated below (provided that if the person indicated below is not the undersigned, then the undersigned acknowledges and agrees that the delivery of such Common Shares to the person indicated below fully satisfies repayment of the amount of the Convertible Indebtedness and accrued unpaid Interest under such Debenture converted into such Common Shares).

**DATED** the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

**[HOLDER NAME]**


**Per:** \_\_\_\_\_  
**Name:**  
**Title:**

**REGISTER AND DELIVER AS FOLLOWS:**

Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

THIS IS EXHIBIT C TO THE AFFIDAVIT  
OF DONNA ROSS FERRARA, SWORN OR  
AFFIRMED FEBRUARY 10, 2025

  
A NOTARY PUBLIC/  
COMMISSIONER FOR OATHS IN AND FOR  
THE PROVINCE OF ALBERTA

**Armaan Dhillon**  
**Student at Law**

**KATIPULT TECHNOLOGY CORP.**

**AMENDED AND RESTATED SECURED CONVERTIBLE DEBENTURE**

Name of Lender: Brian Craig (the “**Lender**”)

Address of Lender: 539 – 23 Ave SW

Calgary, Alberta T2S 0J4

Attention: \_\_\_\_\_

Email Address: brian@adventurecapital.ca

Principal Amount:<sup>1</sup> **\$1,000,000.00**

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<sup>1</sup> Note: To include only the principal amount of the Original Debenture.  
CAN\_DMS:\112080083\10



## 1. DEFINITIONS AND INTERPRETATION

1.1 **Definitions.** In this Debenture, unless there is something in the context inconsistent therewith, the following words and phrases shall have the following meanings, respectively:

- (1) “**2018 Debentures**” means the 8.5% convertible debentures issued by the Company on May 30, 2018 in the initial aggregate principal amount of \$3,050,000 and which were amended on August 11, 2023, November 30, 2023 and were amended and restated on the date hereof, including but not limited to this Debenture, as the same may be amended, varied, supplemented, restated, renewed or replaced at any time and from time to time;
- (2) “**Adjusted Interest Rate**” has the meaning ascribed to it in Section 2.3(2);
- (3) “**Affiliate**” means any entity that directly or indirectly controls, is controlled by, or is under common control with the subject entity with “control,” for purposes of this definition, meaning direct or indirect ownership of more than 50% of the voting interests of the subject entity;
- (4) “**Applicable Laws**” means, in respect of any Person, property, transaction or event, all present or future applicable laws, statutes, decrees, regulations, treaties, ordinances, orders, writs, injunctions, judgments and decrees and all applicable official directives, rules, guidelines, orders and policies of any governmental or other regulatory bodies including, without limitation, stock exchanges having authority over any of the foregoing;
- (5) “**Board**” means the Company’s board of directors;
- (6) “**Bridge Loan Note**” means the secured promissory note in the principal amount of \$250,000 between the Company and Adventure Capital (2019) Inc. dated May 22, 2024;
- (7) “**Bridge Loan Security**” means the Liens in certain accounts receivable of the Company as described in and pursuant to the terms of the Bridge Loan Note and Bridge Loan Security Agreement;
- (8) “**Bridge Loan Security Agreement**” means the security agreement granted by the Company in favour of Adventure Capital (2019) Inc. in respect of the Bridge Loan Security, dated May 22, 2024;
- (9) “**Business Day**” means any day but excludes Saturday or Sunday and any other day which is a statutory holiday in Calgary, Alberta;
- (10) “**CFO**” means the then current Chief Financial Officer of the Company;
- (11) “**Collateral**” means all of the present and after acquired real and personal property of the Company;
- (12) “**Common Share**” means a common share in the capital of the Company;
- (13) “**Company**” means Katapult Technology Corp. and every Successor Company (and for the purposes of all covenants, representations and Events of Default, includes all subsidiaries and affiliates of Katapult Technology Corp.);
- (14) “**Conversion Date**” shall have the meaning ascribed to it in Section 4.4;
- (15) “**Conversion Notice**” shall have the meaning ascribed to it in Section 4.3;

- (16) “**Conversion Price for Interest**” means \$0.20 per Common Share;
- (17) “**Conversion Price for Principal**” means \$0.20 per Common Share;
- (18) “**Convertible Indebtedness**” means, on any date of determination, the outstanding principal under this Debenture or the other 2018 Debentures taken as a whole (or any of them), as the context requires;
- (19) “**Current Annual Cash Burn**” shall have the meaning ascribed to it in Section 2.3(2);
- (20) “**Current Cash**” shall have the meaning ascribed to it in Section 2.3(2);
- (21) “**Debenture**” means this amended and restated secured convertible debenture, which amends and restates the Original Debenture, as the same may be amended, varied, supplemented, restated, renewed or replaced at any time and from time to time;
- (22) “**Debenture Documents**” means this Debenture, the GSA and all other agreements, instruments and other documents granted by the Company in favour of the Lender under or in connection with the foregoing.
- (23) “**Debenture Holder Resolution**” means a resolution in writing signed by Debenture Holders holding not less than 51% of the aggregate principal amount of the 2018 Debentures;
- (24) “**Debenture Holders**” means, on any date of determination, the registered holders of 2018 Debentures on such date, and “**Debenture Holder**” means any of them;
- (25) “**Debenture Representative**” means a representative of the Debenture Holders appointed pursuant to Article 10;
- (26) “**Default**” means any event or circumstance which, with the passage of time or giving of notice (or both) would result in an Event of Default;
- (27) “**Effective Date**” means July 18, 2024;
- (28) “**Event of Default**” shall have the meaning ascribed to it in Section 9.1;
- (29) “**Exchange**” means the TSX Venture Exchange;
- (30) “**Forced Conversion**” shall have the meaning ascribed to it in Section 4.1;
- (31) “**Forced Conversion Criteria**” shall have the meaning ascribed to it in Section 4.1;
- (32) “**Forced Conversion Date**” shall have the meaning ascribed to it in Section 4.1;
- (33) “**Forced Conversion Notice**” shall have the meaning ascribed to it in Section 4.1;
- (34) “**GAAP**” means generally accepted accounting principles which are in effect from time to time in Canada, which is currently International Financial Reporting Standards;
- (35) “**GSA**” means the general security agreement dated on or about the Effective Date, granted by the Company in favour of the Lender in respect of all of the real and personal property of the Company to secure the Secured Obligations;
- (36) “**Interest**” shall have the meaning ascribed to it in Section 2.2;

- (37) “**Interest Base Rate**” shall have the meaning ascribed to it in Section 2.3;
- (38) “**Interest Rate Adjustment**” shall have the meaning ascribed to it in Section 2.3;
- (39) “**Lender**” shall have the meaning ascribed to it above;
- (40) “**Liens**” means mortgages, charges, pledges, hypothecs, assignments by way of security, conditional sales or other title retention arrangements, security created under the *Bank Act* (Canada), liens, encumbrances, security interests or other interests in property, howsoever created or arising, whether fixed or floating, perfected or not, which secure payment or performance of an obligation;
- (41) “**Market Price per Common Shares**” means the volume weighted average trading price per share for Common Shares for the 10 consecutive trading days ending on the trading day before the relevant date on which not less than one board lot of Common Shares was traded on the Exchange;
- (42) “**Maturity Date**” shall have the meaning ascribed to it in Section 6.1;
- (43) “**Monthly Cash Burn Rate**” shall have the meaning ascribed to it in Section 2.3(1);
- (44) “**Notices**” shall have the meaning ascribed to it in Section 12.5;
- (45) “**Original Closing Date**” means May 30, 2018;
- (46) “**Original Debenture**” shall have the meaning ascribed to it in Section 2.1;
- (47) “**Overdue Interest**” shall have the meaning ascribed to it in Section 6.2;
- (48) “**Parties**” means the Lender and the Company and their successors and permitted assignees;
- (49) “**Permitted Encumbrances**” means, in respect of the Company:
- (a) Liens arising by operation of law for amounts not yet due or delinquent, minor encumbrances on real property such as easements and rights of way which do not materially detract from the value of such property, and Liens given to municipalities and similar public authorities when required by such authorities in connection with the operations of the Borrower in the ordinary course of business;
  - (b) Liens granted pursuant the Bridge Loan Security to secure the Bridge Loan Note;
  - (c) Liens granted pursuant to the RBC Security;
  - (d) Liens granted in favour of the Debenture Holders to secure obligations under or in connection with the 2018 Debentures, including the Secured Obligations; and
  - (e) Liens in respect of which the Debenture Holders have provided their prior written consent.
- (50) “**Person**” means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, regulatory body or agency, government or governmental agency, authority or entity however designated or constituted;

- (51) “**PPSA**” means the *Personal Property Security Act* (Alberta) or any other applicable statute pertaining to the granting, perfecting, opposability, priority, ranking or enforcement of Liens on personal or movable property, and any successor statutes, together with any regulations thereunder, in each case as in effect from time to time;
- (52) “**RBC Security**” means the security granted by the Company in favour of the Royal Bank of Canada in all the present and after-acquired personal property of the Company as evidenced by Alberta PPSA registration numbers #14072335006, 20013137012 and 20013136931;
- (53) “**Redemption Date**” shall have the meaning ascribed to it in Section 5.1;
- (54) “**Redemption Notice**” shall have the meaning ascribed to it in Section 5.1;
- (55) “**Redemption Option**” shall have the meaning ascribed to it in Section 5.1;
- (56) “**Retraction Notice**” shall have the meaning ascribed to it in Section 6.1;
- (57) “**Register**” means the register of Debenture Holders maintained pursuant to Article 3;
- (58) “**Secured Obligations**” means, at any time and from time to time, all of the obligations, indebtedness and liabilities (present or future, absolute or contingent, matured or not) of the Company to the Lender under, pursuant or relating to this Debenture or the other Debenture Documents or the Convertible Indebtedness and whether the same are from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and including all principal, interest, fees, legal (on a full indemnity basis) and other costs, charges and expenses and other amounts payable by the Company under the Debenture Documents;
- (59) “**Security Agent**” shall have the meaning ascribed to it in Section 2.4(8);
- (60) “**Security Documents**” means the GSA and each other agreement, instrument or other document from time to time granted by the Company or any Affiliate of the Company to secure the Secured Obligations;
- (61) “**Shortfall Months**” shall have the meaning ascribed to it in Section 6.1;
- (62) “**Successor Company**” means any company which is formed by the amalgamation, merger, restructuring or reorganization of the Company;
- (63) “**U.S. Person**” has the meaning ascribed thereto in Regulation S of the U.S. Securities Act; and
- (64) “**U.S. Securities Act**” means the *United States Securities Act of 1933*, as amended.
- 1.2 **Gender and Number.** Throughout this Debenture words importing the singular number include the plural and vice versa and words importing gender include the masculine, feminine and neuter genders.
- 1.3 **Meaning of “Outstanding”.** Each 2018 Debenture will be deemed to be outstanding until (a) it has been converted in full (and all accrued and unpaid interest thereon has been irrevocably paid in full in cash in accordance with its terms) or (b) the Convertible Indebtedness thereunder and accrued and unpaid Interest thereon have been irrevocably paid, in full, in cash in accordance with its terms, and:
- (1) where the Convertible Indebtedness and accrued unpaid Interest of a 2018 Debenture has been partially paid irrevocably in cash, the 2018 Debenture will be deemed to be

outstanding only to the extent of the unpaid portion of the Convertible Indebtedness and Interest thereof; and

- (2) where a new 2018 Debenture has been issued in substitution for a 2018 Debenture which has been lost, stolen or destroyed, only one of them will be counted for the purposes of determining the aggregate principal amount of and the accrued unpaid Interest of the 2018 Debentures outstanding.

- 1.4 **Headings.** The division of this Debenture into sections, subsections and paragraphs and the provision of a table of contents and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation of this Debenture.
- 1.5 **Applicable Law.** This Debenture is governed by the laws of Alberta and the laws of Canada applicable therein and will be treated in all respects as Alberta contracts. The Parties hereto irrevocably attorn to the non-exclusive jurisdiction of the courts of the Province of Alberta.
- 1.6 **Currency.** Except as otherwise expressly provided herein, all references to dollar amounts herein are deemed to be references to lawful money of Canada.
- 1.7 **Business Day.** Whenever any payment is due or required to be taken under this Debenture on or as of a day that is not a Business Day, that payment must be made and the other action must be taken on or as of the next day that is a Business Day.
- 1.8 **Severability.** If one or more of the provisions contained herein shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

## 2. TERMS OF DEBENTURE

- 2.1 **Amended and Restated Debenture.** The Company and the Lender acknowledge that this Debenture represents an amendment and restatement of the convertible debenture dated May 30, 2018 issued by the Company to the Lender on the Original Closing Date in the initial aggregate principal amount of \$3,050,000 (the “**Original Debenture**”).
- 2.2 **Convertible Indebtedness.** The Company, in consideration for the receipt of the Convertible Indebtedness under the Original Debenture and the agreement of the Parties to amend and restate the Original Debenture upon the terms of this Debenture, hereby acknowledges itself indebted to, and covenants with the Lender to, repay, unless and except to the extent that such Convertible Indebtedness under this Debenture is converted into Common Shares as provided for by this Debenture, the Convertible Indebtedness under this Debenture, plus interest, calculated and payable in accordance with Section 2.3 the (“**Interest**”, which term includes Overdue Interest).
- 2.3 **Interest.** All unpaid Interest owing on the Original Debenture shall accrue on the Convertible Indebtedness under this Debenture to and excluding April 15, 2024 and Interest shall not accrue on the Convertible Indebtedness under this Debenture from April 15, 2024 until November 30, 2024, following which, Interest on the Convertible Indebtedness under this Debenture, or so much thereof as remains outstanding from time to time, shall accrue daily at the rate of 4% *per annum* (the “**Interest Base Rate**”) compounded quarterly, and calculated based upon the actual number of days passed in any actual year. All Interest shall be payable at the times set out herein excepting only Overdue Interest which shall be paid pursuant to Section 6.2. The rate of Interest shall be adjusted on a monthly basis (the “**Interest Rate Adjustment**”) as follows:
  - (1) On or before the 10<sup>th</sup> day of each month, the CFO shall calculate the Company’s Monthly Cash Burn Rate, and (if paragraph (2) below applies) Current Cash, Current Annual Cash

Burn, Shortfall Months and Adjusted Interest Rate, and deliver to the Lender a notice setting out such amounts and rates and the calculations thereof in reasonable detail.

- (2) If the minimum unencumbered cash balance of the Company during the last day in the immediately preceding calendar month (the “**Current Cash**”) falls below the current Monthly Cash Burn Rate multiplied by 12 months (the “**Current Annual Cash Burn**”), then the Interest for the current month will automatically be adjusted (each adjusted rate being an “**Adjusted Interest Rate**”) to be the lesser of:
- (a) 4.0% plus 0.5% x Shortfall Months per annum; or
  - (b) 10.0% per annum.

Where

“**Cash Burn**” means, in respect of any calendar month, the amount (if any) of negative cash flow of the Company during such month, the calculation of which shall include all incoming cash from business operations and all outgoing cash for business expense, but shall exclude any incoming or outgoing cash from investments in and other capital raised by the Company, dividend payments, indebtedness incurred by the Company, repayment of debt and interest thereon, interest and other investment income, and third party grants received or repaid;

“**Monthly Cash Burn Rate**” means, as of any date of calculation, the amount equal to the simple average of the Company’s Cash Burn in each of the three immediately preceding calendar months; and

“**Shortfall Months**” means, as of any date of determination, the number of whole months (subject to a maximum of 12 months) which, at the then-current Monthly Cash Burn Rate, it would take for the Company to have zero or negative cash on hand (assuming that Current Cash remains unchanged for the next 12 months).

- (3) For greater certainty, expressed as a formula, the Adjusted Interest Rate shall be the maximum of 10.0% or the Adjusted Interest Rate calculated as follows (rounded to the nearest second decimal place):

$$\text{Adjusted Interest Rate} = \text{Interest Base Rate} + (\text{Shortfall Months} \times 0.50)$$

- (4) The Adjusted Interest Rate shall be adjusted on a monthly basis upwards or downwards and it may be reduced towards the Interest Base Rate as the ratio between minimum cash balance and Current Annual Cash Burn improves. For certainty, the Adjusted Interest Rate shall never be less than the Interest Base Rate, and never be greater than 10.0% per annum.
- (5) In the event of any dispute arising from the calculation of the Interest Rate Adjustment, such dispute shall be conclusively determined by the then current auditor of the Company or a third-party accounting firm mutually appointed by the Company and the Debenture Representative (or by a Debenture Holder Resolution).
- (6) Notwithstanding the foregoing, the Interest Rate Adjustment may be waived for any given month by the Debenture Representative or by Debenture Holder Resolution (provided that such resolution is agreed to by all Debenture Holders), in which case the Adjusted Interest Rate for such month will remain at 4% per annum compounded quarterly.

## 2.4 Security.

- (1) The due and punctual payment of the Secured Obligations, when and as the same shall be due and payable, and performance of all other obligations of the Company to the Lender under or in connection with this Debenture and the other Debenture Documents, according to the terms hereunder or thereunder, are secured, as provided in the Security Documents. The Company consents and agrees to be bound by the terms of the Security Documents as the same may be in effect from time to time, and agree to perform its obligations thereunder in accordance therewith.
- (2) The Company shall do or cause to be done all acts and things that may be required, or that the Lender from time to time may reasonably request, to assure and confirm that the Lender holds duly created and enforceable and perfected Liens upon the Collateral, and in connection with any merger, consolidation or sale of the Company, the property and assets of the Person which is consolidated or merged with or into the Company, to the extent that they are property or assets of the types which would constitute Collateral under the Debenture Documents, shall be treated as after-acquired property and the Company shall take such action as may be reasonably necessary to cause such property and assets to be made subject to the Liens constituted under the Security Documents, in the manner and to the extent required under the Security Documents.
- (3) The Company acknowledges conclusively that the Company and the Lender intend the Liens in the Collateral granted under the Security Documents to attach immediately upon the execution of this Debenture. The charge shall be effective and shall attach as of the date hereof whether the monies hereby secured or any part thereof shall become owing by the Company before or after or upon the date of execution of this Debenture. The Company acknowledges conclusively that value has been given.
- (4) The Parties confirm and agree that 2018 Debentures shall rank *pari passu* in terms of both payment and security without preference or priority, as if all such debentures had been issued simultaneously, and all such debentures are and shall be secured equally and rateably.
- (5) The Company and the Lender hereby authorize the Lender or its agents to file at any time financing statements, continuation statements, and amendments thereto that (i) either specifically describe the Collateral or describe the Collateral as all assets of the Company of the kind pledged hereunder, and (ii) contain any other information required by the PPSA for the sufficiency of filing office acceptance of any financing statement, continuation statement, or amendment. Without derogation from the foregoing, the Company shall promptly execute, acknowledge and deliver such Security Documents, instruments, certificates, filings, financing statements (including filings of continuation statements or amendments to financing statements that may be necessary to continue the effectiveness of such financing statements), notices and other documents, and take such other actions as shall be reasonably required, or that the Lender may reasonably request, to create, perfect, protect, assure, maintain or enforce (at the sole cost and expense of the Company) the Liens and benefits intended to be conferred, in each case as contemplated by the Security Documents for the benefit of the Lender.
- (6) If the Lender determines at any time or from time to time that the form and nature of the then existing Security Documents is deficient in any way or does not fully provide the Lender with the security and priority to which each is entitled hereunder and under the other Debenture Documents, the Company will forthwith execute and deliver or cause to be executed and delivered to the Lender, at the Company's expense, such amendments to

the Security Documents or provide such new Security Documents as the Lender may reasonably request.

- (7) Each item or part of the Liens issued under the Security Documents shall for all purposes be treated as a separate and continuing collateral security and shall be deemed to have been given in addition to and not in place of any other item or part of the Security Documents or any other Liens now held or hereafter acquired by the Lender. No item or part of the Security Documents shall be merged or be deemed to have been merged in or by this Debenture or any documents, instruments or acknowledgements delivered hereunder, or any simple contract debt or any judgment, and any realization of or steps taken under or pursuant to any Lien, instrument or agreement shall be independent of and not create a merger with any other right available to the Lender, under any Lien, instruments or agreements held by it or at law or in equity.
- (8) The Lender, immediately upon notice from the Debenture Representative, shall be deemed (to the extent permitted by Applicable Law) to appoint such third party (or parties) as the Debenture Representative shall determine to represent the Lender as a security agent (the “**Security Agent**”) to enforce the Liens granted by the Company under the Security Documents and to apply the proceeds of such enforcement *pro rata* among the Lender and each holder under all other 2018 Debentures, in each case, in accordance with the terms hereof and authorizes the Security Agent to take such actions on its behalf and to exercise such powers as are delegated to the Security Agent by the terms hereof, together with such actions and powers as are reasonably incidental thereto. The Company hereby acknowledges such appointment. The Lender hereby irrevocably authorizes and directs the Security Agent to take such action and to exercise such rights, powers, privileges and remedies on behalf of the Lender as the Security Agent in its sole and absolute discretion deems necessary or desirable for the purposes hereof. The Security Agent may, from time to time, appoint a nominee to exercise all or any of the powers, rights, remedies and benefits of the Security Agent hereunder and such nominee shall be vested with all rights, remedies, powers, benefits, discretions, protection and relief of the Security Agent and shall be bound by all of the covenants and obligations of the Lender hereunder or thereunder or pursuant to Applicable Law. The Lender hereby authorizes the Debenture Representative providing notice pursuant to this Section 2.4(8) to do and perform all such acts, deeds and things and to negotiate, execute, and deliver and to file or cause to be executed, delivered or filed, all such documents, which it in its discretion shall deem necessary, desirable or proper, in order to give effect to the foregoing.
- (9) Upon an Event of Default (as defined herein) that is continuing, the Security Agent may, upon receipt of written instructions from the Debenture Representative, exercise such rights and remedies as are provided by the PPSA and otherwise under Applicable Law with respect to the Collateral or any part thereof and all other rights and remedies recognized under Applicable Laws against the Company or in respect of the Collateral or any part thereof for the enforcement of full payment and performance of all amount owing hereunder and under the other Debenture Documents. If there is any deficiency of payment in respect of such amounts the Company shall be and at all times remain liable for the payment thereof to the Lender.
- (10) The Company hereby irrevocably constitutes and appoints the Security Agent, on behalf of the Lender, as its true and lawful attorney and Security Agent, with full power and authority in the Company’s name, place and stead, from time to time, to do all acts and things and execute and deliver all transfers, certificates, proxies, resolutions, consents, assignments, transfers, conveyances and agreements, in such form as the Security Agent or the Lender consider necessary or desirable, and to do all things which the Company is required to sign, execute and do hereunder if the Company has failed to sign, execute or do



the same and generally to use the name of the Company in the exercise of all or any of the powers hereby conferred on the Security Agent or the Lender, in each case, with full powers of substitution and revocation; provided that this power of attorney may not be exercised by the Security Agent until an Event of Default shall have occurred and is continuing. Such appointment and power of attorney is hereby declared by the Company to be an irrevocable power coupled with an interest.

- (11) To the extent not prohibited by any law applicable to the Company, the Company hereby waives its rights, if any, under all provisions of Applicable Law that would in any manner, limit, restrict or otherwise affect the Security Agent's rights and remedies hereunder or impose any additional obligations on the Security Agent.
- (12) Nothing contained in this Section 2.4 or elsewhere in this Debenture is intended to or shall impair, as between the Company and the Lender, the obligation of the Company under or in connection with the Debenture Documents, which is absolute and unconditional, to pay to the Lender the Secured Obligations, as and when the same shall become due and payable in accordance with their terms, or affect the relative rights of the Lender and creditors of the Company, nor shall anything herein or therein prevent the Lender from exercising all remedies otherwise permitted by Applicable Law upon an Event of Default under this Debenture and the other Debenture Documents.

2.5 **Subordination.** The Lender agrees that Liens under the Security Documents securing its right in the Collateral shall be subordinated to the Bridge Loan Security and the RBC Security; provided that subordination to the Bridge Loan Security shall cease and shall be of no force and effect from and after August 31, 2024. The Lender agrees to execute and deliver an acknowledgment of such subordination to Adventure Capital (2019) Inc. and Royal Bank of Canada promptly after written request for same, at the cost of the Company.

2.6 **Issue in Substitution for Lost Debenture.** If this Debenture is mutilated, lost, destroyed or stolen, the Company in its discretion may issue and deliver a new 2018 Debenture of like date and tenor as the one mutilated, lost, destroyed or stolen in exchange for and in place of and upon cancellation of such mutilated debenture or in lieu of and in substitution for such lost, destroyed or stolen debenture and the new 2018 Debenture will rank equally in accordance with its terms with all other 2018 Debentures issued.

2.7 **Cost for Replacement.** The applicant for the issue of a new 2018 Debenture pursuant to this section will bear the cost of the issue thereof and in case of loss, destruction or theft will, as a condition precedent to the issue thereof, furnish to the Company:

- (1) evidence of ownership and of the loss, destruction or theft of the 2018 Debenture so lost, destroyed or stolen satisfactory to the Company in its discretion;
- (2) an indemnity and surety bond in amount and form satisfactory to the Company in its discretion; and
- (3) the reasonable charges of the Company in connection with the issue of the new 2018 Debenture.

### 3. REGISTRATION, TRANSFER, EXCHANGE AND OWNERSHIP OF DEBENTURE

3.1 **Register of Debentures.** The Company will cause to be kept by and at the registered office of the Company the register in which will be entered the names and addresses of the Lender and the other Debenture Holders and particulars of the 2018 Debentures held by them respectively and of all transfers of 2018 Debentures.

- 3.2 **Resales in the United States.** This Debenture has not been and will not be registered under the *U.S. Securities Act* and may not be transferred to a U.S. Person, or for the account or benefit of a U.S. Person.
- 3.3 **Requirements for Transfer.** No transfer of this Debenture will be valid unless made by the Lender or his or her executors, administrators or other legal representatives or his or her attorney duly appointed by an instrument in writing in form and with execution satisfactory to the Company upon compliance with such reasonable requirements as the Company may prescribe, nor unless the name of the transferee will have been noted on the Register by the Company.
- 3.4 **Exchange of Debentures.** 2018 Debentures in any denomination may be exchanged upon reasonable notice to the Company for 2018 Debentures of equal aggregate amount in any other denomination.
- 3.5 **Place for Exchange.** 2018 Debentures may be exchanged only at the registered office of the Company. Any 2018 Debentures tendered for exchange must be surrendered to the Company. The Company will execute all 2018 Debentures necessary to carry out exchanges as aforesaid. All 2018 Debentures surrendered for exchange will be cancelled.
- 3.6 **Applicant to Pay Charges.** Payment of any such charges of the Company for reasonable fees and any transfer taxes or governmental or other charges required to be paid will be made by the Party requesting such exchange, or transfer, as a condition precedent thereto.
- 3.7 **Register Open for Inspection.** The Register will be open for inspection by the Company, the Lender, or any Debenture Holder during normal business hours on Business Days.
- 3.8 **Closing of Register.** The Company will not be required to make transfers or exchanges of any Debenture Holder's fully registered 2018 Debenture:
- (1) after a Conversion Notice or Forced Conversion Notice; or
  - (2) on the Conversion Notice Maturity Date or during the 10 preceding Business Days.
- 3.9 **Ownership of Debenture.** The Lender will be deemed to be the owner of this Debenture for all purposes and payment of or on account of the Convertible Indebtedness hereunder and Interest thereon will be made only to or upon the order in writing of the Lender.
- 3.10 **No Notice of Trusts.** The Company shall not be bound to take notice of or see to the execution of any trust, whether express, implied or constructive, in respect of any 2018 Debenture and may transfer the same on the direction of the person registered as the holder thereof, whether named as trustee or otherwise, as though that person were the beneficial owner thereof.
- 3.11 **No Set-Off.** The Lender will be entitled to the Convertible Indebtedness hereunder and Interest hereon free from all equities or rights of set-off or counterclaim from the Company and all Persons may act accordingly and the receipt of the Lender of any such principal, or interest will be a good discharge to the Company for the same and the Company is not bound to inquire into the title of the Lender.
- 3.12 **Actual Production not Required.** The Company may treat the Lender as owner of this Debenture without actual production of this Debenture for the purpose of any requisition, direction, consent, instrument or other document as aforesaid.

#### 4. CONVERSION OF DEBENTURE

4.1 **Forced Conversion by the Company.** If, on or before the Maturity Date, in any two consecutive calendar quarters the Company shall have achieved all of the following criteria:

- (1) positive EBITDA (as determined by the Company's accountants) normalized for abnormal items;
- (2) revenue equal to at least \$0.023 per issued and outstanding Common Share (as determined by the Company's accountants, acting reasonably);
- (3) the volume weighted average trading price per share for Common Shares for the prior three months is equal to at least \$0.41 per share; and
- (4) subscription based recurring revenue is equal to at least \$0.017 per issued and outstanding Common Share

(collectively, the "**Forced Conversion Criteria**"), then the Company may elect to convert all Convertible Indebtedness hereunder into Common Shares at the Conversion Price for Principal and all accrued unpaid Interest Common Shares at the Conversion Price for Interest (the "**Forced Conversion**"), subject to prior Exchange review and acceptance, by sending notice in writing (the "**Forced Conversion Notice**") of the Forced Conversion to all Debenture Holders who hold outstanding 2018 Debentures as at the date that the Forced Conversion Criteria have been met (the "**Forced Conversion Date**"). Within 5 Business Days of providing the Forced Conversion Notice, the Company shall issue that number of whole Common Shares, as applicable, as equals the value of all outstanding Convertible Indebtedness hereunder divided by the Conversion Price of Principal and accrued unpaid Interest as at the Forced Conversion Date divided by the Conversion Price for Interest. Upon the surrender of this Debenture at the offices of the Company, the Lender will be entitled to be entered in the books of the Company as the holder of such number of Common Shares effective as of the Forced Conversion Date. As soon as the Company delivers share certificate(s) representing all of the Common Shares issuable to the Lender pursuant to the Forced Conversion, the 2018 Debenture in respect of each such share certificate(s) so delivered shall be deemed to be cancelled and be non-enforceable against the Company.

4.2 **Voluntary Conversion by Lender.** On or before the Maturity Date, subject to regulatory and Exchange approval, until the Convertible Indebtedness hereunder and any accrued unpaid Interest has been fully repaid, the Lender shall have the right to convert all or any portion of the then outstanding Convertible Indebtedness under this Debenture into Common Shares at the Conversion Price for Principal and/or all or a portion of the accrued unpaid Interest under this Debenture into Common Shares at the Conversion Price for Interest, subject to prior Exchange review and acceptance. Such conversion may be effected by the surrender of this Debenture for conversion at the offices of the Company, accompanied by a conversion notice (the "**Conversion Notice**") signed by the Lender in the form attached as Schedule "A" notifying the Company as to the exercise of the right of conversion and specifying the amount of Convertible Indebtedness hereunder and/or Interest being converted and setting forth the name and address of the nominees of the Lender in whose name(s) the Common Shares issuable upon such conversion are to be registered. For greater certainty, no conversion in part or in whole of the Convertible Indebtedness hereunder shall extinguish or satisfy, or relieve the Company of its obligation to pay, any Interest on such Convertible Indebtedness, or Interest on such Interest, accruing up to but excluding the Conversion Date.

4.3 **Conversion Date.** The conversion of the Convertible Indebtedness hereunder and/or Interest shall be deemed to have been made immediately prior to the close of business on the date on which this Debenture is surrendered for conversion (the "**Conversion Date**") in accordance with the

provisions of this Article 4. The Lender's rights in respect of the converted portion shall terminate at the time of surrender, and the nominee of the Lender entitled to receive the Common Shares into which all or any portion of the Convertible Indebtedness hereunder and/or Interest is converted shall be treated, as between the Company and such person or persons, as having become the holder or holders of record of such Common Shares on that date, provided that if this Debenture is surrendered for conversion on any day on which the register for Common Shares is closed, the Lender or its nominee entitled to receive Common Shares upon the conversion of this Debenture shall become the holder of record of such Common Shares as of the date on which the register of Common Shares is next open.

- 4.4 **Issuance of Share Certificates.** As promptly as practicable after the Conversion Date, the Company shall issue to the Lender or its nominee(s) a certificate or certificates representing that number of applicable whole Common Shares issuable pursuant to the conversion of the Convertible Indebtedness hereunder and accrued unpaid Interest in accordance with the terms of this Debenture and shall cause the Lender or its nominee to be entered in its books as of the Conversion Date as the holder of the number of Common Shares into which the Convertible Indebtedness hereunder, accrued unpaid Interest, or portion thereof being converted, is converted. Common Shares issued upon such conversion shall be entitled to dividends (if any) declared in favour of holders of Common Shares of record on and after the Conversion Date. As of and from the Conversion Date, the Common Shares so issued shall for all purposes be and be deemed to be issued and outstanding as fully paid and non-assessable Common Share. In the event that any amounts remain outstanding under this Debenture after giving effect to such conversion, the Company shall acknowledge in writing the amount of remaining Convertible Indebtedness hereunder owing by the Company to the Lender, plus any accrued and outstanding unpaid Interest.
- 4.5 **Fractions of Common Shares.** No fractional Common Share or other security shall be issued upon the conversion of all or any portion of the Convertible Indebtedness hereunder or Interest. If the conversion of all or any portion of the Convertible Indebtedness hereunder or Interest would otherwise result in a fractional Common Share, the Company shall only issue the next lowest whole number of Common Shares and no payment or other adjustment will be made for the fractional interest.
- 4.6 **Hold Period on Common Shares.** Common Shares issued pursuant to this Article 4 may be subject to a hold period pursuant to applicable securities laws and the securities shall bear the required legends.
- 4.7 **Adjustment of Common Shares.** The number of Common Shares deliverable upon the conversion of this Debenture will be subject to adjustment in the events and in the manner following:
- (1) if and whenever at any time prior to a Conversion Date or Forced Conversion Date, the Company (i) subdivides or redivides the outstanding Common Shares into a greater number of Common Shares, (ii) reduces, combines or consolidates the outstanding Common Shares into a smaller number of Common Shares, or (iii) issues Common Shares or securities exchangeable for or convertible into Common Shares to the holders of all or substantially all of the outstanding Common Shares by way of a stock dividend, the Conversion Price for Principal or the Conversion Price for Interest, if any of the foregoing events occurs within the ten (10) consecutive trading day period in which the Market Price per Common Share is calculated, as applicable, in effect on the effective dates of such subdivision, redivision (including, in the case where securities exchangeable for or convertible into Common Shares are distributed, the number of Common Shares that would have been outstanding if all such securities had been exchanged or converted into Common Shares on the record date), reduction, combination or consolidation or on the record date for such issue of Common Shares by way of a stock dividend, as the case may be, will in the case of the events referred to in (i) and (iii) above, be decreased in proportion to the number of

outstanding Common Shares resulting from such subdivision, redivision, or will, in the case of the events referred to in (ii) above, be increased in proportion to the number of outstanding Common Shares resulting from such reduction, combination or consolidation; in either case, with the result that the proportion of shares to be received upon such conversion to the total number of outstanding Common Shares will be equivalent to the proportion immediately prior to such event;

- (2) adjustments will be made successively whenever any event referred to in Section 4.7(1) occurs; and
- (3) in the event of any dispute arising from the adjustments referred to in this Section 4.7, such dispute shall be conclusively determined by the then current auditor of the Company or a third party accounting firm mutually appointed by the Company and the Debenture Representative or by Debenture Holder Resolution.

For greater certainty, no adjustment shall be made to the Conversion Price for Interest pursuant to this section 4.7 to the extent that any of the foregoing events occurs prior to the ten (10) consecutive trading day period for which the Market Price per Common Share is calculated.

4.8 **Reclassification, Merger, Etc.** In case of any reclassification of the capital of the Company, or in the case of the merger, arrangement, reorganization, amalgamation or other form of business combination of the Company with, or into any other company or of the sale of substantially all of the property and assets of the Company to any other company, this Debenture will, after such reclassification of capital, merger, arrangement, reorganization, amalgamation or other form of business combination or sale, confer the right to acquire upon conversion that number of Common Shares or other securities or property of the Company or of the Company resulting from such reclassification, merger, arrangement, reorganization, amalgamation or other form of business combination, or to which such sale will be made, as the case may be, which the Lender would then hold if the Lender had exercised the Lender's rights under this Debenture before reclassification of capital, merger, arrangement, reorganization, amalgamation or other form of business combination or sale; and in any such case, if necessary, appropriate adjustments will be made in the application of the provisions set forth in this Article 4 with respect to the rights and interest thereafter of the Lender to the end that the provisions set forth in this Article 4 will thereafter correspondingly be made applicable as nearly as may reasonably be in relation to any Common Shares or other securities or property thereafter deliverable on the conversion of this Debenture.

4.9 **Reservation of Common Shares.** The Company will reserve and there will remain unissued out of its authorized capital a sufficient number of Common Shares to satisfy the Forced Conversion or exercise of conversion rights pursuant to this Article 4.

## 5. COMPANY REDEMPTION OPTION

5.1 **Redemption Option.** On or before the Maturity Date, the Company may, from time to time, on not less than 30 days written notice to the Lender (the "**Redemption Notice**") have the option (the "**Redemption Option**") to redeem the 2018 Debentures on the first Business Day following the expiry of the 30 day period herein (the "**Redemption Date**") by paying to the Lender:

- (1) the full amount of the Convertible Indebtedness hereunder in cash, plus
- (2) any accrued Interest, payable at the option of the Lender (in its sole discretion) in either (a) cash or (b) Common Shares at the Conversion Price for Interest, subject to prior Exchange review and acceptance.

- 5.2 **Black-Out Periods.** A Redemption Notice shall not be provided by the Company during any insider trading black-out period for the Company.
- 5.3 **Conversion Rights Maintained.** For greater certainty, at any time prior to the Redemption Date, the Lender shall retain the right to convert all or any portion of the then outstanding Convertible Indebtedness hereunder into Common Shares at the Conversion Price for Principal and all or any portion of the then accrued unpaid Interest into Common Shares at the Conversion Price for Interest pursuant to Section 4.2. If a Conversion Notice is delivered prior to the Redemption Date then the Redemption Option shall not proceed with respect to the portion of the Convertible Indebtedness hereunder subject to the Conversion Notice notwithstanding that a Redemption Notice was delivered to the Lender prior to the delivery of the Conversion Notice to the Company.
- 5.4 **Share Certificates.** Share certificates to be issued pursuant to the Redemption Option shall be dated as of the date immediately following the expiry of the Redemption Notice or, if such day is not a Business Day, the next succeeding Business Day, and shall be delivered to the Lender within 5 Business Days following such date.

## 6. LENDER RETRACTION FOLLOWING MATURITY DATE

- 6.1 In the event that this Debenture has not been converted or redeemed by May 30, 2027 (the “**Maturity Date**”), the Convertible Indebtedness hereunder and all accrued unpaid Interest will become due and payable, in full, in cash, upon delivery by the Lender at any time of notice to the Company (the “**Retraction Notice**”) and pursuant to the terms of such Retraction Notice. This Debenture shall continue to be outstanding until such time as all Convertible Indebtedness and all accrued unpaid Interest that is due and payable hereunder has been paid in full to the Lender notwithstanding whether the Lender has delivered the Retraction Notice to the Company.
- 6.2 Any amount of Convertible Indebtedness hereunder and accrued unpaid Interest not paid within 10 days of delivery of the Retraction Notice shall be subject to interest (the “**Overdue Interest**”), payable in cash at an annual interest rate of 14.5% (based on the actual number of days in the actual year), accruing daily and compounding quarterly, due on the last day of the month for which it is calculated.

## 7. REPRESENTATIONS AND WARRANTIES OF THE COMPANY

- 7.1 **Representations and Warranties.** The Company represents and warrants to the Lender, all of which shall survive the execution and delivery of this Debenture, as follows:
- (1) the Company is a company validly existing and in good standing pursuant to the *Business Corporations Act* (Alberta);
  - (2) the Company has the corporate power and capacity to carry on the business now carried on by it and has the full power and authority to execute and deliver the 2018 Debentures and to perform its obligations hereunder and under the other Debenture Documents;
  - (3) the Company has taken all necessary corporate proceedings to authorize the execution and delivery of the 2018 Debentures and the Debenture Documents and to authorize and make the creation and delivery of the 2018 Debentures and the Debenture Documents and the performance by the Company of its obligations thereunder legal, valid and binding upon the Company;
  - (4) the Company will not, by entering into the 2018 Debentures or any Debenture Document or performing its obligations under any of the foregoing, contravene (a) any Applicable

- Laws, (b) the articles or other constating documents of the Company or (c) any agreement, written or verbal, by which it is bound;
- (5) all governmental authorizations and other requirements of any governmental authority or any other Person which are reasonably necessary to carry on the businesses of the Company have been obtained and are in full force and effect;
  - (6) there are no actions, suits, judgments, investigations, proceedings, writs of execution, work orders, injunctions, directives or proceedings outstanding, pending or, to the knowledge of the Company, threatened, which challenge the validity of any 2018 Debenture or any Debenture Document or which would materially adversely affect the ability of the Company to perform its obligations under the 2018 Debentures, the Debenture Documents or any document evidencing any indebtedness of the Company to the Lender;
  - (7) each of the 2018 Debentures and each of the Debenture Documents constitutes a valid and legally binding obligation of the Company enforceable against the Company in accordance with its terms, subject only to bankruptcy, insolvency or other statutes or judicial decisions affecting the enforcement of creditors' rights in general and to general principles of equity;
  - (8) the Company is not in material breach of any material agreement to which it is a party or by which it is bound; and
  - (9) no Default or Event of Default has occurred and is continuing.

## **8. COMPANY'S COVENANTS**

8.1 **Positive Covenants.** The Company hereby covenants to the Lender that at all times while the Lender's conversion rights are outstanding, it will:

- (1) duly and punctually pay, or cause to be paid, all amounts which may, at any time and from time to time, be payable in respect of the 2018 Debentures and the Debenture Documents (whether on account of Convertible Indebtedness, Interest or otherwise) or which otherwise may be payable pursuant to the terms of the 2018 Debentures or the Debenture Documents, all payments to be made by the Company in accordance with the applicable provisions of the 2018 Debentures or the Debenture Documents and in connection therewith the Company will furnish the Lender with evidence of each such payment as soon as practicable after the payment is made;
- (2) at all times maintain its corporate existence and carry on its business in accordance with Applicable Laws;
- (3) provide the Debenture Holders with written notice of any change in the name of the Company and of any change in the registered or principal office address of the Company immediately upon the occurrence of such a change;
- (4) provide the Debenture Holders with written notice immediately upon obtaining knowledge of (i) a Default or Event of Default hereunder, (ii) any actual or potential litigation or claim which could reasonably be expected to materially adversely affect the business or financial condition of the Company or (iii) any change in any information provided in the 2018 Debentures (or any of them);
- (5) obtain and maintain insurance coverage on its property and assets in accordance with industry practice;

- (6) pay and discharge, as they become due, all payments due and owing under or with respect to any other indebtedness of the Company created, incurred or otherwise outstanding or Liens given by the Company to any person or corporation and will observe, perform and carry out all the terms, covenants, provisions and agreements relating thereto and any default in payment of any monies due and payable under or the occurrence of an event of default, as defined in any indenture or instrument under which the Company, at any time while any 2018 Debenture is outstanding, will be deemed to be an Event of Default hereunder at the option of the Debenture Representative and any and all remedies available to the Lender by law or otherwise will forthwith be available to the Lender upon the occurrence of any such event;
- (7) within 120 days after its fiscal year end, deliver to the Lender a copy of its annual audited consolidated financial statements, duly prepared in accordance with GAAP;
- (8) within 60 days after each of the first three fiscal quarters of each fiscal year, deliver to the Lender a copy of its quarterly unaudited consolidated financial statements, duly prepared in accordance with GAAP;
- (9) concurrent with the delivery of financial statements to the Lender pursuant to clauses (7) and (8) above, provide the Lender with a certificate of an officer of the Company, certifying (a) that no Default or Event of Default has occurred and is continuing (or providing details of any such Default or Event of Default) and (b) the Convertible Indebtedness under the 2018 Debentures outstanding as of such date; and
- (10) upon due and proper conversion of this Debenture pursuant to the terms of Article 4 hereof, the Company shall issue Common Shares in such denominations as required pursuant to Article 4 and upon issuance in accordance thereto the Common Shares shall be duly issued as fully paid and non-assessable shares.

8.2 **Negative Covenants.** Unless authorized by the Debenture Representative or Debenture Holder Resolution, the Company covenants that, at all times while the Lender's conversion rights are outstanding, it will not:

- (1) incur any indebtedness which is senior in preference to the 2018 Debentures, other than:
  - (a) subject to Section 2.5, all indebtedness pursuant to the Bridge Loan Note;
  - (b) trade payables of the Company (other than indebtedness for borrowed money) incurred in the ordinary course of business, provided that such indebtedness is classified as a current liability on the financial statements of the Company;
  - (c) operating loans or lines of credit facilities that are either unsecured or secured only by the Company's accounts receivable;
  - (d) loans for capital equipment that are unsecured or secured only by purchase money Liens, conditional sales agreements or other title retention mortgages against such capital equipment; and
  - (e) all indebtedness that has been approved by a Debenture Holder Resolution.
- (2) except for Permitted Encumbrances, will not grant, create, assume or suffer to exist any Lien affecting any of its properties, assets or other rights;
- (3) change its chief executive office or jurisdiction of organization without written notice being provided to the Lender at least 15 days prior to such change;



- (4) change its name without written notice being provided to the Lender of its new name and the date when such new name is to become effective at least 15 days prior to such change;
- (5) otherwise amend its articles or other constating documents in any manner adverse to the interests of the Debenture Holders (or any of them); and
- (6) declare or make any dividend, payment or distribution to the holders of its issued and outstanding shares of its capital stock (including any return of capital, repurchase, redemption, or retractions) or make any change in its issued or authorized capital stock either by way of redemption or stock or otherwise.

## 9. DEFAULT AND ENFORCEMENT

9.1 **Events of Default.** The following events will constitute events of default (an “**Event of Default**”):

- (1) if the Company makes default in the observance or performance of any written covenant or undertaking given by the Company to the Lender or the holder of any other 2018 Debentures (other than in clause (2) below) under any agreement, instrument or other document (including the Debenture Documents) and such default is not rectified within 30 days of the earlier of (a) notice being delivered by the Lender to the Company and (b) knowledge by the Company of such default;
- (2) if the Company makes default in payment of any indebtedness or liability of the Company to the Lender hereunder or to the holder of any other 2018 Debenture thereunder, when due, and such default is not remedied within 15 days of the earlier of (a) notice being delivered by the Lender to the Company and (b) knowledge by the Company of such default;
- (3) if a decree or order of a court of competent jurisdiction is entered adjudging the Company a bankrupt or insolvent or approving as properly filed a petition seeking the winding-up of the Company under the *Companies’ Creditors Arrangement Act* (Canada), the *Bankruptcy and Insolvency Act* (Canada), the *Winding Up Act* (Canada) or any other bankruptcy, insolvency or analogous laws or ordering the winding up or liquidation of its affairs
- (4) if any resolution is passed for the winding-up or liquidation of the Company, or if the Company makes any assignment in bankruptcy or makes any other assignment for the benefit of creditors, makes any proposal under the *Bankruptcy and Insolvency Act* (Canada) or any comparable law, seeks relief under the *Companies’ Creditors Arrangement Act* (Canada), the *Winding Up Act* (Canada) or any other bankruptcy, insolvency or analogous law, files a petition or proposal to take advantage of any act of insolvency, consents to or acquiesces in the appointment of a trustee, receiver, receiver and manager, interim receiver, custodian, sequestrator or other person with similar powers of itself or of all or any substantial portion of its assets, or files a petition or otherwise commences any proceeding seeking any reorganization, arrangement, composition, administration or readjustment under any applicable bankruptcy, insolvency, moratorium, reorganization or other similar law affecting creditors’ rights or consents to, or acquiesces in, the filing of such petition;
- (5) if an encumbrancer takes lawful possession of any portion of the property of the Company which is material to the Company taken as a whole, or if any process of execution is levied or enforced upon or against a material portion of the property of the Company and remains unsatisfied for such period as would permit any such property to be sold thereunder, unless the Company actively and diligently contests in good faith such process, but in that event the Company shall, if the Lender so requires, give security which, in the discretion of the

Lender, is sufficient to pay in full the amount thereby claimed in case the claim is held to be valid;

- (6) if the Company ceases to carry on its business; or
- (7) if any representation or warranty of the Company herein or in any other Debenture Document hereof is untrue in any material respect.

9.2 **Notice of Defaults and Events of Default.** If a Default or Event of Default occurs and is continuing, the Company will immediately after it becomes aware of the occurrence of such Default or Event of Default give notice of such Default or Event of Default to each Debenture Holder (and to the Debenture Representative, if applicable) in the manner provided in Article 12 unless the default has been waived pursuant to Section 9.2.

Where notice of the occurrence of a Default or Event of Default has been given and the Default or Event of Default is thereafter cured, notice that the Default or Event of Default is no longer continuing will be given by the Company to the Debenture Holders (or the Debenture Representative, if applicable) in the manner provided in Article 12 immediately after the Company becomes aware that the Default or Event of Default has been cured.

9.3 **Waiver of Default.** The Debenture Representative (or Debenture Holders by Debenture Holder Resolution) may in writing waive any breach by the Company of any of the provisions contained herein or any default by the Company in the observance or performance of any covenant or condition required by the Lender to be observed or performed by the Company; provided always that no act or omission by the Lender in the premises shall extend to or be taken in any manner whatsoever to affect any subsequent breach or default or the rights resulting therefrom.

9.4 **No Merger.** Neither the taking of any judgment nor the exercise of any power of seizure or sale shall operate to extinguish the liability of the Company to make payment of or to satisfy the obligations hereunder nor shall the acceptance of any payment or alternate security constitute or create any novation, and it is further agreed that the taking of a judgment or judgments under any of the covenants herein contained shall not operate as a merger of such covenants.

## 10. DEBENTURE REPRESENTATIVE

10.1 The Lender, together with the other Debenture Holders, shall be entitled to designate a representative (the “**Investor Representative**”) from time to time, to be elected by Debenture Holder Resolution.

## 11. SATISFACTION AND DISCHARGE

11.1 **Cancellation and Destruction.** Upon payment by the Company of the outstanding Convertible Indebtedness hereunder and accrued unpaid Interest and all other obligations of the Company hereunder or secured hereby, the Lender shall upon request in writing by the Company deliver this Debenture to the Company and shall at the expense of the Company cancel and discharge the charge of this Debenture and execute and deliver to the Company such deeds or other instruments as shall be requisite to discharge the charge hereby constituted.

11.2 **Non-Presentation of Debenture.** If the Lender fails to present this Debenture for payment at the Forced Conversion Date or Conversion Notice Maturity Date, the Company will be entitled to set aside the outstanding Convertible Indebtedness hereunder and/or the accrued unpaid Interest payable on or represented by this Debenture and in respect whereof such monies have been set aside will be deemed to have been paid and the Lender will thereafter have no right in respect thereof except that of receiving payment of the monies so set aside by the Company (without

interest on such monies) upon due presentation and surrender thereof, subject always to the provisions of Article 9.

- 11.3 **Release from Covenants.** Upon full payment of the outstanding Convertible Indebtedness hereunder and accrued unpaid Interest (including Overdue Interest) and other monies payable hereunder have been paid to the Lender; the Lender will, at the request and at the expense of the Company, execute and deliver to the Company such deeds or other instruments as are necessary to release the Company from its covenants herein contained.

## 12. MISCELLANEOUS

- 12.1 The Lender, without exonerating in whole or in part the Company, may grant time, renewals, extensions, indulgences, releases and discharges to, may take securities from and give the same and any or all existing securities up to, may abstain from taking securities from or from perfecting securities of, may accept compositions from, and may otherwise deal with the Company and all other persons and securities as the Lender may see fit.
- 12.2 Nothing herein shall obligate the Lender to make any advance or loan or further advance or loan or to renew any note or extend any time for payment of any indebtedness of the Company to the Lender.
- 12.3 This Debenture is in addition to, not in substitution for and shall not be merged in any other agreement, security, document or instrument now or hereafter held by the Lender.
- 12.4 This Debenture shall be binding upon the Company and its successors and assigns including any successor by reason of amalgamation of or any other change in the Company and shall enure to the benefit of the Lender and its successors and assigns; provided that, unless an Event of Default has occurred and is continuing, the Lender shall not assign any of its rights or obligations hereunder without the prior written consent of the Company, which consent is not to be unreasonably withheld. The Company shall not assign any of its rights or obligations hereunder without the prior written consent of the Lender, not to be unreasonably withheld.
- 12.5 All notices, requests, demands or other communications (collectively, “**Notices**”) by the terms hereof required or permitted to be given by one party to any other party, or to any other person shall be given in writing by personal delivery, facsimile transmission or email communication to such other party as follows:

To the Company at: Suite 340, 318 – 11<sup>th</sup> Avenue S.E.  
Calgary, Alberta  
T2G 0Y2  
Email: [gbreese@katipult.com](mailto:gbreese@katipult.com)  
Attention: Gord Breese, Chief Executive Officer

to the Lender at: the address or facsimile specified on the first page of this Debenture

or at such other address as may be given by such person to the other Parties hereto in writing from time to time. All such Notices shall be deemed to have been received when delivered or transmitted.

- 12.6 Time shall be of the essence.
- 12.7 This Debenture may be executed and delivered in as many counterparts and by electronic transmission as may be necessary and each of which so signed and delivered will be deemed to be an original and such counterparts and electronic transmissions together will constitute one and the

same instrument and notwithstanding the date of execution will be deemed to bear the date set forth above. The words “execution,” “signed,” “signature,” and words of like import in this Debenture or any other Debenture Document shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any Applicable Law.

**IN WITNESS WHEREOF** the Parties hereto have executed this Debenture as of the date first above written.

**KATIPULT TECHNOLOGY CORP.**

By: *Gord Breese*  
Name: Gord Breese  
Title: Chief Executive Officer

Acknowledged and Agreed as of the date first above written.

**LENDER**

Signed by: 7/17/2024  
By: Shelley Kuipers Shelley Kuipers - Trading Authority on Behalf of Mr. Brian Craig  
Name: Brian Craig  
Title:

**SCHEDULE A**

**FORM OF CONVERSION NOTICE**

**TO: KATIPULT TECHNOLOGY CORP.** (the “Company”)

The undersigned, registered holder of the attached Debenture, hereby irrevocably elects to convert such the Convertible Indebtedness and accrued unpaid Interest under such Debenture (or \$ \_\_\_\_\_ principal amount and \$ \_\_\_\_\_ Interest thereof) into \_\_\_\_\_ Common Shares of the Company in accordance with the terms of such Debenture and directs that such Common Shares issuable and deliverable upon the conversion be issued and delivered to the person indicated below (provided that if the person indicated below is not the undersigned, then the undersigned acknowledges and agrees that the delivery of such Common Shares to the person indicated below fully satisfies repayment of the amount of the Convertible Indebtedness and accrued unpaid Interest under such Debenture converted into such Common Shares).

**DATED** the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

**[HOLDER NAME]**

**Per:** \_\_\_\_\_  
**Name:**  
**Title:**

**REGISTER AND DELIVER AS FOLLOWS:**

Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

THIS IS EXHIBIT D TO THE AFFIDAVIT  
OF DONNA ROSS FERRARA, SWORN OR  
AFFIRMED FEBRUARY 10, 2025



A NOTARY PUBLIC/  
COMMISSIONER FOR OATHS IN AND FOR  
THE PROVINCE OF ALBERTA

**Armaan Dhillon**  
**Student at Law**



**KATIPULT TECHNOLOGY CORP.**

**AMENDED AND RESTATED SECURED CONVERTIBLE DEBENTURE**

Name of Lender: Joseph Osinski and Judy Osinski (the “**Lender**”)

Address of Lender: 6931 Livingstone Drive SW

Calgary, Alberta T3E 6J6

Attention: \_\_\_\_\_

Email Address: joeosinski1@gmail.com

Principal Amount:<sup>1</sup> **\$333,333.33**

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<sup>1</sup> Note: To include only the principal amount of the Original Debenture.  
CAN\_DMS:\112080083\10

## 1. DEFINITIONS AND INTERPRETATION

1.1 **Definitions.** In this Debenture, unless there is something in the context inconsistent therewith, the following words and phrases shall have the following meanings, respectively:

- (1) “**2018 Debentures**” means the 8.5% convertible debentures issued by the Company on May 30, 2018 in the initial aggregate principal amount of \$3,050,000 and which were amended on August 11, 2023, November 30, 2023 and were amended and restated on the date hereof, including but not limited to this Debenture, as the same may be amended, varied, supplemented, restated, renewed or replaced at any time and from time to time;
- (2) “**Adjusted Interest Rate**” has the meaning ascribed to it in Section 2.3(2);
- (3) “**Affiliate**” means any entity that directly or indirectly controls, is controlled by, or is under common control with the subject entity with “control,” for purposes of this definition, meaning direct or indirect ownership of more than 50% of the voting interests of the subject entity;
- (4) “**Applicable Laws**” means, in respect of any Person, property, transaction or event, all present or future applicable laws, statutes, decrees, regulations, treaties, ordinances, orders, writs, injunctions, judgments and decrees and all applicable official directives, rules, guidelines, orders and policies of any governmental or other regulatory bodies including, without limitation, stock exchanges having authority over any of the foregoing;
- (5) “**Board**” means the Company’s board of directors;
- (6) “**Bridge Loan Note**” means the secured promissory note in the principal amount of \$250,000 between the Company and Adventure Capital (2019) Inc. dated May 22, 2024;
- (7) “**Bridge Loan Security**” means the Liens in certain accounts receivable of the Company as described in and pursuant to the terms of the Bridge Loan Note and Bridge Loan Security Agreement;
- (8) “**Bridge Loan Security Agreement**” means the security agreement granted by the Company in favour of Adventure Capital (2019) Inc. in respect of the Bridge Loan Security, dated May 22, 2024;
- (9) “**Business Day**” means any day but excludes Saturday or Sunday and any other day which is a statutory holiday in Calgary, Alberta;
- (10) “**CFO**” means the then current Chief Financial Officer of the Company;
- (11) “**Collateral**” means all of the present and after acquired real and personal property of the Company;
- (12) “**Common Share**” means a common share in the capital of the Company;
- (13) “**Company**” means Katapult Technology Corp. and every Successor Company (and for the purposes of all covenants, representations and Events of Default, includes all subsidiaries and affiliates of Katapult Technology Corp.);
- (14) “**Conversion Date**” shall have the meaning ascribed to it in Section 4.4;
- (15) “**Conversion Notice**” shall have the meaning ascribed to it in Section 4.3;

- (16) “**Conversion Price for Interest**” means \$0.20 per Common Share;
- (17) “**Conversion Price for Principal**” means \$0.20 per Common Share;
- (18) “**Convertible Indebtedness**” means, on any date of determination, the outstanding principal under this Debenture or the other 2018 Debentures taken as a whole (or any of them), as the context requires;
- (19) “**Current Annual Cash Burn**” shall have the meaning ascribed to it in Section 2.3(2);
- (20) “**Current Cash**” shall have the meaning ascribed to it in Section 2.3(2);
- (21) “**Debenture**” means this amended and restated secured convertible debenture, which amends and restates the Original Debenture, as the same may be amended, varied, supplemented, restated, renewed or replaced at any time and from time to time;
- (22) “**Debenture Documents**” means this Debenture, the GSA and all other agreements, instruments and other documents granted by the Company in favour of the Lender under or in connection with the foregoing.
- (23) “**Debenture Holder Resolution**” means a resolution in writing signed by Debenture Holders holding not less than 51% of the aggregate principal amount of the 2018 Debentures;
- (24) “**Debenture Holders**” means, on any date of determination, the registered holders of 2018 Debentures on such date, and “**Debenture Holder**” means any of them;
- (25) “**Debenture Representative**” means a representative of the Debenture Holders appointed pursuant to Article 10;
- (26) “**Default**” means any event or circumstance which, with the passage of time or giving of notice (or both) would result in an Event of Default;
- (27) “**Effective Date**” means July 18, 2024;
- (28) “**Event of Default**” shall have the meaning ascribed to it in Section 9.1;
- (29) “**Exchange**” means the TSX Venture Exchange;
- (30) “**Forced Conversion**” shall have the meaning ascribed to it in Section 4.1;
- (31) “**Forced Conversion Criteria**” shall have the meaning ascribed to it in Section 4.1;
- (32) “**Forced Conversion Date**” shall have the meaning ascribed to it in Section 4.1;
- (33) “**Forced Conversion Notice**” shall have the meaning ascribed to it in Section 4.1;
- (34) “**GAAP**” means generally accepted accounting principles which are in effect from time to time in Canada, which is currently International Financial Reporting Standards;
- (35) “**GSA**” means the general security agreement dated on or about the Effective Date, granted by the Company in favour of the Lender in respect of all of the real and personal property of the Company to secure the Secured Obligations;
- (36) “**Interest**” shall have the meaning ascribed to it in Section 2.2;

- (37) “**Interest Base Rate**” shall have the meaning ascribed to it in Section 2.3;
- (38) “**Interest Rate Adjustment**” shall have the meaning ascribed to it in Section 2.3;
- (39) “**Lender**” shall have the meaning ascribed to it above;
- (40) “**Liens**” means mortgages, charges, pledges, hypothecs, assignments by way of security, conditional sales or other title retention arrangements, security created under the *Bank Act* (Canada), liens, encumbrances, security interests or other interests in property, howsoever created or arising, whether fixed or floating, perfected or not, which secure payment or performance of an obligation;
- (41) “**Market Price per Common Shares**” means the volume weighted average trading price per share for Common Shares for the 10 consecutive trading days ending on the trading day before the relevant date on which not less than one board lot of Common Shares was traded on the Exchange;
- (42) “**Maturity Date**” shall have the meaning ascribed to it in Section 6.1;
- (43) “**Monthly Cash Burn Rate**” shall have the meaning ascribed to it in Section 2.3(1);
- (44) “**Notices**” shall have the meaning ascribed to it in Section 12.5;
- (45) “**Original Closing Date**” means May 30, 2018;
- (46) “**Original Debenture**” shall have the meaning ascribed to it in Section 2.1;
- (47) “**Overdue Interest**” shall have the meaning ascribed to it in Section 6.2;
- (48) “**Parties**” means the Lender and the Company and their successors and permitted assignees;
- (49) “**Permitted Encumbrances**” means, in respect of the Company:
  - (a) Liens arising by operation of law for amounts not yet due or delinquent, minor encumbrances on real property such as easements and rights of way which do not materially detract from the value of such property, and Liens given to municipalities and similar public authorities when required by such authorities in connection with the operations of the Borrower in the ordinary course of business;
  - (b) Liens granted pursuant the Bridge Loan Security to secure the Bridge Loan Note;
  - (c) Liens granted pursuant to the RBC Security;
  - (d) Liens granted in favour of the Debenture Holders to secure obligations under or in connection with the 2018 Debentures, including the Secured Obligations; and
  - (e) Liens in respect of which the Debenture Holders have provided their prior written consent.
- (50) “**Person**” means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, regulatory body or agency, government or governmental agency, authority or entity however designated or constituted;

- (51) “**PPSA**” means the *Personal Property Security Act* (Alberta) or any other applicable statute pertaining to the granting, perfecting, opposability, priority, ranking or enforcement of Liens on personal or movable property, and any successor statutes, together with any regulations thereunder, in each case as in effect from time to time;
  - (52) “**RBC Security**” means the security granted by the Company in favour of the Royal Bank of Canada in all the present and after-acquired personal property of the Company as evidenced by Alberta PPSA registration numbers #14072335006, 20013137012 and 20013136931;
  - (53) “**Redemption Date**” shall have the meaning ascribed to it in Section 5.1;
  - (54) “**Redemption Notice**” shall have the meaning ascribed to it in Section 5.1;
  - (55) “**Redemption Option**” shall have the meaning ascribed to it in Section 5.1;
  - (56) “**Retraction Notice**” shall have the meaning ascribed to it in Section 6.1;
  - (57) “**Register**” means the register of Debenture Holders maintained pursuant to Article 3;
  - (58) “**Secured Obligations**” means, at any time and from time to time, all of the obligations, indebtedness and liabilities (present or future, absolute or contingent, matured or not) of the Company to the Lender under, pursuant or relating to this Debenture or the other Debenture Documents or the Convertible Indebtedness and whether the same are from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and including all principal, interest, fees, legal (on a full indemnity basis) and other costs, charges and expenses and other amounts payable by the Company under the Debenture Documents;
  - (59) “**Security Agent**” shall have the meaning ascribed to it in Section 2.4(8);
  - (60) “**Security Documents**” means the GSA and each other agreement, instrument or other document from time to time granted by the Company or any Affiliate of the Company to secure the Secured Obligations;
  - (61) “**Shortfall Months**” shall have the meaning ascribed to it in Section 6.1;
  - (62) “**Successor Company**” means any company which is formed by the amalgamation, merger, restructuring or reorganization of the Company;
  - (63) “**U.S. Person**” has the meaning ascribed thereto in Regulation S of the U.S. Securities Act; and
  - (64) “**U.S. Securities Act**” means the *United States Securities Act of 1933*, as amended.
- 1.2 **Gender and Number.** Throughout this Debenture words importing the singular number include the plural and vice versa and words importing gender include the masculine, feminine and neuter genders.
- 1.3 **Meaning of “Outstanding”.** Each 2018 Debenture will be deemed to be outstanding until (a) it has been converted in full (and all accrued and unpaid interest thereon has been irrevocably paid in full in cash in accordance with its terms) or (b) the Convertible Indebtedness thereunder and accrued and unpaid Interest thereon have been irrevocably paid, in full, in cash in accordance with its terms, and:
- (1) where the Convertible Indebtedness and accrued unpaid Interest of a 2018 Debenture has been partially paid irrevocably in cash, the 2018 Debenture will be deemed to be

outstanding only to the extent of the unpaid portion of the Convertible Indebtedness and Interest thereof; and

- (2) where a new 2018 Debenture has been issued in substitution for a 2018 Debenture which has been lost, stolen or destroyed, only one of them will be counted for the purposes of determining the aggregate principal amount of and the accrued unpaid Interest of the 2018 Debentures outstanding.
- 1.4 **Headings.** The division of this Debenture into sections, subsections and paragraphs and the provision of a table of contents and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation of this Debenture.
- 1.5 **Applicable Law.** This Debenture is governed by the laws of Alberta and the laws of Canada applicable therein and will be treated in all respects as Alberta contracts. The Parties hereto irrevocably attorn to the non-exclusive jurisdiction of the courts of the Province of Alberta.
- 1.6 **Currency.** Except as otherwise expressly provided herein, all references to dollar amounts herein are deemed to be references to lawful money of Canada.
- 1.7 **Business Day.** Whenever any payment is due or required to be taken under this Debenture on or as of a day that is not a Business Day, that payment must be made and the other action must be taken on or as of the next day that is a Business Day.
- 1.8 **Severability.** If one or more of the provisions contained herein shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

## 2. TERMS OF DEBENTURE

- 2.1 **Amended and Restated Debenture.** The Company and the Lender acknowledge that this Debenture represents an amendment and restatement of the convertible debenture dated May 30, 2018 issued by the Company to the Lender on the Original Closing Date in the initial aggregate principal amount of \$3,050,000 (the “**Original Debenture**”).
- 2.2 **Convertible Indebtedness.** The Company, in consideration for the receipt of the Convertible Indebtedness under the Original Debenture and the agreement of the Parties to amend and restate the Original Debenture upon the terms of this Debenture, hereby acknowledges itself indebted to, and covenants with the Lender to, repay, unless and except to the extent that such Convertible Indebtedness under this Debenture is converted into Common Shares as provided for by this Debenture, the Convertible Indebtedness under this Debenture, plus interest, calculated and payable in accordance with Section 2.3 the (“**Interest**”, which term includes Overdue Interest).
- 2.3 **Interest.** All unpaid Interest owing on the Original Debenture shall accrue on the Convertible Indebtedness under this Debenture to and excluding April 15, 2024 and Interest shall not accrue on the Convertible Indebtedness under this Debenture from April 15, 2024 until November 30, 2024, following which, Interest on the Convertible Indebtedness under this Debenture, or so much thereof as remains outstanding from time to time, shall accrue daily at the rate of 4% *per annum* (the “**Interest Base Rate**”) compounded quarterly, and calculated based upon the actual number of days passed in any actual year. All Interest shall be payable at the times set out herein excepting only Overdue Interest which shall be paid pursuant to Section 6.2. The rate of Interest shall be adjusted on a monthly basis (the “**Interest Rate Adjustment**”) as follows:
  - (1) On or before the 10<sup>th</sup> day of each month, the CFO shall calculate the Company’s Monthly Cash Burn Rate, and (if paragraph (2) below applies) Current Cash, Current Annual Cash

Burn, Shortfall Months and Adjusted Interest Rate, and deliver to the Lender a notice setting out such amounts and rates and the calculations thereof in reasonable detail.

- (2) If the minimum unencumbered cash balance of the Company during the last day in the immediately preceding calendar month (the “**Current Cash**”) falls below the current Monthly Cash Burn Rate multiplied by 12 months (the “**Current Annual Cash Burn**”), then the Interest for the current month will automatically be adjusted (each adjusted rate being an “**Adjusted Interest Rate**”) to be the lesser of:
  - (a) 4.0% plus 0.5% x Shortfall Months per annum; or
  - (b) 10.0% per annum.

Where

“**Cash Burn**” means, in respect of any calendar month, the amount (if any) of negative cash flow of the Company during such month, the calculation of which shall include all incoming cash from business operations and all outgoing cash for business expense, but shall exclude any incoming or outgoing cash from investments in and other capital raised by the Company, dividend payments, indebtedness incurred by the Company, repayment of debt and interest thereon, interest and other investment income, and third party grants received or repaid;

“**Monthly Cash Burn Rate**” means, as of any date of calculation, the amount equal to the simple average of the Company’s Cash Burn in each of the three immediately preceding calendar months; and

“**Shortfall Months**” means, as of any date of determination, the number of whole months (subject to a maximum of 12 months) which, at the then-current Monthly Cash Burn Rate, it would take for the Company to have zero or negative cash on hand (assuming that Current Cash remains unchanged for the next 12 months).

- (3) For greater certainty, expressed as a formula, the Adjusted Interest Rate shall be the maximum of 10.0% or the Adjusted Interest Rate calculated as follows (rounded to the nearest second decimal place):

$$\text{Adjusted Interest Rate} = \text{Interest Base Rate} + (\text{Shortfall Months} \times 0.50)$$

- (4) The Adjusted Interest Rate shall be adjusted on a monthly basis upwards or downwards and it may be reduced towards the Interest Base Rate as the ratio between minimum cash balance and Current Annual Cash Burn improves. For certainty, the Adjusted Interest Rate shall never be less than the Interest Base Rate, and never be greater than 10.0% per annum.
- (5) In the event of any dispute arising from the calculation of the Interest Rate Adjustment, such dispute shall be conclusively determined by the then current auditor of the Company or a third-party accounting firm mutually appointed by the Company and the Debenture Representative (or by a Debenture Holder Resolution).
- (6) Notwithstanding the foregoing, the Interest Rate Adjustment may be waived for any given month by the Debenture Representative or by Debenture Holder Resolution (provided that such resolution is agreed to by all Debenture Holders), in which case the Adjusted Interest Rate for such month will remain at 4% per annum compounded quarterly.

## 2.4 Security.

- (1) The due and punctual payment of the Secured Obligations, when and as the same shall be due and payable, and performance of all other obligations of the Company to the Lender under or in connection with this Debenture and the other Debenture Documents, according to the terms hereunder or thereunder, are secured, as provided in the Security Documents. The Company consents and agrees to be bound by the terms of the Security Documents as the same may be in effect from time to time, and agree to perform its obligations thereunder in accordance therewith.
- (2) The Company shall do or cause to be done all acts and things that may be required, or that the Lender from time to time may reasonably request, to assure and confirm that the Lender holds duly created and enforceable and perfected Liens upon the Collateral, and in connection with any merger, consolidation or sale of the Company, the property and assets of the Person which is consolidated or merged with or into the Company, to the extent that they are property or assets of the types which would constitute Collateral under the Debenture Documents, shall be treated as after-acquired property and the Company shall take such action as may be reasonably necessary to cause such property and assets to be made subject to the Liens constituted under the Security Documents, in the manner and to the extent required under the Security Documents.
- (3) The Company acknowledges conclusively that the Company and the Lender intend the Liens in the Collateral granted under the Security Documents to attach immediately upon the execution of this Debenture. The charge shall be effective and shall attach as of the date hereof whether the monies hereby secured or any part thereof shall become owing by the Company before or after or upon the date of execution of this Debenture. The Company acknowledges conclusively that value has been given.
- (4) The Parties confirm and agree that 2018 Debentures shall rank *pari passu* in terms of both payment and security without preference or priority, as if all such debentures had been issued simultaneously, and all such debentures are and shall be secured equally and rateably.
- (5) The Company and the Lender hereby authorize the Lender or its agents to file at any time financing statements, continuation statements, and amendments thereto that (i) either specifically describe the Collateral or describe the Collateral as all assets of the Company of the kind pledged hereunder, and (ii) contain any other information required by the PPSA for the sufficiency of filing office acceptance of any financing statement, continuation statement, or amendment. Without derogation from the foregoing, the Company shall promptly execute, acknowledge and deliver such Security Documents, instruments, certificates, filings, financing statements (including filings of continuation statements or amendments to financing statements that may be necessary to continue the effectiveness of such financing statements), notices and other documents, and take such other actions as shall be reasonably required, or that the Lender may reasonably request, to create, perfect, protect, assure, maintain or enforce (at the sole cost and expense of the Company) the Liens and benefits intended to be conferred, in each case as contemplated by the Security Documents for the benefit of the Lender.
- (6) If the Lender determines at any time or from time to time that the form and nature of the then existing Security Documents is deficient in any way or does not fully provide the Lender with the security and priority to which each is entitled hereunder and under the other Debenture Documents, the Company will forthwith execute and deliver or cause to be executed and delivered to the Lender, at the Company's expense, such amendments to



the Security Documents or provide such new Security Documents as the Lender may reasonably request.

- (7) Each item or part of the Liens issued under the Security Documents shall for all purposes be treated as a separate and continuing collateral security and shall be deemed to have been given in addition to and not in place of any other item or part of the Security Documents or any other Liens now held or hereafter acquired by the Lender. No item or part of the Security Documents shall be merged or be deemed to have been merged in or by this Debenture or any documents, instruments or acknowledgements delivered hereunder, or any simple contract debt or any judgment, and any realization of or steps taken under or pursuant to any Lien, instrument or agreement shall be independent of and not create a merger with any other right available to the Lender, under any Lien, instruments or agreements held by it or at law or in equity.
- (8) The Lender, immediately upon notice from the Debenture Representative, shall be deemed (to the extent permitted by Applicable Law) to appoint such third party (or parties) as the Debenture Representative shall determine to represent the Lender as a security agent (the “**Security Agent**”) to enforce the Liens granted by the Company under the Security Documents and to apply the proceeds of such enforcement *pro rata* among the Lender and each holder under all other 2018 Debentures, in each case, in accordance with the terms hereof and authorizes the Security Agent to take such actions on its behalf and to exercise such powers as are delegated to the Security Agent by the terms hereof, together with such actions and powers as are reasonably incidental thereto. The Company hereby acknowledges such appointment. The Lender hereby irrevocably authorizes and directs the Security Agent to take such action and to exercise such rights, powers, privileges and remedies on behalf of the Lender as the Security Agent in its sole and absolute discretion deems necessary or desirable for the purposes hereof. The Security Agent may, from time to time, appoint a nominee to exercise all or any of the powers, rights, remedies and benefits of the Security Agent hereunder and such nominee shall be vested with all rights, remedies, powers, benefits, discretions, protection and relief of the Security Agent and shall be bound by all of the covenants and obligations of the Lender hereunder or thereunder or pursuant to Applicable Law. The Lender hereby authorizes the Debenture Representative providing notice pursuant to this Section 2.4(8) to do and perform all such acts, deeds and things and to negotiate, execute, and deliver and to file or cause to be executed, delivered or filed, all such documents, which it in its discretion shall deem necessary, desirable or proper, in order to give effect to the foregoing.
- (9) Upon an Event of Default (as defined herein) that is continuing, the Security Agent may, upon receipt of written instructions from the Debenture Representative, exercise such rights and remedies as are provided by the PPSA and otherwise under Applicable Law with respect to the Collateral or any part thereof and all other rights and remedies recognized under Applicable Laws against the Company or in respect of the Collateral or any part thereof for the enforcement of full payment and performance of all amount owing hereunder and under the other Debenture Documents. If there is any deficiency of payment in respect of such amounts the Company shall be and at all times remain liable for the payment thereof to the Lender.
- (10) The Company hereby irrevocably constitutes and appoints the Security Agent, on behalf of the Lender, as its true and lawful attorney and Security Agent, with full power and authority in the Company’s name, place and stead, from time to time, to do all acts and things and execute and deliver all transfers, certificates, proxies, resolutions, consents, assignments, transfers, conveyances and agreements, in such form as the Security Agent or the Lender consider necessary or desirable, and to do all things which the Company is required to sign, execute and do hereunder if the Company has failed to sign, execute or do

the same and generally to use the name of the Company in the exercise of all or any of the powers hereby conferred on the Security Agent or the Lender, in each case, with full powers of substitution and revocation; provided that this power of attorney may not be exercised by the Security Agent until an Event of Default shall have occurred and is continuing. Such appointment and power of attorney is hereby declared by the Company to be an irrevocable power coupled with an interest.

- (11) To the extent not prohibited by any law applicable to the Company, the Company hereby waives its rights, if any, under all provisions of Applicable Law that would in any manner, limit, restrict or otherwise affect the Security Agent's rights and remedies hereunder or impose any additional obligations on the Security Agent.
- (12) Nothing contained in this Section 2.4 or elsewhere in this Debenture is intended to or shall impair, as between the Company and the Lender, the obligation of the Company under or in connection with the Debenture Documents, which is absolute and unconditional, to pay to the Lender the Secured Obligations, as and when the same shall become due and payable in accordance with their terms, or affect the relative rights of the Lender and creditors of the Company, nor shall anything herein or therein prevent the Lender from exercising all remedies otherwise permitted by Applicable Law upon an Event of Default under this Debenture and the other Debenture Documents.

2.5 **Subordination.** The Lender agrees that Liens under the Security Documents securing its right in the Collateral shall be subordinated to the Bridge Loan Security and the RBC Security; provided that subordination to the Bridge Loan Security shall cease and shall be of no force and effect from and after August 31, 2024. The Lender agrees to execute and deliver an acknowledgment of such subordination to Adventure Capital (2019) Inc. and Royal Bank of Canada promptly after written request for same, at the cost of the Company.

2.6 **Issue in Substitution for Lost Debenture.** If this Debenture is mutilated, lost, destroyed or stolen, the Company in its discretion may issue and deliver a new 2018 Debenture of like date and tenor as the one mutilated, lost, destroyed or stolen in exchange for and in place of and upon cancellation of such mutilated debenture or in lieu of and in substitution for such lost, destroyed or stolen debenture and the new 2018 Debenture will rank equally in accordance with its terms with all other 2018 Debentures issued.

2.7 **Cost for Replacement.** The applicant for the issue of a new 2018 Debenture pursuant to this section will bear the cost of the issue thereof and in case of loss, destruction or theft will, as a condition precedent to the issue thereof, furnish to the Company:

- (1) evidence of ownership and of the loss, destruction or theft of the 2018 Debenture so lost, destroyed or stolen satisfactory to the Company in its discretion;
- (2) an indemnity and surety bond in amount and form satisfactory to the Company in its discretion; and
- (3) the reasonable charges of the Company in connection with the issue of the new 2018 Debenture.

### 3. REGISTRATION, TRANSFER, EXCHANGE AND OWNERSHIP OF DEBENTURE

3.1 **Register of Debentures.** The Company will cause to be kept by and at the registered office of the Company the register in which will be entered the names and addresses of the Lender and the other Debenture Holders and particulars of the 2018 Debentures held by them respectively and of all transfers of 2018 Debentures.

- 3.2 **Resales in the United States.** This Debenture has not been and will not be registered under the *U.S. Securities Act* and may not be transferred to a U.S. Person, or for the account or benefit of a U.S. Person.
- 3.3 **Requirements for Transfer.** No transfer of this Debenture will be valid unless made by the Lender or his or her executors, administrators or other legal representatives or his or her attorney duly appointed by an instrument in writing in form and with execution satisfactory to the Company upon compliance with such reasonable requirements as the Company may prescribe, nor unless the name of the transferee will have been noted on the Register by the Company.
- 3.4 **Exchange of Debentures.** 2018 Debentures in any denomination may be exchanged upon reasonable notice to the Company for 2018 Debentures of equal aggregate amount in any other denomination.
- 3.5 **Place for Exchange.** 2018 Debentures may be exchanged only at the registered office of the Company. Any 2018 Debentures tendered for exchange must be surrendered to the Company. The Company will execute all 2018 Debentures necessary to carry out exchanges as aforesaid. All 2018 Debentures surrendered for exchange will be cancelled.
- 3.6 **Applicant to Pay Charges.** Payment of any such charges of the Company for reasonable fees and any transfer taxes or governmental or other charges required to be paid will be made by the Party requesting such exchange, or transfer, as a condition precedent thereto.
- 3.7 **Register Open for Inspection.** The Register will be open for inspection by the Company, the Lender, or any Debenture Holder during normal business hours on Business Days.
- 3.8 **Closing of Register.** The Company will not be required to make transfers or exchanges of any Debenture Holder's fully registered 2018 Debenture:
- (1) after a Conversion Notice or Forced Conversion Notice; or
  - (2) on the Conversion Notice Maturity Date or during the 10 preceding Business Days.
- 3.9 **Ownership of Debenture.** The Lender will be deemed to be the owner of this Debenture for all purposes and payment of or on account of the Convertible Indebtedness hereunder and Interest thereon will be made only to or upon the order in writing of the Lender.
- 3.10 **No Notice of Trusts.** The Company shall not be bound to take notice of or see to the execution of any trust, whether express, implied or constructive, in respect of any 2018 Debenture and may transfer the same on the direction of the person registered as the holder thereof, whether named as trustee or otherwise, as though that person were the beneficial owner thereof.
- 3.11 **No Set-Off.** The Lender will be entitled to the Convertible Indebtedness hereunder and Interest hereon free from all equities or rights of set-off or counterclaim from the Company and all Persons may act accordingly and the receipt of the Lender of any such principal, or interest will be a good discharge to the Company for the same and the Company is not bound to inquire into the title of the Lender.
- 3.12 **Actual Production not Required.** The Company may treat the Lender as owner of this Debenture without actual production of this Debenture for the purpose of any requisition, direction, consent, instrument or other document as aforesaid.

**4. CONVERSION OF DEBENTURE**

4.1 **Forced Conversion by the Company.** If, on or before the Maturity Date, in any two consecutive calendar quarters the Company shall have achieved all of the following criteria:

- (1) positive EBITDA (as determined by the Company’s accountants) normalized for abnormal items;
- (2) revenue equal to at least \$0.023 per issued and outstanding Common Share (as determined by the Company’s accountants, acting reasonably);
- (3) the volume weighted average trading price per share for Common Shares for the prior three months is equal to at least \$0.41 per share; and
- (4) subscription based recurring revenue is equal to at least \$0.017 per issued and outstanding Common Share

(collectively, the “**Forced Conversion Criteria**”), then the Company may elect to convert all Convertible Indebtedness hereunder into Common Shares at the Conversion Price for Principal and all accrued unpaid Interest Common Shares at the Conversion Price for Interest (the “**Forced Conversion**”), subject to prior Exchange review and acceptance, by sending notice in writing (the “**Forced Conversion Notice**”) of the Forced Conversion to all Debenture Holders who hold outstanding 2018 Debentures as at the date that the Forced Conversion Criteria have been met (the “**Forced Conversion Date**”). Within 5 Business Days of providing the Forced Conversion Notice, the Company shall issue that number of whole Common Shares, as applicable, as equals the value of all outstanding Convertible Indebtedness hereunder divided by the Conversion Price of Principal and accrued unpaid Interest as at the Forced Conversion Date divided by the Conversion Price for Interest. Upon the surrender of this Debenture at the offices of the Company, the Lender will be entitled to be entered in the books of the Company as the holder of such number of Common Shares effective as of the Forced Conversion Date. As soon as the Company delivers share certificate(s) representing all of the Common Shares issuable to the Lender pursuant to the Forced Conversion, the 2018 Debenture in respect of each such share certificate(s) so delivered shall be deemed to be cancelled and be non-enforceable against the Company.

4.2 **Voluntary Conversion by Lender.** On or before the Maturity Date, subject to regulatory and Exchange approval, until the Convertible Indebtedness hereunder and any accrued unpaid Interest has been fully repaid, the Lender shall have the right to convert all or any portion of the then outstanding Convertible Indebtedness under this Debenture into Common Shares at the Conversion Price for Principal and/or all or a portion of the accrued unpaid Interest under this Debenture into Common Shares at the Conversion Price for Interest, subject to prior Exchange review and acceptance. Such conversion may be effected by the surrender of this Debenture for conversion at the offices of the Company, accompanied by a conversion notice (the “**Conversion Notice**”) signed by the Lender in the form attached as Schedule “A” notifying the Company as to the exercise of the right of conversion and specifying the amount of Convertible Indebtedness hereunder and/or Interest being converted and setting forth the name and address of the nominees of the Lender in whose name(s) the Common Shares issuable upon such conversion are to be registered. For greater certainty, no conversion in part or in whole of the Convertible Indebtedness hereunder shall extinguish or satisfy, or relieve the Company of its obligation to pay, any Interest on such Convertible Indebtedness, or Interest on such Interest, accruing up to but excluding the Conversion Date.

4.3 **Conversion Date.** The conversion of the Convertible Indebtedness hereunder and/or Interest shall be deemed to have been made immediately prior to the close of business on the date on which this Debenture is surrendered for conversion (the “**Conversion Date**”) in accordance with the

provisions of this Article 4. The Lender's rights in respect of the converted portion shall terminate at the time of surrender, and the nominee of the Lender entitled to receive the Common Shares into which all or any portion of the Convertible Indebtedness hereunder and/or Interest is converted shall be treated, as between the Company and such person or persons, as having become the holder or holders of record of such Common Shares on that date, provided that if this Debenture is surrendered for conversion on any day on which the register for Common Shares is closed, the Lender or its nominee entitled to receive Common Shares upon the conversion of this Debenture shall become the holder of record of such Common Shares as of the date on which the register of Common Shares is next open.

- 4.4 **Issuance of Share Certificates.** As promptly as practicable after the Conversion Date, the Company shall issue to the Lender or its nominee(s) a certificate or certificates representing that number of applicable whole Common Shares issuable pursuant to the conversion of the Convertible Indebtedness hereunder and accrued unpaid Interest in accordance with the terms of this Debenture and shall cause the Lender or its nominee to be entered in its books as of the Conversion Date as the holder of the number of Common Shares into which the Convertible Indebtedness hereunder, accrued unpaid Interest, or portion thereof being converted, is converted. Common Shares issued upon such conversion shall be entitled to dividends (if any) declared in favour of holders of Common Shares of record on and after the Conversion Date. As of and from the Conversion Date, the Common Shares so issued shall for all purposes be and be deemed to be issued and outstanding as fully paid and non-assessable Common Share. In the event that any amounts remain outstanding under this Debenture after giving effect to such conversion, the Company shall acknowledge in writing the amount of remaining Convertible Indebtedness hereunder owing by the Company to the Lender, plus any accrued and outstanding unpaid Interest.
- 4.5 **Fractions of Common Shares.** No fractional Common Share or other security shall be issued upon the conversion of all or any portion of the Convertible Indebtedness hereunder or Interest. If the conversion of all or any portion of the Convertible Indebtedness hereunder or Interest would otherwise result in a fractional Common Share, the Company shall only issue the next lowest whole number of Common Shares and no payment or other adjustment will be made for the fractional interest.
- 4.6 **Hold Period on Common Shares.** Common Shares issued pursuant to this Article 4 may be subject to a hold period pursuant to applicable securities laws and the securities shall bear the required legends.
- 4.7 **Adjustment of Common Shares.** The number of Common Shares deliverable upon the conversion of this Debenture will be subject to adjustment in the events and in the manner following:
- (1) if and whenever at any time prior to a Conversion Date or Forced Conversion Date, the Company (i) subdivides or redivides the outstanding Common Shares into a greater number of Common Shares, (ii) reduces, combines or consolidates the outstanding Common Shares into a smaller number of Common Shares, or (iii) issues Common Shares or securities exchangeable for or convertible into Common Shares to the holders of all or substantially all of the outstanding Common Shares by way of a stock dividend, the Conversion Price for Principal or the Conversion Price for Interest, if any of the foregoing events occurs within the ten (10) consecutive trading day period in which the Market Price per Common Share is calculated, as applicable, in effect on the effective dates of such subdivision, redivision (including, in the case where securities exchangeable for or convertible into Common Shares are distributed, the number of Common Shares that would have been outstanding if all such securities had been exchanged or converted into Common Shares on the record date), reduction, combination or consolidation or on the record date for such issue of Common Shares by way of a stock dividend, as the case may be, will in the case of the events referred to in (i) and (iii) above, be decreased in proportion to the number of

outstanding Common Shares resulting from such subdivision, redivision, or will, in the case of the events referred to in (ii) above, be increased in proportion to the number of outstanding Common Shares resulting from such reduction, combination or consolidation; in either case, with the result that the proportion of shares to be received upon such conversion to the total number of outstanding Common Shares will be equivalent to the proportion immediately prior to such event;

- (2) adjustments will be made successively whenever any event referred to in Section 4.7(1) occurs; and
- (3) in the event of any dispute arising from the adjustments referred to in this Section 4.7, such dispute shall be conclusively determined by the then current auditor of the Company or a third party accounting firm mutually appointed by the Company and the Debenture Representative or by Debenture Holder Resolution.

For greater certainty, no adjustment shall be made to the Conversion Price for Interest pursuant to this section 4.7 to the extent that any of the foregoing events occurs prior to the ten (10) consecutive trading day period for which the Market Price per Common Share is calculated.

4.8 **Reclassification, Merger, Etc.** In case of any reclassification of the capital of the Company, or in the case of the merger, arrangement, reorganization, amalgamation or other form of business combination of the Company with, or into any other company or of the sale of substantially all of the property and assets of the Company to any other company, this Debenture will, after such reclassification of capital, merger, arrangement, reorganization, amalgamation or other form of business combination or sale, confer the right to acquire upon conversion that number of Common Shares or other securities or property of the Company or of the Company resulting from such reclassification, merger, arrangement, reorganization, amalgamation or other form of business combination, or to which such sale will be made, as the case may be, which the Lender would then hold if the Lender had exercised the Lender's rights under this Debenture before reclassification of capital, merger, arrangement, reorganization, amalgamation or other form of business combination or sale; and in any such case, if necessary, appropriate adjustments will be made in the application of the provisions set forth in this Article 4 with respect to the rights and interest thereafter of the Lender to the end that the provisions set forth in this Article 4 will thereafter correspondingly be made applicable as nearly as may reasonably be in relation to any Common Shares or other securities or property thereafter deliverable on the conversion of this Debenture.

4.9 **Reservation of Common Shares.** The Company will reserve and there will remain unissued out of its authorized capital a sufficient number of Common Shares to satisfy the Forced Conversion or exercise of conversion rights pursuant to this Article 4.

## 5. COMPANY REDEMPTION OPTION

5.1 **Redemption Option.** On or before the Maturity Date, the Company may, from time to time, on not less than 30 days written notice to the Lender (the "**Redemption Notice**") have the option (the "**Redemption Option**") to redeem the 2018 Debentures on the first Business Day following the expiry of the 30 day period herein (the "**Redemption Date**") by paying to the Lender:

- (1) the full amount of the Convertible Indebtedness hereunder in cash, plus
- (2) any accrued Interest, payable at the option of the Lender (in its sole discretion) in either (a) cash or (b) Common Shares at the Conversion Price for Interest, subject to prior Exchange review and acceptance.

- 5.2 **Black-Out Periods.** A Redemption Notice shall not be provided by the Company during any insider trading black-out period for the Company.
- 5.3 **Conversion Rights Maintained.** For greater certainty, at any time prior to the Redemption Date, the Lender shall retain the right to convert all or any portion of the then outstanding Convertible Indebtedness hereunder into Common Shares at the Conversion Price for Principal and all or any portion of the then accrued unpaid Interest into Common Shares at the Conversion Price for Interest pursuant to Section 4.2. If a Conversion Notice is delivered prior to the Redemption Date then the Redemption Option shall not proceed with respect to the portion of the Convertible Indebtedness hereunder subject to the Conversion Notice notwithstanding that a Redemption Notice was delivered to the Lender prior to the delivery of the Conversion Notice to the Company.
- 5.4 **Share Certificates.** Share certificates to be issued pursuant to the Redemption Option shall be dated as of the date immediately following the expiry of the Redemption Notice or, if such day is not a Business Day, the next succeeding Business Day, and shall be delivered to the Lender within 5 Business Days following such date.

## 6. LENDER RETRACTION FOLLOWING MATURITY DATE

- 6.1 In the event that this Debenture has not been converted or redeemed by May 30, 2027 (the “**Maturity Date**”), the Convertible Indebtedness hereunder and all accrued unpaid Interest will become due and payable, in full, in cash, upon delivery by the Lender at any time of notice to the Company (the “**Retraction Notice**”) and pursuant to the terms of such Retraction Notice. This Debenture shall continue to be outstanding until such time as all Convertible Indebtedness and all accrued unpaid Interest that is due and payable hereunder has been paid in full to the Lender notwithstanding whether the Lender has delivered the Retraction Notice to the Company.
- 6.2 Any amount of Convertible Indebtedness hereunder and accrued unpaid Interest not paid within 10 days of delivery of the Retraction Notice shall be subject to interest (the “**Overdue Interest**”), payable in cash at an annual interest rate of 14.5% (based on the actual number of days in the actual year), accruing daily and compounding quarterly, due on the last day of the month for which it is calculated.

## 7. REPRESENTATIONS AND WARRANTIES OF THE COMPANY

- 7.1 **Representations and Warranties.** The Company represents and warrants to the Lender, all of which shall survive the execution and delivery of this Debenture, as follows:
- (1) the Company is a company validly existing and in good standing pursuant to the *Business Corporations Act* (Alberta);
  - (2) the Company has the corporate power and capacity to carry on the business now carried on by it and has the full power and authority to execute and deliver the 2018 Debentures and to perform its obligations hereunder and under the other Debenture Documents;
  - (3) the Company has taken all necessary corporate proceedings to authorize the execution and delivery of the 2018 Debentures and the Debenture Documents and to authorize and make the creation and delivery of the 2018 Debentures and the Debenture Documents and the performance by the Company of its obligations thereunder legal, valid and binding upon the Company;
  - (4) the Company will not, by entering into the 2018 Debentures or any Debenture Document or performing its obligations under any of the foregoing, contravene (a) any Applicable

- Laws, (b) the articles or other constating documents of the Company or (c) any agreement, written or verbal, by which it is bound;
- (5) all governmental authorizations and other requirements of any governmental authority or any other Person which are reasonably necessary to carry on the businesses of the Company have been obtained and are in full force and effect;
  - (6) there are no actions, suits, judgments, investigations, proceedings, writs of execution, work orders, injunctions, directives or proceedings outstanding, pending or, to the knowledge of the Company, threatened, which challenge the validity of any 2018 Debenture or any Debenture Document or which would materially adversely affect the ability of the Company to perform its obligations under the 2018 Debentures, the Debenture Documents or any document evidencing any indebtedness of the Company to the Lender;
  - (7) each of the 2018 Debentures and each of the Debenture Documents constitutes a valid and legally binding obligation of the Company enforceable against the Company in accordance with its terms, subject only to bankruptcy, insolvency or other statutes or judicial decisions affecting the enforcement of creditors' rights in general and to general principles of equity;
  - (8) the Company is not in material breach of any material agreement to which it is a party or by which it is bound; and
  - (9) no Default or Event of Default has occurred and is continuing.

## **8. COMPANY'S COVENANTS**

8.1 **Positive Covenants.** The Company hereby covenants to the Lender that at all times while the Lender's conversion rights are outstanding, it will:

- (1) duly and punctually pay, or cause to be paid, all amounts which may, at any time and from time to time, be payable in respect of the 2018 Debentures and the Debenture Documents (whether on account of Convertible Indebtedness, Interest or otherwise) or which otherwise may be payable pursuant to the terms of the 2018 Debentures or the Debenture Documents, all payments to be made by the Company in accordance with the applicable provisions of the 2018 Debentures or the Debenture Documents and in connection therewith the Company will furnish the Lender with evidence of each such payment as soon as practicable after the payment is made;
- (2) at all times maintain its corporate existence and carry on its business in accordance with Applicable Laws;
- (3) provide the Debenture Holders with written notice of any change in the name of the Company and of any change in the registered or principal office address of the Company immediately upon the occurrence of such a change;
- (4) provide the Debenture Holders with written notice immediately upon obtaining knowledge of (i) a Default or Event of Default hereunder, (ii) any actual or potential litigation or claim which could reasonably be expected to materially adversely affect the business or financial condition of the Company or (iii) any change in any information provided in the 2018 Debentures (or any of them);
- (5) obtain and maintain insurance coverage on its property and assets in accordance with industry practice;



- (6) pay and discharge, as they become due, all payments due and owing under or with respect to any other indebtedness of the Company created, incurred or otherwise outstanding or Liens given by the Company to any person or corporation and will observe, perform and carry out all the terms, covenants, provisions and agreements relating thereto and any default in payment of any monies due and payable under or the occurrence of an event of default, as defined in any indenture or instrument under which the Company, at any time while any 2018 Debenture is outstanding, will be deemed to be an Event of Default hereunder at the option of the Debenture Representative and any and all remedies available to the Lender by law or otherwise will forthwith be available to the Lender upon the occurrence of any such event;
- (7) within 120 days after its fiscal year end, deliver to the Lender a copy of its annual audited consolidated financial statements, duly prepared in accordance with GAAP;
- (8) within 60 days after each of the first three fiscal quarters of each fiscal year, deliver to the Lender a copy of its quarterly unaudited consolidated financial statements, duly prepared in accordance with GAAP;
- (9) concurrent with the delivery of financial statements to the Lender pursuant to clauses (7) and (8) above, provide the Lender with a certificate of an officer of the Company, certifying (a) that no Default or Event of Default has occurred and is continuing (or providing details of any such Default or Event of Default) and (b) the Convertible Indebtedness under the 2018 Debentures outstanding as of such date; and
- (10) upon due and proper conversion of this Debenture pursuant to the terms of Article 4 hereof, the Company shall issue Common Shares in such denominations as required pursuant to Article 4 and upon issuance in accordance thereto the Common Shares shall be duly issued as fully paid and non-assessable shares.

8.2 **Negative Covenants.** Unless authorized by the Debenture Representative or Debenture Holder Resolution, the Company covenants that, at all times while the Lender's conversion rights are outstanding, it will not:

- (1) incur any indebtedness which is senior in preference to the 2018 Debentures, other than:
  - (a) subject to Section 2.5, all indebtedness pursuant to the Bridge Loan Note;
  - (b) trade payables of the Company (other than indebtedness for borrowed money) incurred in the ordinary course of business, provided that such indebtedness is classified as a current liability on the financial statements of the Company;
  - (c) operating loans or lines of credit facilities that are either unsecured or secured only by the Company's accounts receivable;
  - (d) loans for capital equipment that are unsecured or secured only by purchase money Liens, conditional sales agreements or other title retention mortgages against such capital equipment; and
  - (e) all indebtedness that has been approved by a Debenture Holder Resolution.
- (2) except for Permitted Encumbrances, will not grant, create, assume or suffer to exist any Lien affecting any of its properties, assets or other rights;
- (3) change its chief executive office or jurisdiction of organization without written notice being provided to the Lender at least 15 days prior to such change;

- (4) change its name without written notice being provided to the Lender of its new name and the date when such new name is to become effective at least 15 days prior to such change;
- (5) otherwise amend its articles or other constating documents in any manner adverse to the interests of the Debenture Holders (or any of them); and
- (6) declare or make any dividend, payment or distribution to the holders of its issued and outstanding shares of its capital stock (including any return of capital, repurchase, redemption, or retractions) or make any change in its issued or authorized capital stock either by way of redemption or stock or otherwise.

## 9. DEFAULT AND ENFORCEMENT

### 9.1 **Events of Default.** The following events will constitute events of default (an “**Event of Default**”):

- (1) if the Company makes default in the observance or performance of any written covenant or undertaking given by the Company to the Lender or the holder of any other 2018 Debentures (other than in clause (2) below) under any agreement, instrument or other document (including the Debenture Documents) and such default is not rectified within 30 days of the earlier of (a) notice being delivered by the Lender to the Company and (b) knowledge by the Company of such default;
- (2) if the Company makes default in payment of any indebtedness or liability of the Company to the Lender hereunder or to the holder of any other 2018 Debenture thereunder, when due, and such default is not remedied within 15 days of the earlier of (a) notice being delivered by the Lender to the Company and (b) knowledge by the Company of such default;
- (3) if a decree or order of a court of competent jurisdiction is entered adjudging the Company a bankrupt or insolvent or approving as properly filed a petition seeking the winding-up of the Company under the *Companies’ Creditors Arrangement Act* (Canada), the *Bankruptcy and Insolvency Act* (Canada), the *Winding Up Act* (Canada) or any other bankruptcy, insolvency or analogous laws or ordering the winding up or liquidation of its affairs
- (4) if any resolution is passed for the winding-up or liquidation of the Company, or if the Company makes any assignment in bankruptcy or makes any other assignment for the benefit of creditors, makes any proposal under the *Bankruptcy and Insolvency Act* (Canada) or any comparable law, seeks relief under the *Companies’ Creditors Arrangement Act* (Canada), the *Winding Up Act* (Canada) or any other bankruptcy, insolvency or analogous law, files a petition or proposal to take advantage of any act of insolvency, consents to or acquiesces in the appointment of a trustee, receiver, receiver and manager, interim receiver, custodian, sequestrator or other person with similar powers of itself or of all or any substantial portion of its assets, or files a petition or otherwise commences any proceeding seeking any reorganization, arrangement, composition, administration or readjustment under any applicable bankruptcy, insolvency, moratorium, reorganization or other similar law affecting creditors’ rights or consents to, or acquiesces in, the filing of such petition;
- (5) if an encumbrancer takes lawful possession of any portion of the property of the Company which is material to the Company taken as a whole, or if any process of execution is levied or enforced upon or against a material portion of the property of the Company and remains unsatisfied for such period as would permit any such property to be sold thereunder, unless the Company actively and diligently contests in good faith such process, but in that event the Company shall, if the Lender so requires, give security which, in the discretion of the

Lender, is sufficient to pay in full the amount thereby claimed in case the claim is held to be valid;

- (6) if the Company ceases to carry on its business; or
- (7) if any representation or warranty of the Company herein or in any other Debenture Document hereof is untrue in any material respect.

9.2 **Notice of Defaults and Events of Default.** If a Default or Event of Default occurs and is continuing, the Company will immediately after it becomes aware of the occurrence of such Default or Event of Default give notice of such Default or Event of Default to each Debenture Holder (and to the Debenture Representative, if applicable) in the manner provided in Article 12 unless the default has been waived pursuant to Section 9.2.

Where notice of the occurrence of a Default or Event of Default has been given and the Default or Event of Default is thereafter cured, notice that the Default or Event of Default is no longer continuing will be given by the Company to the Debenture Holders (or the Debenture Representative, if applicable) in the manner provided in Article 12 immediately after the Company becomes aware that the Default or Event of Default has been cured.

9.3 **Waiver of Default.** The Debenture Representative (or Debenture Holders by Debenture Holder Resolution) may in writing waive any breach by the Company of any of the provisions contained herein or any default by the Company in the observance or performance of any covenant or condition required by the Lender to be observed or performed by the Company; provided always that no act or omission by the Lender in the premises shall extend to or be taken in any manner whatsoever to affect any subsequent breach or default or the rights resulting therefrom.

9.4 **No Merger.** Neither the taking of any judgment nor the exercise of any power of seizure or sale shall operate to extinguish the liability of the Company to make payment of or to satisfy the obligations hereunder nor shall the acceptance of any payment or alternate security constitute or create any novation, and it is further agreed that the taking of a judgment or judgments under any of the covenants herein contained shall not operate as a merger of such covenants.

## 10. DEBENTURE REPRESENTATIVE

10.1 The Lender, together with the other Debenture Holders, shall be entitled to designate a representative (the “**Investor Representative**”) from time to time, to be elected by Debenture Holder Resolution.

## 11. SATISFACTION AND DISCHARGE

11.1 **Cancellation and Destruction.** Upon payment by the Company of the outstanding Convertible Indebtedness hereunder and accrued unpaid Interest and all other obligations of the Company hereunder or secured hereby, the Lender shall upon request in writing by the Company deliver this Debenture to the Company and shall at the expense of the Company cancel and discharge the charge of this Debenture and execute and deliver to the Company such deeds or other instruments as shall be requisite to discharge the charge hereby constituted.

11.2 **Non-Presentation of Debenture.** If the Lender fails to present this Debenture for payment at the Forced Conversion Date or Conversion Notice Maturity Date, the Company will be entitled to set aside the outstanding Convertible Indebtedness hereunder and/or the accrued unpaid Interest payable on or represented by this Debenture and in respect whereof such monies have been set aside will be deemed to have been paid and the Lender will thereafter have no right in respect thereof except that of receiving payment of the monies so set aside by the Company (without

interest on such monies) upon due presentation and surrender thereof, subject always to the provisions of Article 9.

- 11.3 **Release from Covenants.** Upon full payment of the outstanding Convertible Indebtedness hereunder and accrued unpaid Interest (including Overdue Interest) and other monies payable hereunder have been paid to the Lender; the Lender will, at the request and at the expense of the Company, execute and deliver to the Company such deeds or other instruments as are necessary to release the Company from its covenants herein contained.

## 12. MISCELLANEOUS

- 12.1 The Lender, without exonerating in whole or in part the Company, may grant time, renewals, extensions, indulgences, releases and discharges to, may take securities from and give the same and any or all existing securities up to, may abstain from taking securities from or from perfecting securities of, may accept compositions from, and may otherwise deal with the Company and all other persons and securities as the Lender may see fit.
- 12.2 Nothing herein shall obligate the Lender to make any advance or loan or further advance or loan or to renew any note or extend any time for payment of any indebtedness of the Company to the Lender.
- 12.3 This Debenture is in addition to, not in substitution for and shall not be merged in any other agreement, security, document or instrument now or hereafter held by the Lender.
- 12.4 This Debenture shall be binding upon the Company and its successors and assigns including any successor by reason of amalgamation of or any other change in the Company and shall enure to the benefit of the Lender and its successors and assigns; provided that, unless an Event of Default has occurred and is continuing, the Lender shall not assign any of its rights or obligations hereunder without the prior written consent of the Company, which consent is not to be unreasonably withheld. The Company shall not assign any of its rights or obligations hereunder without the prior written consent of the Lender, not to be unreasonably withheld.
- 12.5 All notices, requests, demands or other communications (collectively, “**Notices**”) by the terms hereof required or permitted to be given by one party to any other party, or to any other person shall be given in writing by personal delivery, facsimile transmission or email communication to such other party as follows:

To the Company at: Suite 340, 318 – 11<sup>th</sup> Avenue S.E.  
Calgary, Alberta  
T2G 0Y2  
Email: [gbreese@katipult.com](mailto:gbreese@katipult.com)  
Attention: Gord Breese, Chief Executive Officer

to the Lender at: the address or facsimile specified on the first page of this Debenture

or at such other address as may be given by such person to the other Parties hereto in writing from time to time. All such Notices shall be deemed to have been received when delivered or transmitted.

- 12.6 Time shall be of the essence.
- 12.7 This Debenture may be executed and delivered in as many counterparts and by electronic transmission as may be necessary and each of which so signed and delivered will be deemed to be an original and such counterparts and electronic transmissions together will constitute one and the

same instrument and notwithstanding the date of execution will be deemed to bear the date set forth above. The words “execution,” “signed,” “signature,” and words of like import in this Debenture or any other Debenture Document shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any Applicable Law.

**IN WITNESS WHEREOF** the Parties hereto have executed this Debenture as of the date first above written.

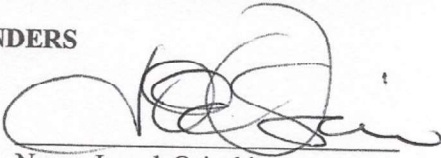
**KATIPULT TECHNOLOGY CORP.**

By: *Gord Breese*  
\_\_\_\_\_  
Name: Gord Breese  
Title: Chief Executive Officer

Acknowledged and Agreed as of the date first above written.

**LENDERS**

By:



Name: Joseph Osinski

Title:

By:

\_\_\_\_\_

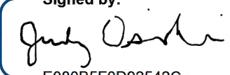
Name: Judy Osinski

Title:

Acknowledged and Agreed as of the date first above written.

**LENDERS**

By: \_\_\_\_\_  
Name: Joseph Osinski  
Title:

By:  \_\_\_\_\_  
Signed by:  
E080B6F0D02642C...  
Name: Judy Osinski  
Title:



**SCHEDULE A**  
**FORM OF CONVERSION NOTICE**

**TO: KATIPULT TECHNOLOGY CORP.** (the “Company”)

The undersigned, registered holder of the attached Debenture, hereby irrevocably elects to convert such the Convertible Indebtedness and accrued unpaid Interest under such Debenture (or \$ \_\_\_\_\_ principal amount and \$ \_\_\_\_\_ Interest thereof) into \_\_\_\_\_ Common Shares of the Company in accordance with the terms of such Debenture and directs that such Common Shares issuable and deliverable upon the conversion be issued and delivered to the person indicated below (provided that if the person indicated below is not the undersigned, then the undersigned acknowledges and agrees that the delivery of such Common Shares to the person indicated below fully satisfies repayment of the amount of the Convertible Indebtedness and accrued unpaid Interest under such Debenture converted into such Common Shares).

**DATED** the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

**[HOLDER NAME]**


**Per:** \_\_\_\_\_  
**Name:**  
**Title:**

**REGISTER AND DELIVER AS FOLLOWS:**

Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

THIS IS EXHIBIT E TO THE AFFIDAVIT  
OF DONNA ROSS FERRARA, SWORN OR  
AFFIRMED FEBRUARY 10, 2025

  
A NOTARY PUBLIC/  
COMMISSIONER FOR OATHS IN AND FOR  
THE PROVINCE OF ALBERTA

**Armaan Dhillon**  
**Student at Law**

**KATIPULT TECHNOLOGY CORP.**

**AMENDED AND RESTATED SECURED CONVERTIBLE DEBENTURE**

Name of Lender: Mark Miller (the “**Lender**”)

Address of Lender: 35 Colonial Cres

Oakville, Ontario L6J 4K8

Attention: \_\_\_\_\_

Email Address: mmiller292@gmail.com

Principal Amount:<sup>1</sup> **\$333,333.33**

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<sup>1</sup> Note: To include only the principal amount of the Original Debenture.  
CAN\_DMS:\112080083\10

## 1. DEFINITIONS AND INTERPRETATION

1.1 **Definitions.** In this Debenture, unless there is something in the context inconsistent therewith, the following words and phrases shall have the following meanings, respectively:

- (1) “**2018 Debentures**” means the 8.5% convertible debentures issued by the Company on May 30, 2018 in the initial aggregate principal amount of \$3,050,000 and which were amended on August 11, 2023, November 30, 2023 and were amended and restated on the date hereof, including but not limited to this Debenture, as the same may be amended, varied, supplemented, restated, renewed or replaced at any time and from time to time;
- (2) “**Adjusted Interest Rate**” has the meaning ascribed to it in Section 2.3(2);
- (3) “**Affiliate**” means any entity that directly or indirectly controls, is controlled by, or is under common control with the subject entity with “control,” for purposes of this definition, meaning direct or indirect ownership of more than 50% of the voting interests of the subject entity;
- (4) “**Applicable Laws**” means, in respect of any Person, property, transaction or event, all present or future applicable laws, statutes, decrees, regulations, treaties, ordinances, orders, writs, injunctions, judgments and decrees and all applicable official directives, rules, guidelines, orders and policies of any governmental or other regulatory bodies including, without limitation, stock exchanges having authority over any of the foregoing;
- (5) “**Board**” means the Company’s board of directors;
- (6) “**Bridge Loan Note**” means the secured promissory note in the principal amount of \$250,000 between the Company and Adventure Capital (2019) Inc. dated May 22, 2024;
- (7) “**Bridge Loan Security**” means the Liens in certain accounts receivable of the Company as described in and pursuant to the terms of the Bridge Loan Note and Bridge Loan Security Agreement;
- (8) “**Bridge Loan Security Agreement**” means the security agreement granted by the Company in favour of Adventure Capital (2019) Inc. in respect of the Bridge Loan Security, dated May 22, 2024;
- (9) “**Business Day**” means any day but excludes Saturday or Sunday and any other day which is a statutory holiday in Calgary, Alberta;
- (10) “**CFO**” means the then current Chief Financial Officer of the Company;
- (11) “**Collateral**” means all of the present and after acquired real and personal property of the Company;
- (12) “**Common Share**” means a common share in the capital of the Company;
- (13) “**Company**” means Katapult Technology Corp. and every Successor Company (and for the purposes of all covenants, representations and Events of Default, includes all subsidiaries and affiliates of Katapult Technology Corp.);
- (14) “**Conversion Date**” shall have the meaning ascribed to it in Section 4.4;
- (15) “**Conversion Notice**” shall have the meaning ascribed to it in Section 4.3;

- (16) “**Conversion Price for Interest**” means \$0.20 per Common Share;
- (17) “**Conversion Price for Principal**” means \$0.20 per Common Share;
- (18) “**Convertible Indebtedness**” means, on any date of determination, the outstanding principal under this Debenture or the other 2018 Debentures taken as a whole (or any of them), as the context requires;
- (19) “**Current Annual Cash Burn**” shall have the meaning ascribed to it in Section 2.3(2);
- (20) “**Current Cash**” shall have the meaning ascribed to it in Section 2.3(2);
- (21) “**Debenture**” means this amended and restated secured convertible debenture, which amends and restates the Original Debenture, as the same may be amended, varied, supplemented, restated, renewed or replaced at any time and from time to time;
- (22) “**Debenture Documents**” means this Debenture, the GSA and all other agreements, instruments and other documents granted by the Company in favour of the Lender under or in connection with the foregoing.
- (23) “**Debenture Holder Resolution**” means a resolution in writing signed by Debenture Holders holding not less than 51% of the aggregate principal amount of the 2018 Debentures;
- (24) “**Debenture Holders**” means, on any date of determination, the registered holders of 2018 Debentures on such date, and “**Debenture Holder**” means any of them;
- (25) “**Debenture Representative**” means a representative of the Debenture Holders appointed pursuant to Article 10;
- (26) “**Default**” means any event or circumstance which, with the passage of time or giving of notice (or both) would result in an Event of Default;
- (27) “**Effective Date**” means July 18, 2024;
- (28) “**Event of Default**” shall have the meaning ascribed to it in Section 9.1;
- (29) “**Exchange**” means the TSX Venture Exchange;
- (30) “**Forced Conversion**” shall have the meaning ascribed to it in Section 4.1;
- (31) “**Forced Conversion Criteria**” shall have the meaning ascribed to it in Section 4.1;
- (32) “**Forced Conversion Date**” shall have the meaning ascribed to it in Section 4.1;
- (33) “**Forced Conversion Notice**” shall have the meaning ascribed to it in Section 4.1;
- (34) “**GAAP**” means generally accepted accounting principles which are in effect from time to time in Canada, which is currently International Financial Reporting Standards;
- (35) “**GSA**” means the general security agreement dated on or about the Effective Date, granted by the Company in favour of the Lender in respect of all of the real and personal property of the Company to secure the Secured Obligations;
- (36) “**Interest**” shall have the meaning ascribed to it in Section 2.2;

- (37) “**Interest Base Rate**” shall have the meaning ascribed to it in Section 2.3;
- (38) “**Interest Rate Adjustment**” shall have the meaning ascribed to it in Section 2.3;
- (39) “**Lender**” shall have the meaning ascribed to it above;
- (40) “**Liens**” means mortgages, charges, pledges, hypothecs, assignments by way of security, conditional sales or other title retention arrangements, security created under the *Bank Act* (Canada), liens, encumbrances, security interests or other interests in property, howsoever created or arising, whether fixed or floating, perfected or not, which secure payment or performance of an obligation;
- (41) “**Market Price per Common Shares**” means the volume weighted average trading price per share for Common Shares for the 10 consecutive trading days ending on the trading day before the relevant date on which not less than one board lot of Common Shares was traded on the Exchange;
- (42) “**Maturity Date**” shall have the meaning ascribed to it in Section 6.1;
- (43) “**Monthly Cash Burn Rate**” shall have the meaning ascribed to it in Section 2.3(1);
- (44) “**Notices**” shall have the meaning ascribed to it in Section 12.5;
- (45) “**Original Closing Date**” means May 30, 2018;
- (46) “**Original Debenture**” shall have the meaning ascribed to it in Section 2.1;
- (47) “**Overdue Interest**” shall have the meaning ascribed to it in Section 6.2;
- (48) “**Parties**” means the Lender and the Company and their successors and permitted assignees;
- (49) “**Permitted Encumbrances**” means, in respect of the Company:
- (a) Liens arising by operation of law for amounts not yet due or delinquent, minor encumbrances on real property such as easements and rights of way which do not materially detract from the value of such property, and Liens given to municipalities and similar public authorities when required by such authorities in connection with the operations of the Borrower in the ordinary course of business;
  - (b) Liens granted pursuant the Bridge Loan Security to secure the Bridge Loan Note;
  - (c) Liens granted pursuant to the RBC Security;
  - (d) Liens granted in favour of the Debenture Holders to secure obligations under or in connection with the 2018 Debentures, including the Secured Obligations; and
  - (e) Liens in respect of which the Debenture Holders have provided their prior written consent.
- (50) “**Person**” means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, regulatory body or agency, government or governmental agency, authority or entity however designated or constituted;

- (51) “**PPSA**” means the *Personal Property Security Act* (Alberta) or any other applicable statute pertaining to the granting, perfecting, opposability, priority, ranking or enforcement of Liens on personal or movable property, and any successor statutes, together with any regulations thereunder, in each case as in effect from time to time;
- (52) “**RBC Security**” means the security granted by the Company in favour of the Royal Bank of Canada in all the present and after-acquired personal property of the Company as evidenced by Alberta PPSA registration numbers #14072335006, 20013137012 and 20013136931;
- (53) “**Redemption Date**” shall have the meaning ascribed to it in Section 5.1;
- (54) “**Redemption Notice**” shall have the meaning ascribed to it in Section 5.1;
- (55) “**Redemption Option**” shall have the meaning ascribed to it in Section 5.1;
- (56) “**Retraction Notice**” shall have the meaning ascribed to it in Section 6.1;
- (57) “**Register**” means the register of Debenture Holders maintained pursuant to Article 3;
- (58) “**Secured Obligations**” means, at any time and from time to time, all of the obligations, indebtedness and liabilities (present or future, absolute or contingent, matured or not) of the Company to the Lender under, pursuant or relating to this Debenture or the other Debenture Documents or the Convertible Indebtedness and whether the same are from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and including all principal, interest, fees, legal (on a full indemnity basis) and other costs, charges and expenses and other amounts payable by the Company under the Debenture Documents;
- (59) “**Security Agent**” shall have the meaning ascribed to it in Section 2.4(8);
- (60) “**Security Documents**” means the GSA and each other agreement, instrument or other document from time to time granted by the Company or any Affiliate of the Company to secure the Secured Obligations;
- (61) “**Shortfall Months**” shall have the meaning ascribed to it in Section 6.1;
- (62) “**Successor Company**” means any company which is formed by the amalgamation, merger, restructuring or reorganization of the Company;
- (63) “**U.S. Person**” has the meaning ascribed thereto in Regulation S of the U.S. Securities Act; and
- (64) “**U.S. Securities Act**” means the *United States Securities Act of 1933*, as amended.
- 1.2 **Gender and Number.** Throughout this Debenture words importing the singular number include the plural and vice versa and words importing gender include the masculine, feminine and neuter genders.
- 1.3 **Meaning of “Outstanding”.** Each 2018 Debenture will be deemed to be outstanding until (a) it has been converted in full (and all accrued and unpaid interest thereon has been irrevocably paid in full in cash in accordance with its terms) or (b) the Convertible Indebtedness thereunder and accrued and unpaid Interest thereon have been irrevocably paid, in full, in cash in accordance with its terms, and:
- (1) where the Convertible Indebtedness and accrued unpaid Interest of a 2018 Debenture has been partially paid irrevocably in cash, the 2018 Debenture will be deemed to be

outstanding only to the extent of the unpaid portion of the Convertible Indebtedness and Interest thereof; and

(2) where a new 2018 Debenture has been issued in substitution for a 2018 Debenture which has been lost, stolen or destroyed, only one of them will be counted for the purposes of determining the aggregate principal amount of and the accrued unpaid Interest of the 2018 Debentures outstanding.

1.4 **Headings.** The division of this Debenture into sections, subsections and paragraphs and the provision of a table of contents and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation of this Debenture.

1.5 **Applicable Law.** This Debenture is governed by the laws of Alberta and the laws of Canada applicable therein and will be treated in all respects as Alberta contracts. The Parties hereto irrevocably attorn to the non-exclusive jurisdiction of the courts of the Province of Alberta.

1.6 **Currency.** Except as otherwise expressly provided herein, all references to dollar amounts herein are deemed to be references to lawful money of Canada.

1.7 **Business Day.** Whenever any payment is due or required to be taken under this Debenture on or as of a day that is not a Business Day, that payment must be made and the other action must be taken on or as of the next day that is a Business Day.

1.8 **Severability.** If one or more of the provisions contained herein shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

## 2. TERMS OF DEBENTURE

2.1 **Amended and Restated Debenture.** The Company and the Lender acknowledge that this Debenture represents an amendment and restatement of the convertible debenture dated May 30, 2018 issued by the Company to the Lender on the Original Closing Date in the initial aggregate principal amount of \$3,050,000 (the “**Original Debenture**”).

2.2 **Convertible Indebtedness.** The Company, in consideration for the receipt of the Convertible Indebtedness under the Original Debenture and the agreement of the Parties to amend and restate the Original Debenture upon the terms of this Debenture, hereby acknowledges itself indebted to, and covenants with the Lender to, repay, unless and except to the extent that such Convertible Indebtedness under this Debenture is converted into Common Shares as provided for by this Debenture, the Convertible Indebtedness under this Debenture, plus interest, calculated and payable in accordance with Section 2.3 the (“**Interest**”, which term includes Overdue Interest).

2.3 **Interest.** All unpaid Interest owing on the Original Debenture shall accrue on the Convertible Indebtedness under this Debenture to and excluding April 15, 2024 and Interest shall not accrue on the Convertible Indebtedness under this Debenture from April 15, 2024 until November 30, 2024, following which, Interest on the Convertible Indebtedness under this Debenture, or so much thereof as remains outstanding from time to time, shall accrue daily at the rate of 4% *per annum* (the “**Interest Base Rate**”) compounded quarterly, and calculated based upon the actual number of days passed in any actual year. All Interest shall be payable at the times set out herein excepting only Overdue Interest which shall be paid pursuant to Section 6.2. The rate of Interest shall be adjusted on a monthly basis (the “**Interest Rate Adjustment**”) as follows:

(1) On or before the 10<sup>th</sup> day of each month, the CFO shall calculate the Company’s Monthly Cash Burn Rate, and (if paragraph (2) below applies) Current Cash, Current Annual Cash



Burn, Shortfall Months and Adjusted Interest Rate, and deliver to the Lender a notice setting out such amounts and rates and the calculations thereof in reasonable detail.

- (2) If the minimum unencumbered cash balance of the Company during the last day in the immediately preceding calendar month (the “**Current Cash**”) falls below the current Monthly Cash Burn Rate multiplied by 12 months (the “**Current Annual Cash Burn**”), then the Interest for the current month will automatically be adjusted (each adjusted rate being an “**Adjusted Interest Rate**”) to be the lesser of:
- (a) 4.0% plus 0.5% x Shortfall Months per annum; or
  - (b) 10.0% per annum.

Where

“**Cash Burn**” means, in respect of any calendar month, the amount (if any) of negative cash flow of the Company during such month, the calculation of which shall include all incoming cash from business operations and all outgoing cash for business expense, but shall exclude any incoming or outgoing cash from investments in and other capital raised by the Company, dividend payments, indebtedness incurred by the Company, repayment of debt and interest thereon, interest and other investment income, and third party grants received or repaid;

“**Monthly Cash Burn Rate**” means, as of any date of calculation, the amount equal to the simple average of the Company’s Cash Burn in each of the three immediately preceding calendar months; and

“**Shortfall Months**” means, as of any date of determination, the number of whole months (subject to a maximum of 12 months) which, at the then-current Monthly Cash Burn Rate, it would take for the Company to have zero or negative cash on hand (assuming that Current Cash remains unchanged for the next 12 months).

- (3) For greater certainty, expressed as a formula, the Adjusted Interest Rate shall be the maximum of 10.0% or the Adjusted Interest Rate calculated as follows (rounded to the nearest second decimal place):

$$\text{Adjusted Interest Rate} = \text{Interest Base Rate} + (\text{Shortfall Months} \times 0.50)$$

- (4) The Adjusted Interest Rate shall be adjusted on a monthly basis upwards or downwards and it may be reduced towards the Interest Base Rate as the ratio between minimum cash balance and Current Annual Cash Burn improves. For certainty, the Adjusted Interest Rate shall never be less than the Interest Base Rate, and never be greater than 10.0% per annum.
- (5) In the event of any dispute arising from the calculation of the Interest Rate Adjustment, such dispute shall be conclusively determined by the then current auditor of the Company or a third-party accounting firm mutually appointed by the Company and the Debenture Representative (or by a Debenture Holder Resolution).
- (6) Notwithstanding the foregoing, the Interest Rate Adjustment may be waived for any given month by the Debenture Representative or by Debenture Holder Resolution (provided that such resolution is agreed to by all Debenture Holders), in which case the Adjusted Interest Rate for such month will remain at 4% per annum compounded quarterly.

## 2.4 Security.

- (1) The due and punctual payment of the Secured Obligations, when and as the same shall be due and payable, and performance of all other obligations of the Company to the Lender under or in connection with this Debenture and the other Debenture Documents, according to the terms hereunder or thereunder, are secured, as provided in the Security Documents. The Company consents and agrees to be bound by the terms of the Security Documents as the same may be in effect from time to time, and agree to perform its obligations thereunder in accordance therewith.
- (2) The Company shall do or cause to be done all acts and things that may be required, or that the Lender from time to time may reasonably request, to assure and confirm that the Lender holds duly created and enforceable and perfected Liens upon the Collateral, and in connection with any merger, consolidation or sale of the Company, the property and assets of the Person which is consolidated or merged with or into the Company, to the extent that they are property or assets of the types which would constitute Collateral under the Debenture Documents, shall be treated as after-acquired property and the Company shall take such action as may be reasonably necessary to cause such property and assets to be made subject to the Liens constituted under the Security Documents, in the manner and to the extent required under the Security Documents.
- (3) The Company acknowledges conclusively that the Company and the Lender intend the Liens in the Collateral granted under the Security Documents to attach immediately upon the execution of this Debenture. The charge shall be effective and shall attach as of the date hereof whether the monies hereby secured or any part thereof shall become owing by the Company before or after or upon the date of execution of this Debenture. The Company acknowledges conclusively that value has been given.
- (4) The Parties confirm and agree that 2018 Debentures shall rank *pari passu* in terms of both payment and security without preference or priority, as if all such debentures had been issued simultaneously, and all such debentures are and shall be secured equally and rateably.
- (5) The Company and the Lender hereby authorize the Lender or its agents to file at any time financing statements, continuation statements, and amendments thereto that (i) either specifically describe the Collateral or describe the Collateral as all assets of the Company of the kind pledged hereunder, and (ii) contain any other information required by the PPSA for the sufficiency of filing office acceptance of any financing statement, continuation statement, or amendment. Without derogation from the foregoing, the Company shall promptly execute, acknowledge and deliver such Security Documents, instruments, certificates, filings, financing statements (including filings of continuation statements or amendments to financing statements that may be necessary to continue the effectiveness of such financing statements), notices and other documents, and take such other actions as shall be reasonably required, or that the Lender may reasonably request, to create, perfect, protect, assure, maintain or enforce (at the sole cost and expense of the Company) the Liens and benefits intended to be conferred, in each case as contemplated by the Security Documents for the benefit of the Lender.
- (6) If the Lender determines at any time or from time to time that the form and nature of the then existing Security Documents is deficient in any way or does not fully provide the Lender with the security and priority to which each is entitled hereunder and under the other Debenture Documents, the Company will forthwith execute and deliver or cause to be executed and delivered to the Lender, at the Company's expense, such amendments to

the Security Documents or provide such new Security Documents as the Lender may reasonably request.

- (7) Each item or part of the Liens issued under the Security Documents shall for all purposes be treated as a separate and continuing collateral security and shall be deemed to have been given in addition to and not in place of any other item or part of the Security Documents or any other Liens now held or hereafter acquired by the Lender. No item or part of the Security Documents shall be merged or be deemed to have been merged in or by this Debenture or any documents, instruments or acknowledgements delivered hereunder, or any simple contract debt or any judgment, and any realization of or steps taken under or pursuant to any Lien, instrument or agreement shall be independent of and not create a merger with any other right available to the Lender, under any Lien, instruments or agreements held by it or at law or in equity.
- (8) The Lender, immediately upon notice from the Debenture Representative, shall be deemed (to the extent permitted by Applicable Law) to appoint such third party (or parties) as the Debenture Representative shall determine to represent the Lender as a security agent (the “**Security Agent**”) to enforce the Liens granted by the Company under the Security Documents and to apply the proceeds of such enforcement *pro rata* among the Lender and each holder under all other 2018 Debentures, in each case, in accordance with the terms hereof and authorizes the Security Agent to take such actions on its behalf and to exercise such powers as are delegated to the Security Agent by the terms hereof, together with such actions and powers as are reasonably incidental thereto. The Company hereby acknowledges such appointment. The Lender hereby irrevocably authorizes and directs the Security Agent to take such action and to exercise such rights, powers, privileges and remedies on behalf of the Lender as the Security Agent in its sole and absolute discretion deems necessary or desirable for the purposes hereof. The Security Agent may, from time to time, appoint a nominee to exercise all or any of the powers, rights, remedies and benefits of the Security Agent hereunder and such nominee shall be vested with all rights, remedies, powers, benefits, discretions, protection and relief of the Security Agent and shall be bound by all of the covenants and obligations of the Lender hereunder or thereunder or pursuant to Applicable Law. The Lender hereby authorizes the Debenture Representative providing notice pursuant to this Section 2.4(8) to do and perform all such acts, deeds and things and to negotiate, execute, and deliver and to file or cause to be executed, delivered or filed, all such documents, which it in its discretion shall deem necessary, desirable or proper, in order to give effect to the foregoing.
- (9) Upon an Event of Default (as defined herein) that is continuing, the Security Agent may, upon receipt of written instructions from the Debenture Representative, exercise such rights and remedies as are provided by the PPSA and otherwise under Applicable Law with respect to the Collateral or any part thereof and all other rights and remedies recognized under Applicable Laws against the Company or in respect of the Collateral or any part thereof for the enforcement of full payment and performance of all amount owing hereunder and under the other Debenture Documents. If there is any deficiency of payment in respect of such amounts the Company shall be and at all times remain liable for the payment thereof to the Lender.
- (10) The Company hereby irrevocably constitutes and appoints the Security Agent, on behalf of the Lender, as its true and lawful attorney and Security Agent, with full power and authority in the Company’s name, place and stead, from time to time, to do all acts and things and execute and deliver all transfers, certificates, proxies, resolutions, consents, assignments, transfers, conveyances and agreements, in such form as the Security Agent or the Lender consider necessary or desirable, and to do all things which the Company is required to sign, execute and do hereunder if the Company has failed to sign, execute or do

the same and generally to use the name of the Company in the exercise of all or any of the powers hereby conferred on the Security Agent or the Lender, in each case, with full powers of substitution and revocation; provided that this power of attorney may not be exercised by the Security Agent until an Event of Default shall have occurred and is continuing. Such appointment and power of attorney is hereby declared by the Company to be an irrevocable power coupled with an interest.

- (11) To the extent not prohibited by any law applicable to the Company, the Company hereby waives its rights, if any, under all provisions of Applicable Law that would in any manner, limit, restrict or otherwise affect the Security Agent's rights and remedies hereunder or impose any additional obligations on the Security Agent.
- (12) Nothing contained in this Section 2.4 or elsewhere in this Debenture is intended to or shall impair, as between the Company and the Lender, the obligation of the Company under or in connection with the Debenture Documents, which is absolute and unconditional, to pay to the Lender the Secured Obligations, as and when the same shall become due and payable in accordance with their terms, or affect the relative rights of the Lender and creditors of the Company, nor shall anything herein or therein prevent the Lender from exercising all remedies otherwise permitted by Applicable Law upon an Event of Default under this Debenture and the other Debenture Documents.

2.5 **Subordination.** The Lender agrees that Liens under the Security Documents securing its right in the Collateral shall be subordinated to the Bridge Loan Security and the RBC Security; provided that subordination to the Bridge Loan Security shall cease and shall be of no force and effect from and after August 31, 2024. The Lender agrees to execute and deliver an acknowledgment of such subordination to Adventure Capital (2019) Inc. and Royal Bank of Canada promptly after written request for same, at the cost of the Company.

2.6 **Issue in Substitution for Lost Debenture.** If this Debenture is mutilated, lost, destroyed or stolen, the Company in its discretion may issue and deliver a new 2018 Debenture of like date and tenor as the one mutilated, lost, destroyed or stolen in exchange for and in place of and upon cancellation of such mutilated debenture or in lieu of and in substitution for such lost, destroyed or stolen debenture and the new 2018 Debenture will rank equally in accordance with its terms with all other 2018 Debentures issued.

2.7 **Cost for Replacement.** The applicant for the issue of a new 2018 Debenture pursuant to this section will bear the cost of the issue thereof and in case of loss, destruction or theft will, as a condition precedent to the issue thereof, furnish to the Company:

- (1) evidence of ownership and of the loss, destruction or theft of the 2018 Debenture so lost, destroyed or stolen satisfactory to the Company in its discretion;
- (2) an indemnity and surety bond in amount and form satisfactory to the Company in its discretion; and
- (3) the reasonable charges of the Company in connection with the issue of the new 2018 Debenture.

### 3. REGISTRATION, TRANSFER, EXCHANGE AND OWNERSHIP OF DEBENTURE

3.1 **Register of Debentures.** The Company will cause to be kept by and at the registered office of the Company the register in which will be entered the names and addresses of the Lender and the other Debenture Holders and particulars of the 2018 Debentures held by them respectively and of all transfers of 2018 Debentures.

- 3.2 **Resales in the United States.** This Debenture has not been and will not be registered under the *U.S. Securities Act* and may not be transferred to a U.S. Person, or for the account or benefit of a U.S. Person.
- 3.3 **Requirements for Transfer.** No transfer of this Debenture will be valid unless made by the Lender or his or her executors, administrators or other legal representatives or his or her attorney duly appointed by an instrument in writing in form and with execution satisfactory to the Company upon compliance with such reasonable requirements as the Company may prescribe, nor unless the name of the transferee will have been noted on the Register by the Company.
- 3.4 **Exchange of Debentures.** 2018 Debentures in any denomination may be exchanged upon reasonable notice to the Company for 2018 Debentures of equal aggregate amount in any other denomination.
- 3.5 **Place for Exchange.** 2018 Debentures may be exchanged only at the registered office of the Company. Any 2018 Debentures tendered for exchange must be surrendered to the Company. The Company will execute all 2018 Debentures necessary to carry out exchanges as aforesaid. All 2018 Debentures surrendered for exchange will be cancelled.
- 3.6 **Applicant to Pay Charges.** Payment of any such charges of the Company for reasonable fees and any transfer taxes or governmental or other charges required to be paid will be made by the Party requesting such exchange, or transfer, as a condition precedent thereto.
- 3.7 **Register Open for Inspection.** The Register will be open for inspection by the Company, the Lender, or any Debenture Holder during normal business hours on Business Days.
- 3.8 **Closing of Register.** The Company will not be required to make transfers or exchanges of any Debenture Holder's fully registered 2018 Debenture:
- (1) after a Conversion Notice or Forced Conversion Notice; or
  - (2) on the Conversion Notice Maturity Date or during the 10 preceding Business Days.
- 3.9 **Ownership of Debenture.** The Lender will be deemed to be the owner of this Debenture for all purposes and payment of or on account of the Convertible Indebtedness hereunder and Interest thereon will be made only to or upon the order in writing of the Lender.
- 3.10 **No Notice of Trusts.** The Company shall not be bound to take notice of or see to the execution of any trust, whether express, implied or constructive, in respect of any 2018 Debenture and may transfer the same on the direction of the person registered as the holder thereof, whether named as trustee or otherwise, as though that person were the beneficial owner thereof.
- 3.11 **No Set-Off.** The Lender will be entitled to the Convertible Indebtedness hereunder and Interest hereon free from all equities or rights of set-off or counterclaim from the Company and all Persons may act accordingly and the receipt of the Lender of any such principal, or interest will be a good discharge to the Company for the same and the Company is not bound to inquire into the title of the Lender.
- 3.12 **Actual Production not Required.** The Company may treat the Lender as owner of this Debenture without actual production of this Debenture for the purpose of any requisition, direction, consent, instrument or other document as aforesaid.

#### 4. CONVERSION OF DEBENTURE

4.1 **Forced Conversion by the Company.** If, on or before the Maturity Date, in any two consecutive calendar quarters the Company shall have achieved all of the following criteria:

- (1) positive EBITDA (as determined by the Company's accountants) normalized for abnormal items;
- (2) revenue equal to at least \$0.023 per issued and outstanding Common Share (as determined by the Company's accountants, acting reasonably);
- (3) the volume weighted average trading price per share for Common Shares for the prior three months is equal to at least \$0.41 per share; and
- (4) subscription based recurring revenue is equal to at least \$0.017 per issued and outstanding Common Share

(collectively, the "**Forced Conversion Criteria**"), then the Company may elect to convert all Convertible Indebtedness hereunder into Common Shares at the Conversion Price for Principal and all accrued unpaid Interest Common Shares at the Conversion Price for Interest (the "**Forced Conversion**"), subject to prior Exchange review and acceptance, by sending notice in writing (the "**Forced Conversion Notice**") of the Forced Conversion to all Debenture Holders who hold outstanding 2018 Debentures as at the date that the Forced Conversion Criteria have been met (the "**Forced Conversion Date**"). Within 5 Business Days of providing the Forced Conversion Notice, the Company shall issue that number of whole Common Shares, as applicable, as equals the value of all outstanding Convertible Indebtedness hereunder divided by the Conversion Price of Principal and accrued unpaid Interest as at the Forced Conversion Date divided by the Conversion Price for Interest. Upon the surrender of this Debenture at the offices of the Company, the Lender will be entitled to be entered in the books of the Company as the holder of such number of Common Shares effective as of the Forced Conversion Date. As soon as the Company delivers share certificate(s) representing all of the Common Shares issuable to the Lender pursuant to the Forced Conversion, the 2018 Debenture in respect of each such share certificate(s) so delivered shall be deemed to be cancelled and be non-enforceable against the Company.

4.2 **Voluntary Conversion by Lender.** On or before the Maturity Date, subject to regulatory and Exchange approval, until the Convertible Indebtedness hereunder and any accrued unpaid Interest has been fully repaid, the Lender shall have the right to convert all or any portion of the then outstanding Convertible Indebtedness under this Debenture into Common Shares at the Conversion Price for Principal and/or all or a portion of the accrued unpaid Interest under this Debenture into Common Shares at the Conversion Price for Interest, subject to prior Exchange review and acceptance. Such conversion may be effected by the surrender of this Debenture for conversion at the offices of the Company, accompanied by a conversion notice (the "**Conversion Notice**") signed by the Lender in the form attached as Schedule "A" notifying the Company as to the exercise of the right of conversion and specifying the amount of Convertible Indebtedness hereunder and/or Interest being converted and setting forth the name and address of the nominees of the Lender in whose name(s) the Common Shares issuable upon such conversion are to be registered. For greater certainty, no conversion in part or in whole of the Convertible Indebtedness hereunder shall extinguish or satisfy, or relieve the Company of its obligation to pay, any Interest on such Convertible Indebtedness, or Interest on such Interest, accruing up to but excluding the Conversion Date.

4.3 **Conversion Date.** The conversion of the Convertible Indebtedness hereunder and/or Interest shall be deemed to have been made immediately prior to the close of business on the date on which this Debenture is surrendered for conversion (the "**Conversion Date**") in accordance with the

provisions of this Article 4. The Lender's rights in respect of the converted portion shall terminate at the time of surrender, and the nominee of the Lender entitled to receive the Common Shares into which all or any portion of the Convertible Indebtedness hereunder and/or Interest is converted shall be treated, as between the Company and such person or persons, as having become the holder or holders of record of such Common Shares on that date, provided that if this Debenture is surrendered for conversion on any day on which the register for Common Shares is closed, the Lender or its nominee entitled to receive Common Shares upon the conversion of this Debenture shall become the holder of record of such Common Shares as of the date on which the register of Common Shares is next open.

- 4.4 **Issuance of Share Certificates.** As promptly as practicable after the Conversion Date, the Company shall issue to the Lender or its nominee(s) a certificate or certificates representing that number of applicable whole Common Shares issuable pursuant to the conversion of the Convertible Indebtedness hereunder and accrued unpaid Interest in accordance with the terms of this Debenture and shall cause the Lender or its nominee to be entered in its books as of the Conversion Date as the holder of the number of Common Shares into which the Convertible Indebtedness hereunder, accrued unpaid Interest, or portion thereof being converted, is converted. Common Shares issued upon such conversion shall be entitled to dividends (if any) declared in favour of holders of Common Shares of record on and after the Conversion Date. As of and from the Conversion Date, the Common Shares so issued shall for all purposes be and be deemed to be issued and outstanding as fully paid and non-assessable Common Share. In the event that any amounts remain outstanding under this Debenture after giving effect to such conversion, the Company shall acknowledge in writing the amount of remaining Convertible Indebtedness hereunder owing by the Company to the Lender, plus any accrued and outstanding unpaid Interest.
- 4.5 **Fractions of Common Shares.** No fractional Common Share or other security shall be issued upon the conversion of all or any portion of the Convertible Indebtedness hereunder or Interest. If the conversion of all or any portion of the Convertible Indebtedness hereunder or Interest would otherwise result in a fractional Common Share, the Company shall only issue the next lowest whole number of Common Shares and no payment or other adjustment will be made for the fractional interest.
- 4.6 **Hold Period on Common Shares.** Common Shares issued pursuant to this Article 4 may be subject to a hold period pursuant to applicable securities laws and the securities shall bear the required legends.
- 4.7 **Adjustment of Common Shares.** The number of Common Shares deliverable upon the conversion of this Debenture will be subject to adjustment in the events and in the manner following:
- (1) if and whenever at any time prior to a Conversion Date or Forced Conversion Date, the Company (i) subdivides or redivides the outstanding Common Shares into a greater number of Common Shares, (ii) reduces, combines or consolidates the outstanding Common Shares into a smaller number of Common Shares, or (iii) issues Common Shares or securities exchangeable for or convertible into Common Shares to the holders of all or substantially all of the outstanding Common Shares by way of a stock dividend, the Conversion Price for Principal or the Conversion Price for Interest, if any of the foregoing events occurs within the ten (10) consecutive trading day period in which the Market Price per Common Share is calculated, as applicable, in effect on the effective dates of such subdivision, redivision (including, in the case where securities exchangeable for or convertible into Common Shares are distributed, the number of Common Shares that would have been outstanding if all such securities had been exchanged or converted into Common Shares on the record date), reduction, combination or consolidation or on the record date for such issue of Common Shares by way of a stock dividend, as the case may be, will in the case of the events referred to in (i) and (iii) above, be decreased in proportion to the number of

outstanding Common Shares resulting from such subdivision, redivision, or will, in the case of the events referred to in (ii) above, be increased in proportion to the number of outstanding Common Shares resulting from such reduction, combination or consolidation; in either case, with the result that the proportion of shares to be received upon such conversion to the total number of outstanding Common Shares will be equivalent to the proportion immediately prior to such event;

- (2) adjustments will be made successively whenever any event referred to in Section 4.7(1) occurs; and
- (3) in the event of any dispute arising from the adjustments referred to in this Section 4.7, such dispute shall be conclusively determined by the then current auditor of the Company or a third party accounting firm mutually appointed by the Company and the Debenture Representative or by Debenture Holder Resolution.

For greater certainty, no adjustment shall be made to the Conversion Price for Interest pursuant to this section 4.7 to the extent that any of the foregoing events occurs prior to the ten (10) consecutive trading day period for which the Market Price per Common Share is calculated.

4.8 **Reclassification, Merger, Etc.** In case of any reclassification of the capital of the Company, or in the case of the merger, arrangement, reorganization, amalgamation or other form of business combination of the Company with, or into any other company or of the sale of substantially all of the property and assets of the Company to any other company, this Debenture will, after such reclassification of capital, merger, arrangement, reorganization, amalgamation or other form of business combination or sale, confer the right to acquire upon conversion that number of Common Shares or other securities or property of the Company or of the Company resulting from such reclassification, merger, arrangement, reorganization, amalgamation or other form of business combination, or to which such sale will be made, as the case may be, which the Lender would then hold if the Lender had exercised the Lender's rights under this Debenture before reclassification of capital, merger, arrangement, reorganization, amalgamation or other form of business combination or sale; and in any such case, if necessary, appropriate adjustments will be made in the application of the provisions set forth in this Article 4 with respect to the rights and interest thereafter of the Lender to the end that the provisions set forth in this Article 4 will thereafter correspondingly be made applicable as nearly as may reasonably be in relation to any Common Shares or other securities or property thereafter deliverable on the conversion of this Debenture.

4.9 **Reservation of Common Shares.** The Company will reserve and there will remain unissued out of its authorized capital a sufficient number of Common Shares to satisfy the Forced Conversion or exercise of conversion rights pursuant to this Article 4.

## 5. COMPANY REDEMPTION OPTION

5.1 **Redemption Option.** On or before the Maturity Date, the Company may, from time to time, on not less than 30 days written notice to the Lender (the "**Redemption Notice**") have the option (the "**Redemption Option**") to redeem the 2018 Debentures on the first Business Day following the expiry of the 30 day period herein (the "**Redemption Date**") by paying to the Lender:

- (1) the full amount of the Convertible Indebtedness hereunder in cash, plus
- (2) any accrued Interest, payable at the option of the Lender (in its sole discretion) in either (a) cash or (b) Common Shares at the Conversion Price for Interest, subject to prior Exchange review and acceptance.



- 5.2 **Black-Out Periods.** A Redemption Notice shall not be provided by the Company during any insider trading black-out period for the Company.
- 5.3 **Conversion Rights Maintained.** For greater certainty, at any time prior to the Redemption Date, the Lender shall retain the right to convert all or any portion of the then outstanding Convertible Indebtedness hereunder into Common Shares at the Conversion Price for Principal and all or any portion of the then accrued unpaid Interest into Common Shares at the Conversion Price for Interest pursuant to Section 4.2. If a Conversion Notice is delivered prior to the Redemption Date then the Redemption Option shall not proceed with respect to the portion of the Convertible Indebtedness hereunder subject to the Conversion Notice notwithstanding that a Redemption Notice was delivered to the Lender prior to the delivery of the Conversion Notice to the Company.
- 5.4 **Share Certificates.** Share certificates to be issued pursuant to the Redemption Option shall be dated as of the date immediately following the expiry of the Redemption Notice or, if such day is not a Business Day, the next succeeding Business Day, and shall be delivered to the Lender within 5 Business Days following such date.

## 6. LENDER RETRACTION FOLLOWING MATURITY DATE

- 6.1 In the event that this Debenture has not been converted or redeemed by May 30, 2027 (the “**Maturity Date**”), the Convertible Indebtedness hereunder and all accrued unpaid Interest will become due and payable, in full, in cash, upon delivery by the Lender at any time of notice to the Company (the “**Retraction Notice**”) and pursuant to the terms of such Retraction Notice. This Debenture shall continue to be outstanding until such time as all Convertible Indebtedness and all accrued unpaid Interest that is due and payable hereunder has been paid in full to the Lender notwithstanding whether the Lender has delivered the Retraction Notice to the Company.
- 6.2 Any amount of Convertible Indebtedness hereunder and accrued unpaid Interest not paid within 10 days of delivery of the Retraction Notice shall be subject to interest (the “**Overdue Interest**”), payable in cash at an annual interest rate of 14.5% (based on the actual number of days in the actual year), accruing daily and compounding quarterly, due on the last day of the month for which it is calculated.

## 7. REPRESENTATIONS AND WARRANTIES OF THE COMPANY

- 7.1 **Representations and Warranties.** The Company represents and warrants to the Lender, all of which shall survive the execution and delivery of this Debenture, as follows:
- (1) the Company is a company validly existing and in good standing pursuant to the *Business Corporations Act* (Alberta);
  - (2) the Company has the corporate power and capacity to carry on the business now carried on by it and has the full power and authority to execute and deliver the 2018 Debentures and to perform its obligations hereunder and under the other Debenture Documents;
  - (3) the Company has taken all necessary corporate proceedings to authorize the execution and delivery of the 2018 Debentures and the Debenture Documents and to authorize and make the creation and delivery of the 2018 Debentures and the Debenture Documents and the performance by the Company of its obligations thereunder legal, valid and binding upon the Company;
  - (4) the Company will not, by entering into the 2018 Debentures or any Debenture Document or performing its obligations under any of the foregoing, contravene (a) any Applicable

- Laws, (b) the articles or other constating documents of the Company or (c) any agreement, written or verbal, by which it is bound;
- (5) all governmental authorizations and other requirements of any governmental authority or any other Person which are reasonably necessary to carry on the businesses of the Company have been obtained and are in full force and effect;
  - (6) there are no actions, suits, judgments, investigations, proceedings, writs of execution, work orders, injunctions, directives or proceedings outstanding, pending or, to the knowledge of the Company, threatened, which challenge the validity of any 2018 Debenture or any Debenture Document or which would materially adversely affect the ability of the Company to perform its obligations under the 2018 Debentures, the Debenture Documents or any document evidencing any indebtedness of the Company to the Lender;
  - (7) each of the 2018 Debentures and each of the Debenture Documents constitutes a valid and legally binding obligation of the Company enforceable against the Company in accordance with its terms, subject only to bankruptcy, insolvency or other statutes or judicial decisions affecting the enforcement of creditors' rights in general and to general principles of equity;
  - (8) the Company is not in material breach of any material agreement to which it is a party or by which it is bound; and
  - (9) no Default or Event of Default has occurred and is continuing.

## **8. COMPANY'S COVENANTS**

8.1 **Positive Covenants.** The Company hereby covenants to the Lender that at all times while the Lender's conversion rights are outstanding, it will:

- (1) duly and punctually pay, or cause to be paid, all amounts which may, at any time and from time to time, be payable in respect of the 2018 Debentures and the Debenture Documents (whether on account of Convertible Indebtedness, Interest or otherwise) or which otherwise may be payable pursuant to the terms of the 2018 Debentures or the Debenture Documents, all payments to be made by the Company in accordance with the applicable provisions of the 2018 Debentures or the Debenture Documents and in connection therewith the Company will furnish the Lender with evidence of each such payment as soon as practicable after the payment is made;
- (2) at all times maintain its corporate existence and carry on its business in accordance with Applicable Laws;
- (3) provide the Debenture Holders with written notice of any change in the name of the Company and of any change in the registered or principal office address of the Company immediately upon the occurrence of such a change;
- (4) provide the Debenture Holders with written notice immediately upon obtaining knowledge of (i) a Default or Event of Default hereunder, (ii) any actual or potential litigation or claim which could reasonably be expected to materially adversely affect the business or financial condition of the Company or (iii) any change in any information provided in the 2018 Debentures (or any of them);
- (5) obtain and maintain insurance coverage on its property and assets in accordance with industry practice;

- (6) pay and discharge, as they become due, all payments due and owing under or with respect to any other indebtedness of the Company created, incurred or otherwise outstanding or Liens given by the Company to any person or corporation and will observe, perform and carry out all the terms, covenants, provisions and agreements relating thereto and any default in payment of any monies due and payable under or the occurrence of an event of default, as defined in any indenture or instrument under which the Company, at any time while any 2018 Debenture is outstanding, will be deemed to be an Event of Default hereunder at the option of the Debenture Representative and any and all remedies available to the Lender by law or otherwise will forthwith be available to the Lender upon the occurrence of any such event;
- (7) within 120 days after its fiscal year end, deliver to the Lender a copy of its annual audited consolidated financial statements, duly prepared in accordance with GAAP;
- (8) within 60 days after each of the first three fiscal quarters of each fiscal year, deliver to the Lender a copy of its quarterly unaudited consolidated financial statements, duly prepared in accordance with GAAP;
- (9) concurrent with the delivery of financial statements to the Lender pursuant to clauses (7) and (8) above, provide the Lender with a certificate of an officer of the Company, certifying (a) that no Default or Event of Default has occurred and is continuing (or providing details of any such Default or Event of Default) and (b) the Convertible Indebtedness under the 2018 Debentures outstanding as of such date; and
- (10) upon due and proper conversion of this Debenture pursuant to the terms of Article 4 hereof, the Company shall issue Common Shares in such denominations as required pursuant to Article 4 and upon issuance in accordance thereto the Common Shares shall be duly issued as fully paid and non-assessable shares.

8.2 **Negative Covenants.** Unless authorized by the Debenture Representative or Debenture Holder Resolution, the Company covenants that, at all times while the Lender's conversion rights are outstanding, it will not:

- (1) incur any indebtedness which is senior in preference to the 2018 Debentures, other than:
  - (a) subject to Section 2.5, all indebtedness pursuant to the Bridge Loan Note;
  - (b) trade payables of the Company (other than indebtedness for borrowed money) incurred in the ordinary course of business, provided that such indebtedness is classified as a current liability on the financial statements of the Company;
  - (c) operating loans or lines of credit facilities that are either unsecured or secured only by the Company's accounts receivable;
  - (d) loans for capital equipment that are unsecured or secured only by purchase money Liens, conditional sales agreements or other title retention mortgages against such capital equipment; and
  - (e) all indebtedness that has been approved by a Debenture Holder Resolution.
- (2) except for Permitted Encumbrances, will not grant, create, assume or suffer to exist any Lien affecting any of its properties, assets or other rights;
- (3) change its chief executive office or jurisdiction of organization without written notice being provided to the Lender at least 15 days prior to such change;

- (4) change its name without written notice being provided to the Lender of its new name and the date when such new name is to become effective at least 15 days prior to such change;
- (5) otherwise amend its articles or other constating documents in any manner adverse to the interests of the Debenture Holders (or any of them); and
- (6) declare or make any dividend, payment or distribution to the holders of its issued and outstanding shares of its capital stock (including any return of capital, repurchase, redemption, or retractions) or make any change in its issued or authorized capital stock either by way of redemption or stock or otherwise.

## 9. DEFAULT AND ENFORCEMENT

9.1 **Events of Default.** The following events will constitute events of default (an “**Event of Default**”):

- (1) if the Company makes default in the observance or performance of any written covenant or undertaking given by the Company to the Lender or the holder of any other 2018 Debentures (other than in clause (2) below) under any agreement, instrument or other document (including the Debenture Documents) and such default is not rectified within 30 days of the earlier of (a) notice being delivered by the Lender to the Company and (b) knowledge by the Company of such default;
- (2) if the Company makes default in payment of any indebtedness or liability of the Company to the Lender hereunder or to the holder of any other 2018 Debenture thereunder, when due, and such default is not remedied within 15 days of the earlier of (a) notice being delivered by the Lender to the Company and (b) knowledge by the Company of such default;
- (3) if a decree or order of a court of competent jurisdiction is entered adjudging the Company a bankrupt or insolvent or approving as properly filed a petition seeking the winding-up of the Company under the *Companies’ Creditors Arrangement Act* (Canada), the *Bankruptcy and Insolvency Act* (Canada), the *Winding Up Act* (Canada) or any other bankruptcy, insolvency or analogous laws or ordering the winding up or liquidation of its affairs
- (4) if any resolution is passed for the winding-up or liquidation of the Company, or if the Company makes any assignment in bankruptcy or makes any other assignment for the benefit of creditors, makes any proposal under the *Bankruptcy and Insolvency Act* (Canada) or any comparable law, seeks relief under the *Companies’ Creditors Arrangement Act* (Canada), the *Winding Up Act* (Canada) or any other bankruptcy, insolvency or analogous law, files a petition or proposal to take advantage of any act of insolvency, consents to or acquiesces in the appointment of a trustee, receiver, receiver and manager, interim receiver, custodian, sequestrator or other person with similar powers of itself or of all or any substantial portion of its assets, or files a petition or otherwise commences any proceeding seeking any reorganization, arrangement, composition, administration or readjustment under any applicable bankruptcy, insolvency, moratorium, reorganization or other similar law affecting creditors’ rights or consents to, or acquiesces in, the filing of such petition;
- (5) if an encumbrancer takes lawful possession of any portion of the property of the Company which is material to the Company taken as a whole, or if any process of execution is levied or enforced upon or against a material portion of the property of the Company and remains unsatisfied for such period as would permit any such property to be sold thereunder, unless the Company actively and diligently contests in good faith such process, but in that event the Company shall, if the Lender so requires, give security which, in the discretion of the

Lender, is sufficient to pay in full the amount thereby claimed in case the claim is held to be valid;

- (6) if the Company ceases to carry on its business; or
- (7) if any representation or warranty of the Company herein or in any other Debenture Document hereof is untrue in any material respect.

9.2 **Notice of Defaults and Events of Default.** If a Default or Event of Default occurs and is continuing, the Company will immediately after it becomes aware of the occurrence of such Default or Event of Default give notice of such Default or Event of Default to each Debenture Holder (and to the Debenture Representative, if applicable) in the manner provided in Article 12 unless the default has been waived pursuant to Section 9.2.

Where notice of the occurrence of a Default or Event of Default has been given and the Default or Event of Default is thereafter cured, notice that the Default or Event of Default is no longer continuing will be given by the Company to the Debenture Holders (or the Debenture Representative, if applicable) in the manner provided in Article 12 immediately after the Company becomes aware that the Default or Event of Default has been cured.

9.3 **Waiver of Default.** The Debenture Representative (or Debenture Holders by Debenture Holder Resolution) may in writing waive any breach by the Company of any of the provisions contained herein or any default by the Company in the observance or performance of any covenant or condition required by the Lender to be observed or performed by the Company; provided always that no act or omission by the Lender in the premises shall extend to or be taken in any manner whatsoever to affect any subsequent breach or default or the rights resulting therefrom.

9.4 **No Merger.** Neither the taking of any judgment nor the exercise of any power of seizure or sale shall operate to extinguish the liability of the Company to make payment of or to satisfy the obligations hereunder nor shall the acceptance of any payment or alternate security constitute or create any novation, and it is further agreed that the taking of a judgment or judgments under any of the covenants herein contained shall not operate as a merger of such covenants.

## 10. DEBENTURE REPRESENTATIVE

10.1 The Lender, together with the other Debenture Holders, shall be entitled to designate a representative (the “**Investor Representative**”) from time to time, to be elected by Debenture Holder Resolution.

## 11. SATISFACTION AND DISCHARGE

11.1 **Cancellation and Destruction.** Upon payment by the Company of the outstanding Convertible Indebtedness hereunder and accrued unpaid Interest and all other obligations of the Company hereunder or secured hereby, the Lender shall upon request in writing by the Company deliver this Debenture to the Company and shall at the expense of the Company cancel and discharge the charge of this Debenture and execute and deliver to the Company such deeds or other instruments as shall be requisite to discharge the charge hereby constituted.

11.2 **Non-Presentation of Debenture.** If the Lender fails to present this Debenture for payment at the Forced Conversion Date or Conversion Notice Maturity Date, the Company will be entitled to set aside the outstanding Convertible Indebtedness hereunder and/or the accrued unpaid Interest payable on or represented by this Debenture and in respect whereof such monies have been set aside will be deemed to have been paid and the Lender will thereafter have no right in respect thereof except that of receiving payment of the monies so set aside by the Company (without

interest on such monies) upon due presentation and surrender thereof, subject always to the provisions of Article 9.

- 11.3 **Release from Covenants.** Upon full payment of the outstanding Convertible Indebtedness hereunder and accrued unpaid Interest (including Overdue Interest) and other monies payable hereunder have been paid to the Lender; the Lender will, at the request and at the expense of the Company, execute and deliver to the Company such deeds or other instruments as are necessary to release the Company from its covenants herein contained.

## 12. MISCELLANEOUS

- 12.1 The Lender, without exonerating in whole or in part the Company, may grant time, renewals, extensions, indulgences, releases and discharges to, may take securities from and give the same and any or all existing securities up to, may abstain from taking securities from or from perfecting securities of, may accept compositions from, and may otherwise deal with the Company and all other persons and securities as the Lender may see fit.
- 12.2 Nothing herein shall obligate the Lender to make any advance or loan or further advance or loan or to renew any note or extend any time for payment of any indebtedness of the Company to the Lender.
- 12.3 This Debenture is in addition to, not in substitution for and shall not be merged in any other agreement, security, document or instrument now or hereafter held by the Lender.
- 12.4 This Debenture shall be binding upon the Company and its successors and assigns including any successor by reason of amalgamation of or any other change in the Company and shall enure to the benefit of the Lender and its successors and assigns; provided that, unless an Event of Default has occurred and is continuing, the Lender shall not assign any of its rights or obligations hereunder without the prior written consent of the Company, which consent is not to be unreasonably withheld. The Company shall not assign any of its rights or obligations hereunder without the prior written consent of the Lender, not to be unreasonably withheld.
- 12.5 All notices, requests, demands or other communications (collectively, “**Notices**”) by the terms hereof required or permitted to be given by one party to any other party, or to any other person shall be given in writing by personal delivery, facsimile transmission or email communication to such other party as follows:

To the Company at: Suite 340, 318 – 11<sup>th</sup> Avenue S.E.  
Calgary, Alberta  
T2G 0Y2  
Email: [gbreese@katipult.com](mailto:gbreese@katipult.com)  
Attention: Gord Breese, Chief Executive Officer

to the Lender at: the address or facsimile specified on the first page of this Debenture

or at such other address as may be given by such person to the other Parties hereto in writing from time to time. All such Notices shall be deemed to have been received when delivered or transmitted.

- 12.6 Time shall be of the essence.
- 12.7 This Debenture may be executed and delivered in as many counterparts and by electronic transmission as may be necessary and each of which so signed and delivered will be deemed to be an original and such counterparts and electronic transmissions together will constitute one and the

same instrument and notwithstanding the date of execution will be deemed to bear the date set forth above. The words “execution,” “signed,” “signature,” and words of like import in this Debenture or any other Debenture Document shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any Applicable Law.

**IN WITNESS WHEREOF** the Parties hereto have executed this Debenture as of the date first above written.

**KATIPULT TECHNOLOGY CORP.**

By: *Gord Breese*  
\_\_\_\_\_  
Name: Gord Breese  
Title: Chief Executive Officer



Acknowledged and Agreed as of the date first above written.

**LENDER**

By: 

Name: Mark Miller

Title:

**SCHEDULE A**

**FORM OF CONVERSION NOTICE**

**TO: KATIPULT TECHNOLOGY CORP.** (the “Company”)

The undersigned, registered holder of the attached Debenture, hereby irrevocably elects to convert such the Convertible Indebtedness and accrued unpaid Interest under such Debenture (or \$ \_\_\_\_\_ principal amount and \$ \_\_\_\_\_ Interest thereof) into \_\_\_\_\_ Common Shares of the Company in accordance with the terms of such Debenture and directs that such Common Shares issuable and deliverable upon the conversion be issued and delivered to the person indicated below (provided that if the person indicated below is not the undersigned, then the undersigned acknowledges and agrees that the delivery of such Common Shares to the person indicated below fully satisfies repayment of the amount of the Convertible Indebtedness and accrued unpaid Interest under such Debenture converted into such Common Shares).

**DATED** the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

**[HOLDER NAME]**


**Per:** \_\_\_\_\_  
**Name:**  
**Title:**

**REGISTER AND DELIVER AS FOLLOWS:**

Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

THIS IS EXHIBIT F TO THE AFFIDAVIT  
OF DONNA ROSS FERRARA, SWORN OR  
AFFIRMED FEBRUARY 10, 2025

  
\_\_\_\_\_  
A NOTARY PUBLIC/  
COMMISSIONER FOR OATHS IN AND FOR  
THE PROVINCE OF ALBERTA

**Armaan Dhillon**  
**Student at Law**

# **GENERAL SECURITY AGREEMENT**

made by

**KATIPULT TECHNOLOGY CORP.**

(the "**Debtor**")

in favour of

**NATIONAL BANK ITF BRIAN CRAIG, MGB INVESTMENT LIMITED  
PARTNERSHIP, JOSEPH OSINSKI AND JUDY OSINSKI, MARK MILLER AND  
DONNA ROSS-FERRARA**

(collectively, the "**Secured Parties**", and each a "**Secured Party**")

dated as of

**July 18, 2024**

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This **GENERAL SECURITY AGREEMENT**, dated as of July 18, 2024 (as amended, amended and restated, renewed, extended, supplemented, replaced or otherwise modified from time to time in accordance with the provisions hereof, this "**Agreement**"), is made by Katapult Technology Corp., an Alberta corporation (the "**Debtor**"), in favour of the Secured Parties.

**WHEREAS**, the Secured Parties and the Debtor have each entered into amended and restated secured convertible debentures dated as of July 18, 2024 (as amended, amended and restated, renewed, extended, supplemented, replaced or otherwise modified from time to time, the "**Convertible Debentures**") under which the Secured Parties have made loans available to the Debtor (the "**Loans**");

**AND WHEREAS**, this Agreement is given by the Debtor in favour of the Secured Parties to secure the payment and performance of all of the Secured Obligations (defined below) in accordance with the terms of the Convertible Debentures;

**NOW, THEREFORE**, in consideration of the Secured Parties entering into the Convertible Debentures and agreeing to make the Loans available to the Debtor, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Debtor agrees as follows.

## **ARTICLE I DEFINITIONS**

### **Section 1.01 Definitions.**

- (a) Capitalized terms that are used but not defined in this Agreement shall have the respective meanings assigned to such terms in the Convertible Debentures. Unless otherwise defined herein or in the Convertible Debentures, terms used herein that are defined in the PPSA shall have the meanings assigned to them in the PPSA.
- (b) For purposes of this Agreement, the following terms shall have the following meanings:

"**Charge**" means the security interests, assignments, mortgages, liens, charges, hypothecations, pledges and other security interests granted hereunder.

"**Collateral**" is defined in Section 2.01.

"**Equity Interests**" means, with respect to any Person, all of the securities, investment property, units, trust units, partnership, membership and other equity interests, participations, investment certificates, notes (or other ownership or profit interests in) in or of such Person (collectively, "**ownership interests**"), all of the warrants, options or other rights for the purchase or acquisition from such Person of ownership interests in such Person, all of the securities convertible into or exchangeable for ownership interests in such Person or warrants, rights or options for the purchase or acquisition from such Person of ownership interests, and all of the other ownership or profit interests in such Person (including partnership, member or trust interests therein), whether voting or non-voting, and whether or not such ownership interests are outstanding on any date of determination.

"**Event of Default**" has the meaning given to it in the Convertible Debentures.

"**Intellectual Property**" means any intellectual or intangible property and proprietary rights (whether owned or licensed) including trademarks, trademark applications and registrations, service marks, trade styles, trade names, patents, patent applications and registrations, copyrights, copyright registrations and applications, works of authorship, industrial designs, industrial design applications and registrations, integrated circuit topographies, know-how and processes, trade secrets, inventions, formulas, processes, mask works, other business or technical confidential or proprietary information, software and computer hardware programs and systems, source codes, object codes, databases and documentation related to the foregoing, all domain names, internet addresses, internet sites and social media, including all related accounts, names and content and other proprietary information, and all rights to sue at law or in equity for any past, present, or future infringement, violation, misuse, misappropriation or other impairment thereof, whether arising under the laws of Canada, the laws of any Canadian province or territory or foreign laws or otherwise, including the right to receive injunctive relief and all proceeds and damages therefrom.

"**Permitted Encumbrances**" has the meaning given to it in the Convertible Debentures.

"**Person**" means any corporation, company, partnership, association, unincorporated association, entity, trust, joint venture, individual, estate, sole proprietorship, institution or any governmental entity.

"**PPSA**" means the *Personal Property Security Act* as in effect from time to time in the Province of Alberta and in each other applicable jurisdiction from time to time.

"**Proceeds**" means "proceeds" as such term is defined in section 1(1) of the PPSA and, in any event, shall include all dividends or other income from the Collateral, collections thereon or distributions with respect thereto.

"**Receiver**" is defined in Section 14.03(i).

"**Representative**" means the representative of the Secured Parties, as appointed by the Secured Parties from time to time.

"**Restricted Asset**" is defined in Section 2.03.

"**Secured Obligations**" is defined in Section 3.01.

"**Secured Parties**" means National Bank of Canada in trust for Brian Craig, MGB Investment Limited Partnership, Joseph Osinski and Judy Osinski, Mark Miller, and Donna Ross-Ferrara, including their successors and assigns.

"**STA**" means the *Securities Transfer Act, 2006*, as in effect from time to time in the Province of Alberta and in each other applicable jurisdiction from time to time.



"ULC" means an issuer that is an unlimited company, unlimited liability corporation or an unlimited liability company.

"ULC Legislation" means the *Companies Act* (Nova Scotia), the *Business Corporations Act* (Alberta), the *Business Corporations Act* (British Columbia) and other present or future laws governing ULCs.

"ULC Shares" means shares or other Equity Interests in a ULC.

**Section 1.02 Interpretation.** The division of this Agreement into Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "hereunder" and similar expressions refer to this Agreement and not to any particular section or other portion hereof and include any agreements supplemental hereto. Unless expressly indicated otherwise, all references to "Section", "Sections", "Article" or "Articles" are intended to refer to a Section, Sections, an Article or Articles of this Agreement as applicable. Words importing the singular number only shall include the plural and vice versa, words importing the masculine gender shall include the feminine and neuter genders and vice versa and words and terms denoting inclusiveness (such as "include" or "includes" or "including"), whether or not so stated, are not limited by their context or by the words or phrases which precede or succeed them.

## ARTICLE II GRANT OF SECURITY INTEREST

**Section 2.01 Grant of Security Interest.** As security for the payment and performance of the Secured Obligations, the Debtor hereby grants, assigns, transfers, sets over, mortgages, charges, and pledges to the Secured Parties, and hereby creates a general and continuing security interest in favour of the Secured Parties in and to all of the Debtor's right, title and interest in and to the following, wherever located, whether now existing or hereafter from time to time arising or acquired (collectively, the "**Collateral**"):

- (a) all present and after-acquired personal property, assets and undertaking of the Debtor of every kind and nature whatsoever, including all Accounts, Goods (including Inventory, Equipment and motor vehicles, but excluding Consumer Goods), Intangibles, Intellectual Property, Chattel Paper, Documents of Title, Instruments, Securities and all other Investment Property, Money, and any other contract rights or rights to the payment of money;
- (b) all Proceeds and products of each of the foregoing, including any and all Proceeds of any insurance, indemnity, compensation for loss or damage, warranty or guarantee payable to the Debtor from time to time with respect to any of the foregoing;
- (c) all books and records relating to the foregoing, including in any form or medium;
- (d) all supporting obligations relating to the foregoing; and

- (e) all additions, accessions to, substitutions and replacements for, and rents, profits and products of, each of the foregoing.

The last day of the term of any lease, verbal or written, or any agreement to lease, now held or hereafter acquired by the Debtor is hereby excepted from the Charge, but should the Secured Parties need to enforce the Charge against the Collateral, the Debtor shall hold such last date in trust for the Secured Parties and shall assign it to any person acquiring the term or that part of the term that is charged in the course of any enforcement or realization of the Collateral.

The Charge shall not render any Secured Party liable to observe or perform any term, covenant or condition of any agreement, document or instrument to which the Debtor is a party or by which it is bound.

For greater certainty, (i) a security interest is taken in all of the Debtor's present and after acquired personal property; and (ii) the Collateral does not include any Consumer Goods.

**Section 2.02 Attachment of Security Interest.** 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 Agreement. The Debtor acknowledges that any security interest in this Agreement shall attach to existing Collateral upon the execution of this Agreement and to each item of after-acquired Collateral at the time that the Debtor acquires rights in such after-acquired Collateral.

**Section 2.03 Limitation on Grant of Security Interest.**

- (a) Notwithstanding Section 2.01, to the extent that an assignment of amounts payable and other proceeds arising under, or the grant of a security interest in, any agreement, licence, permit or quota of the Debtor would result in the termination of such agreement, licence, permit or quota (each, a “**Restricted Asset**”), the Charge with respect to such Restricted Asset will constitute a trust created in favour of the Secured Parties pursuant to which the Debtor holds as trustee all proceeds arising under or in connection with the Restricted Asset in trust for the Secured Parties on the following basis:
  - (i) until the Charge has become enforceable and subject to the Convertible Debentures, the Debtor may receive all such proceeds; and
  - (ii) whenever the Charge has become enforceable, (A) all rights of the Debtor to receive proceeds shall cease and all proceeds shall be immediately paid over to the Secured Parties, and (B) the Debtor shall take all actions requested by the Secured Parties to collect and enforce payment and other rights arising under the Restricted Asset.
- (b) The Debtor will use all commercially reasonable efforts to obtain the consent of each other party to any and all Restricted Assets to the assignment of such Restricted Assets to the Secured Parties in accordance with this Agreement. The Debtor will also use all commercially reasonable efforts to ensure that no material

agreement entered into on or after the date of this Agreement shall expressly prohibit assignment of the benefits of such agreement as collateral security to the Secured Parties.

**Section 2.04 Subordination.** All of the rights and remedies of the Secured Parties under this Agreement in respect of the Collateral shall be subordinated to the RBC Security and the Bridge Loan Security.

**Section 2.05 Security Interest Absolute.** The Charge granted hereby and all rights of the Secured Parties hereunder and all obligations of the Debtor hereunder are unconditional and absolute and independent and separate from any other security for the Secured Obligations, whether executed by the Debtor or any other person.

**Section 2.06 Continuing Liability of the Debtor.** This Agreement and the Charge granted hereby is granted as collateral security only and will not subject any Secured Party to, or transfer or in any way affect or modify, any obligation or liability of the Debtor with respect to any of the Collateral or any transaction in connection therewith.

### **ARTICLE III SECURED OBLIGATIONS**

**Section 3.01 Secured Obligations.** The Collateral secures the payment and performance of all present and future obligations of the Debtor to the Secured Parties from time to time including all present and future obligations of the Debtor arising under or in connection with the Debenture Documents, whether primary, secondary, direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, whether the indebtedness is reduced and thereafter increased or entirely extinguished and thereafter incurred again, whether incurred by the Debtor alone or with another or others and whether as a principal or surety, and including the payment and discharge of: (i) the principal of and premium, if any, and interest on each Loan, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise; and (ii) all other present and future obligations and liabilities, including fees, costs, legal fees and disbursements, reimbursement obligations, contract causes of action, expenses and indemnities related thereto (all such obligations, covenants, duties, debts, liabilities, sums, fees, expenses and all other "Secured Obligations" (as defined in each of the Convertible Debentures) being herein collectively called the "**Secured Obligations**").

### **ARTICLE IV PERFECTION OF SECURITY INTEREST AND FURTHER ASSURANCES**

**Section 4.01 Perfection.** The Debtor shall, from time to time, and at its expense, take all actions as may be requested by the Secured Parties to perfect the security interest of the Secured Parties in the Collateral.

**Section 4.02 Intellectual Property.** The Debtor hereby further authorizes the Secured Parties to file with the Canadian Intellectual Property Office this Agreement and any other documents for the purpose of recording, perfecting, confirming, continuing, enforcing or protecting the security interests in Intellectual Property granted by the Debtor hereunder.

**Section 4.03 Tangible Chattel Paper, Documents of Title, Instruments.** If the Debtor shall at any time hold or acquire any promissory notes, tangible chattel paper, negotiable documents of title or warehouse receipts relating to the Collateral, the Debtor shall immediately endorse, assign and deliver possession of the same to the Secured Parties, accompanied by such instruments of transfer or assignment duly executed in blank as the Secured Parties may from time to time specify.

**Section 4.04 Control.**

- (a) **Control Agreement.** Where Investment Property (i) is held in an account of a securities intermediary, the Debtor shall enter into, and use commercially reasonable efforts to cause any securities intermediary for any securities accounts or entitlements forming part of the Collateral to enter into, a securities account control agreement between the Secured Parties, the Debtor and said securities intermediary in a form and substance acceptable to the Secured Parties; and (ii) consists of uncertificated securities and is not held in an account of a securities intermediary, the Debtor shall enter into, and use commercially reasonable efforts to cause any issuer of uncertificated securities forming part of the Collateral to enter into, a securities account control agreement between the Secured Parties, the Debtor and said issuer, in a form and substance acceptable to the Secured Parties.
- (b) **Certificates.** The Debtor shall promptly, in a manner satisfactory to the Secured Parties: (i) cause a security certificate to be issued for any Investment Property that is in the form of an uncertificated security to the extent that such request can be accommodated by the Issuer thereof; (ii) duly endorse all share certificates at any time held or acquired by it relating to the Collateral in blank for transfer or execute stock powers of attorney in blank in form and substance satisfactory to the Secured Parties; (iii) deliver such share certificates and stock powers to the Secured Parties; and (iv) take all other steps to give exclusive control over such certificated securities to the Secured Parties.
- (c) **Electronic Chattel Paper.** Where Collateral includes electronic chattel paper, the Debtor shall take all commercially reasonable efforts required by the Secured Parties to cause the record comprising such chattel paper to be created, stored and transferred in a manner satisfactory to the Secured Parties and which will provide the Secured Parties with control of the electronic chattel paper.

**Section 4.05 Copy of Verification Statement.** To the extent permitted by law, the Debtor hereby waives its right to receive a copy of any financing statement, financing change statement or verification statement filed or received by or on behalf of the Secured Parties in connection with the Secured Parties' interest in the Collateral.

**Section 4.06 Further Assurances.** The Debtor agrees that, at any time and from time to time, at the expense of the Debtor, the Debtor will promptly execute and deliver all further instruments and documents, obtain such agreements from third parties, and take all further action, that may, in the opinion of any Secured Party, be necessary or desirable, or that the Secured Parties may reasonably request to create and maintain the validity, perfection or priority of and protect any

security interest granted or purported to be granted hereby (including providing the Secured Parties with a fixed and specific mortgage) or to enable the Secured Parties to exercise and enforce their rights and remedies hereunder or under the Convertible Debentures with respect to any Collateral.

## **ARTICLE V REPRESENTATIONS AND WARRANTIES**

**Section 5.01 Representations and Warranties.** The Debtor represents and warrants as follows:

- (a) **Location of Collateral and Places of Business.** The Debtor's place or places of business, chief executive office, jurisdiction of incorporation and the location or locations of the Collateral, including all books and records in respect of Accounts, are set out in Schedule A hereto.
- (b) **Ownership and Title.** The Debtor is the sole, direct, legal and beneficial owner of, and has good marketable title to, all existing Collateral and shall be the sole, direct, legal and beneficial owner of, and have good marketable title to, each item of after-acquired Collateral free and clear of all Liens except for the Liens created by this Agreement and Permitted Encumbrances.
- (c) **Existence and Capacity.** The Debtor has been duly incorporated and validly exists under the laws of its jurisdiction of incorporation and has full power, capacity, authority and legal right to borrow, grant a security interest in the Collateral, execute and deliver this Agreement and perform its obligations under this Agreement and the full and correct name of the Grantor is set forth on the first page of this Agreement.
- (d) **Binding Obligation.** Each of this Agreement and the Convertible Debentures has been duly authorized, executed and delivered by the Debtor and constitutes a legal, valid and binding obligation of the Debtor enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium, arrangement, or other similar laws affecting creditors' rights generally and subject to equitable principles (regardless of whether enforcement is sought in equity or at law).
- (e) **No Governmental or Regulatory Approvals.** No authorization, approval, or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the borrowing of the Loans and the pledge by the Debtor of the Collateral under this Agreement or for the execution and delivery of the other Convertible Debentures by the Debtor or the performance by the Debtor of its obligations thereunder.
- (f) **No Violation of Laws, Constating Documents, Agreements.** The execution and delivery of the Convertible Debentures and this Agreement by the Debtor and the performance by the Debtor of its obligations thereunder, will not violate any

provision of any Applicable Laws or any order, judgment, writ, award or decree of any court, arbitrator or governmental authority, domestic or foreign, applicable to the Debtor or any of its property, or the constating or governing documents of the Debtor or any agreement or instrument to which the Debtor is party or by which it or its property is bound.

- (g) **Equity Interests Validly Issued.** The Equity Interests have been duly authorized and validly issued and are fully paid and non-assessable and subject to no options to purchase or similar rights. No Person (other than the Debtor) has any right to acquire or cause to be issued to them any of the Equity Interests.
- (h) **Delivery of Certificated Securities.** The Collateral does not include any certificated securities that the Debtor has not delivered to the Secured Parties.
- (i) **Perfection by Control.** The Debtor has taken all action required on its part for control to have been obtained by the Secured Parties over all Collateral with respect to which such control may be obtained pursuant to the PPSA and the STA. No person other than the Secured Parties has control or possession of all or any part of the Collateral.
- (j) **Investment Property.** No Investment Property is in the possession or control of any person asserting a claim thereto or security interest or other lien therein, except that any Secured Party or its nominee or a securities intermediary acting on its behalf may have possession or control of the Investment Property.

## ARTICLE VI VOTING, DISTRIBUTIONS AND RECEIVABLES

**Section 6.01 Voting.** Unless a Default or an Event of Default shall have occurred and be continuing, the Debtor may, to the extent the Debtor has such right as a holder of the Collateral consisting of Investment Property, other Equity Interests or indebtedness owed by any obligor, vote and give consents, ratifications and waivers with respect thereto, except to the extent that, in the Secured Parties' reasonable judgment, any such vote, consent, ratification or waiver would detract from the value thereof as Collateral or which would be inconsistent with or result in any violation of any provision of the Convertible Debentures or this Agreement.

**Section 6.02 Distributions.** The Debtor may, unless a Default or an Event of Default shall have occurred and be continuing, receive and retain all dividends and other distributions with respect to the Collateral consisting of securities, other than Equity Interests or indebtedness owed by any obligor. All payments which are received by the Debtor contrary to the provisions of this Section 6.02 will be held by the Debtor in trust for the benefit of the Secured Parties, will be segregated from other property or funds of the Debtor and will be forthwith paid or delivered, as applicable, to the Secured Parties or their nominee to be applied on account of the Secured Obligations or to hold as Collateral, as the Secured Parties may see fit, subject to the relevant provisions of the Convertible Debentures.

**Section 6.03 Receivables.** After an Event of Default has occurred and is continuing, the Secured Parties may, or at the request and option of the Secured Parties, the Debtor shall: (i) notify account debtors of the Secured Parties' security interests in any account, chattel paper, intangible, instrument or other Collateral; and (ii) direct that payment thereof is to be made directly to the Secured Parties.

## **ARTICLE VII COVENANTS**

**Section 7.01 Covenants.** The Debtor covenants as follows:

- (a) **Consent re: Change of Legal Name and Place of Business.** The Debtor will not, without the consent of the Secured Parties, change its legal name, jurisdiction of incorporation or formation, corporate structure, or the province or territory in which its registered office, chief executive office or its principal place of business is located. The Debtor will, prior to any change described in the preceding sentence, take all actions requested by the Secured Parties to maintain the perfection and priority of the Secured Parties' security interest in the Collateral.
- (b) **Consent re: Change of Location of Collateral.** The Collateral, to the extent not delivered to the Secured Parties under ARTICLE IV, will be kept at those locations listed in **Schedule A** and, except for Inventory sold or leased in the ordinary course of business, the Debtor will not remove the Collateral from such locations except as permitted in the Convertible Debentures or with the Secured Parties' prior written consent. The Debtor will, before any change described in the preceding sentence, take all actions required by the Secured Parties to maintain the perfection and priority of the Secured Parties' security interest in the Collateral.
- (c) **Dealing with Collateral: No Sale or Liens.** The Debtor will not sell, dispose of, lease, license, assign or otherwise transfer any of the Collateral except as expressly provided for in the Convertible Debentures or with the prior written consent of the Secured Parties. The Debtor will not grant, create, permit or suffer to exist any Liens whatsoever on the Collateral except Permitted Encumbrances or with the prior written consent of the Secured Parties.
- (d) **Maintenance and Protection of Collateral.** The Debtor will keep the Collateral in good order, condition and repair so as to protect and preserve the Collateral and will not permit the Collateral to be affixed to real or personal property so as to become a fixture or accession without the prior written consent of the Secured Parties. The Debtor will not use the Collateral in violation of this Agreement, or any other agreement relating to the Collateral or any policy of insurance thereon, or any Applicable Law. The Debtor will keep all licences, permits, agreements, registrations and applications relating to the Intellectual Property used by the Debtor in good standing. The Debtor shall, at its own cost and expense, defend title to the Collateral and the Liens of the Secured Parties therein against the claim or demand of any person claiming against or through the Debtor and shall

maintain and preserve such perfected security interests for so long as this Agreement shall remain in effect.

- (e) **Performance of Obligations.** The Debtor will pay promptly when due all taxes, assessments, governmental charges, and levies upon the Collateral or incurred in connection with the use or operation of the Collateral or incurred in connection with this Agreement. The Debtor shall perform all of its obligations under material agreements, leases, licences, arrangements to obtain and preserve its rights, powers, licences, privileges and goodwill thereunder and comply with all Applicable Laws, by-laws, rules and regulations so as to preserve and protect the Collateral and the Debtor's business.
- (f) **Access to Collateral, Inspection.** The Debtor will permit the Secured Parties, and its representatives, agents, consultants and advisors, to inspect the Collateral from time to time and to examine and take extracts of its books and records (electronic or hard copy), at any reasonable time and on reasonable notice, wherever located. The Debtor shall, upon request by any Secured Party, provide the Secured Parties with any information concerning the Collateral, the Debtor and its business, as any Secured Party may reasonably request, including access to the Debtor's senior executives, accountants and auditors to discuss any information concerning the Collateral.
- (g) **Notification.** The Debtor shall notify the Secured Parties within 5 business days of: (i) the details of any material acquisition of Collateral; (ii) the details of any material litigation in connection with the Debtor, the Collateral or the Debtor's business; (iii) any loss or damage to the Collateral or the value of the Collateral; and (iv) any default by any account debtor in the payment or performance of its obligations.
- (h) **Insurance.** The Debtor shall insure the Collateral against loss or damage by fire and such other risks and hazards, in such amounts and upon such other terms as set out in the Convertible Debentures. Any insurance proceeds received by the Secured Parties shall be applied against the Secured Obligations or released to the Debtor as set out in the Convertible Debentures, without prejudice to any rights or remedies of the Secured Parties.
- (i) **Intellectual Property.** The Debtor will make and maintain all filings, registrations and recordations necessary to maintain its rights in the patents, trademarks, copyrights and industrial designs included in the Intellectual Property.
- (j) **Information.** The Debtor will provide to the Secured Parties, promptly upon request, all information and evidence any Secured Party may reasonably request concerning the Collateral to enable such Secured Party to enforce the provisions hereof.



**ARTICLE VIII**  
**SURVIVAL OF REPRESENTATIONS AND WARRANTIES AND COVENANTS**

**Section 8.01 Survival of Representations and Warranties and Covenants.** All representations, warranties and covenants made by the Debtor shall survive the execution and delivery of this Agreement and remain in full force and effect until the payment in full of the Secured Obligations.

**ARTICLE IX**  
**APPOINTMENT; INTERCREDITOR ARRANGEMENTS**

**Section 9.01** Subject to the terms and conditions contained in this Agreement, each of the Secured Parties hereby designate and appoint Michael G. Broadfoot as the Representative under this Agreement and the other Debenture Documents, and each of them hereby authorizes the Representative to take such action on its behalf under the provisions of this Agreement and each other Debenture Document and to exercise such powers as are set forth herein or therein, together with such other powers as are incidental thereto. The Representative agrees to act as such on the express terms and conditions contained in this Agreement. Notwithstanding the use of the defined term “Representative”, it is expressly understood and agreed that the Representative shall not have any fiduciary responsibilities to any Secured Party by reason of this Agreement and that the Representative is merely acting as the representative of the Secured Parties with only those duties as are expressly set forth in this Agreement and each other Debenture Document. In its capacity as the Secured Parties’ contractual representative, the Representative (a) does not assume any fiduciary duties to any of the Secured Parties and (b) is acting as a gratuitous independent contractor, the rights and duties of which are limited to those expressly set forth in this Agreement and each other Debenture Document. The Representative (in its capacity as such) shall not be liable for its actions in any capacity other than its Representative capacity and, with respect to its Representative capacity, shall be liable only as a result of its own gross negligence or wilful misconduct, as determined by a final order of a court of competent jurisdiction that is not subject to further appeal.

**Section 9.02** Except as otherwise provided in this Section 9.02 or otherwise in this Agreement, the Representative may, and at the written direction of the Secured Parties, subject to the terms hereof, shall, take or refrain from taking any action with respect to the Collateral (with a copy of any such direction by the Secured Parties to the Debtor; provided, that failure to give such copy shall not affect the validity of such action, cause a forfeiture of any rights of the party failing to give such copy or create any claim or right on behalf of the Debtor). Notwithstanding the foregoing, the Representative shall not be obligated to take any such action (i) which is in conflict with any provisions of applicable law or of this Agreement or any other Debenture Document or (ii) with respect to which the Representative, in his opinion, shall not have been provided adequate security and indemnity against the costs, expenses and liabilities that may be incurred by it as a result of compliance with such direction. Under no circumstances shall the Representative be liable for following the written direction of the Secured Parties.

**Section 9.03** The Charge shall secure all Secured Obligations on a *pro rata* and *pari passu* basis, regardless of:

- (a) how a Lien was acquired (whether by grant, possession, statute, operation of law, subrogation, or otherwise);
- (b) the time, manner, or order of the grant, attachment, or perfection of a Lien;
- (c) any conflicting provision of the PPSA, the STA or other Applicable Law;
- (d) any defect in, or non-perfection, setting aside, or avoidance of, a Lien or any Debenture Document;
- (e) the modification of any Debenture Document;
- (f) the exchange of a security interest in any Collateral for a security interest in other Collateral;
- (g) the commencement of an insolvency proceeding; or
- (h) any other circumstance whatsoever, including a circumstance that might be a defense available to, or a discharge of, the Debtor in respect of any Secured Obligation.

## **ARTICLE X SECURED PARTIES POWER OF ATTORNEY**

**Section 10.01 Secured Parties Power of Attorney.** The Debtor hereby irrevocably constitutes and appoints the Representative as the Debtor's true and lawful attorney, with full power of substitution and with full authority in the place and stead of the Debtor and in the name of the Debtor or otherwise, from time to time, during the continuance of an Event of Default, in the Representative's discretion to take any action and to execute any instrument which the Secured Parties may deem necessary or advisable in his sole discretion to accomplish the purposes of this Agreement, including, without limitation, to receive, endorse and collect all instruments made payable to the Debtor representing any dividend, interest payment or other distribution in respect of the Collateral or any part thereof and to give full discharge for the same, to transfer, endorse, negotiate and sign on behalf of the Debtor any of the Equity Interests, to complete the blanks in any transfers of shares, bonds or debentures, any power of attorney or other documents delivered to it, to provide instructions or entitlement orders to any securities intermediary which maintains any securities account in which any Collateral is maintained, and to delegate its powers and for any delegate to sub-delegate the same (but the Representative shall not be obligated to and shall have no liability to the Debtor or any third party for failure to do so or take any action). Such appointment, being coupled with an interest, shall be irrevocable until the full and final discharge of the security interests created by this Agreement. The Debtor hereby ratifies all acts that such attorneys shall lawfully do or cause to be done by virtue hereof.

## **ARTICLE XI ULC INTERESTS**

**Section 11.01 ULC Interests.** The Debtor acknowledges that the Secured Parties shall not under any circumstances prior to realization be deemed to be a "member" or "shareholder", as applicable, of a ULC for the purposes of ULC Legislation with respect to any Collateral that consists of ULC Shares. Except upon the exercise of rights of the Secured Parties to sell, transfer or otherwise dispose of ULC Shares in accordance with this Agreement, the Debtor shall not cause or permit, or enable the ULC to cause or permit, the Secured Parties or another Person, as applicable to: (a) be registered as shareholder or member of such ULC for the purposes of any ULC Law (whether listed or unlisted, registered or beneficial); (b) have any notation entered in their favour in the share or unit register of such ULC; (c) be held out as a shareholder or member of such ULC; (d) receive, directly or indirectly, any dividends, property or other distributions from such ULC by reason of the Secured Parties holding the security interests over the ULC Shares; or (e) act as a shareholder or member of such ULC or exercise any rights of a shareholder or member, including the right to attend a meeting of shareholders or members of such ULC or to vote its ULC Shares or control the direction, management and policies of the applicable ULC.

## **ARTICLE XII SECURED PARTIES MAY PERFORM**

**Section 12.01 Secured Parties May Perform.** If the Debtor fails to perform any obligation contained in this Agreement, any Secured Party may perform, or cause performance of, such obligation, and the costs and expenses of the Secured Parties incurred in connection therewith shall be payable by the Debtor; provided that no Secured Party shall be required to perform or discharge any obligation of the Debtor and the performance by any Secured Party shall not waive the rights of the Secured Parties to enforce this Agreement.

## **ARTICLE XIII SET-OFF**

**Section 13.01 Set-Off.** Upon the occurrence of an Event of Default, each Secured Party may, without notice to the Debtor or any other Person, any notice being expressly waived, set-off and apply all amounts standing to or for the credit of the Debtor from such Secured Party or any of such Secured Party's affiliates, in any currency, against and on account of all or any part of the Secured Obligations, all as such Secured Party may see fit (in its sole discretion), whether or not the Secured Obligations are due and payable. Each Secured Party's records are proof of such recording absent manifest error. When applying a deposit or other obligation in a different currency than the Secured Obligations to the Secured Obligations, each Secured Party will convert the deposit or other obligation to the currency of the Secured Obligations using the rate of exchange for the conversion of such currency as determined by the Secured Parties.

## **ARTICLE XIV REMEDIES UPON DEFAULT**

**Section 14.01 Right to Accelerate Payment.** Upon the occurrence of an Event of Default that is continuing, any Secured Party may, by notice, terminate any further advances and declare any or all of the Secured Obligations to be immediately due and payable, whereupon, all of the Secured

Obligations shall become and be immediately due and payable without presentment, demand, protest or further notice, all of which are hereby expressly waived by the Debtor.

**Section 14.02 Enforcement of Security Interest.** Upon the occurrence of an Event of Default that is continuing, each Secured Party may proceed to realize upon the Collateral and immediately enforce its rights and remedies.

**Section 14.03 Remedies upon Default.** Upon the occurrence of an Event of Default that is continuing, any Secured Party may exercise, without any other notice to or demand upon the Debtor, in addition to the other rights and remedies provided herein or in the Convertible Debentures or otherwise available to it, the following rights and remedies (which rights and remedies may be exercised independently or in combination):

- (a) each Secured Party may assert all rights and remedies of a Secured Party under the PPSA or other Applicable Law;
- (b) each Secured Party may take such steps as it considers desirable to maintain, preserve or protect the Collateral or its value;
- (c) each Secured Party may take possession of the Collateral by requiring the Debtor to assemble the Collateral or any part thereof and deliver the Collateral, or make the Collateral available, to such Secured Party at a place and time to be designated by the Secured Parties;
- (d) each Secured Party may take possession of the Collateral by carrying on all or any part of the business of the Debtor, and may to the exclusion of all others, including the Debtor, enter upon, occupy and use any of the premises; buildings, plants and undertakings owned, occupied or used by the Debtor and may use any of the tools, machinery, equipment and intangibles (including Intellectual Property) of the Debtor for such time as such Secured Party sees fit, free of charge and without liability, in order to carry on the business of the Debtor or to manufacture or complete the manufacture of Inventory and to pack and ship finished products; and no Secured Party will be liable to any Debtor for any neglect in so doing (other than gross negligence or wilful misconduct on their part thereof as determined by a final non-appealable judgment of a court of competent jurisdiction) or in respect of any rent, charges, depreciation or damages in connection with such actions;
- (e) each Secured Party may enter upon and occupy any land and premises owned, leased or occupied by the Debtor where the Collateral or any part thereof is assembled or located in order to effectuate its rights and remedies hereunder or under law, without obligation whatsoever to the Debtor;
- (f) each Secured Party may borrow money required for the maintenance, preservation or protection of the Collateral or any part thereof, or to carry on the business, and may further charge the Collateral in priority to the security constituted by this Security Agreement;

- (g) each Secured Party may exercise and enforce all rights and remedies of the Debtor with respect to the Collateral, including collecting or compromising all or any of the Debtor's Accounts;
- (h) each Secured Party may sell, lease, license, or otherwise dispose of all or any part of the Collateral by private sale or public sale or otherwise, and upon such other terms and conditions (including as to credit, upset or reserve bid or price) as the Secured Parties may deem commercially reasonable and without notice to the Debtor unless required by law and may execute and deliver to the purchaser or purchasers of the Collateral or any part thereof a good and sufficient deed or conveyance or deeds or conveyances for the same, the Representative being hereby constituted the irrevocable attorney of the Debtor for the purpose of making such sale and executing such deeds or conveyances, and any such sale made as aforesaid shall be a perpetual bar both in law and in equity against the Debtor and all other persons claiming all or any part of the Collateral by, from, through or under the Debtor (or any one or more of them). For such purposes, each requirement relating thereto and prescribed by Applicable Laws or otherwise is hereby waived by the Debtor to the extent permitted by Applicable Laws and in any offer or sale of any of the Collateral by any Secured Party is authorized to comply with any limitation or restriction in connection with such offer or sale as such Secured Party may be advised by counsel is necessary in order to avoid any violation of Applicable Laws, or in order to obtain any required approval of the sale or of the purchase by any Governmental Authority. Such compliance will not result in such sale being considered or deemed not to have been made in a commercially reasonable manner nor will any Secured Party be liable or accountable to the Debtor for any discount allowed by reason of the fact that such Collateral is sold in compliance with any such limitation or restriction;
- (i) each Secured Party may appoint, by instrument in writing, any person or persons (whether an officer or employee of the Secured Parties or not) to be a receiver, manager, interim receiver, or receiver and manager (collectively, "**Receiver**"), of the Collateral or any part of the Collateral and remove or replace any Person so appointed. Any Receiver so appointed shall have, in addition to any other powers afforded by the law, the same powers and authorities afforded to the Secured Parties under this ARTICLE XIV;
- (j) each Secured Party may apply to a court of competent jurisdiction for the appointment of a Receiver of the Collateral or any part of the Collateral. Any Receiver so appointed shall have, in addition to any other powers afforded by the law, the same powers and authorities afforded to the Secured Parties under this ARTICLE XIV;
- (k) all rights of the Debtor to: (i) exercise the voting and other consensual rights it would otherwise be entitled to exercise pursuant to Section 6.01; (ii) receive the dividends and other distributions which it would otherwise be entitled to receive and retain pursuant to Section 6.02, shall immediately cease, and all such rights shall thereupon become vested in the Secured Parties, which shall have the sole

right to exercise such voting and other consensual rights and receive and hold such dividends and other distributions as Collateral; and (iii) any Secured Party may require that the Debtor have any Equity Interests registered in the name of the Secured Parties or in the name of its nominee and shall be entitled but not bound or required to exercise any of the rights that any holder of such Equity Interests may at any time have;

- (l) each Secured Party may retain the Collateral in satisfaction of the Secured Obligations;
- (m) subject to requirements of Applicable Laws, each Secured Party may purchase any of the Collateral, whether in connection with a sale made under the power of sale herein contained or pursuant to judicial proceedings or otherwise;
- (n) subject to requirements of Applicable Laws, each Secured Party may accept the Collateral in satisfaction or partial satisfaction of the Secured Obligations upon notice to the Debtor of its intention to do so in the manner required by law;
- (o) each Secured Party may borrow money on the security of the Collateral for the purpose of the carrying on of the business of the Debtor (or any one or more of them) or for the maintenance, preservation, protection or realization of the Collateral in priority to the Charge;
- (p) each Secured Party may redeem any prior security interest against any Collateral, procure the transfer of such security interest to itself, or settle and pass the accounts of any prior mortgagee, charge or lienholder; and
- (q) each Secured Party may discharge any claim, security interest, encumbrance or any rights of others that may exist or be threatened against the Collateral, and in every such case the amounts so paid together with all reasonable costs, charges and expenses incurred in connection therewith shall be added to the Secured Obligations hereby secured.

The Secured Parties shall not be liable or responsible for any failure to seize, collect, realize, or obtain payment with respect to the Collateral and shall not be bound to institute proceedings or to take other steps for the purpose of seizing, collecting, realizing or obtaining possession or payment with respect to the Collateral or for the purpose of preserving any rights of the Secured Parties, the Debtor or any other person, in respect of the Collateral.

**Section 14.04 Receiver Agent of Debtor.** In exercising any powers, any such Receiver so appointed shall act as agent of the Debtor and not the Secured Parties and no Secured Party shall in any way be responsible for any of the actions of the Receiver, its employees, agents and contractors. Any Secured Party may from time to time remove and appoint replacements for, any Receiver, and appoint another or others in their stead from time to time.

**Section 14.05 Distribution of Proceeds.** Any cash held by any Secured Party as Collateral and all cash Proceeds received by the Secured Parties in respect of any sale of, collection from, or other realization upon all or any part of the Collateral shall be applied *pro rata* among the

Secured Parties and each holder under all other 2018 Debentures, in each case, in accordance with the terms of the Convertible Debentures.

**Section 14.06 Payment Turnover.** Until the discharge in full of the Secured Obligations, whether or not an insolvency proceeding has commenced, Collateral or Proceeds (including insurance Proceeds received by any Second Party in connection with the enforcement of the Charge in excess of such Secured Party's *pro rata* share thereof), will be:

- (a) segregated and held in trust, and
- (b) promptly paid over to the other Secured Parties in the form received, with any necessary endorsements or as a court of competent jurisdiction may otherwise direct.

**Section 14.07 Debtor Pays Expenses.** The Debtor agrees to pay all reasonable expenses incurred by each of the Secured Parties or any Receiver in the preparation, perfection and enforcement of this Agreement, whether directly incurred or for services rendered, including legal and auditor's fees and expenses and remuneration of any Receiver.

**Section 14.08 Dealings with Security, Etc.** Each Secured Party may:

- (a) grant extensions of time,
- (b) take and perfect or abstain from taking and perfecting security,
- (c) give up securities,
- (d) accept compositions or compromises,
- (e) grant releases and discharges, and
- (f) release any part of the Collateral or otherwise deal with the Debtor, debtors and creditors of the Debtor, sureties and others and with the Collateral and other security as the Secured Parties see fit,

without prejudice to the liability of the Debtor to the Secured Parties or any Secured Party's rights hereunder.

**Section 14.09 No Liability.** No Secured Party shall be liable or responsible for any failure to seize, collect, realize, or obtain payment with respect to the Collateral and shall not be bound to institute proceedings or to take other steps for the purpose of seizing, collecting, realizing or obtaining possession or payment with respect to the Collateral or for the purpose of preserving any rights of the Secured Parties, the Debtor or any other person, in respect of the Collateral.

**Section 14.10 Exhaustion of Remedies.** No Secured Party is obligated to exhaust their recourse against the Debtor or any other person or against any other security they may hold in respect of the Secured Obligations before realizing upon or otherwise dealing with the Collateral.

**ARTICLE XV  
MISCELLANEOUS**

**Section 15.01 No Waiver and Cumulative Remedies.** The Secured Parties shall not by any act, delay, indulgence, omission or otherwise be deemed to have waived any right or remedy hereunder or to have acquiesced in any Event of Default. All rights and remedies herein provided are cumulative and are not exclusive of any rights or remedies provided by law.

**Section 15.02 Amendments.** None of the terms or provisions of this Agreement may be amended, modified, supplemented, terminated or waived, and no consent to any departure by the Debtor therefrom shall be effective unless the same shall be in writing and signed by the Secured Parties and the Debtor, and then such amendment, modification, supplement, waiver or consent shall be effective only in the specific instance and for the specific purpose for which made or given.

**Section 15.03 Additional Security.** This Agreement and the Charge granted hereby are in addition to and not in substitution for any other security now or hereafter held by any Secured Party and this Agreement is a continuing agreement.

**Section 15.04 Notices.** All notices, consents, claims, demands, waivers and other communications hereunder shall be in writing and addressed to the Debtor or the Secured Parties (as applicable) at the respective addresses for them set forth in each of the Convertible Debentures and shall be given in the manner and become effective as set forth in the Convertible Debentures.

**Section 15.05 Continuing Security Interest; Further Actions.** This Agreement shall create a general and continuing security interest in the Collateral and shall (a) subject to Section 15.07, remain in full force and effect until irrevocable payment and performance in full of the Secured Obligations and the termination of the Convertible Debentures, (b) be binding upon the Debtor, its successors and permitted assigns, and (c) enure to the benefit of the Secured Parties and their successors, transferees and assigns; provided that the Debtor may not assign or otherwise transfer any of its rights or obligations under this Agreement without the prior written consent of the Secured Parties.

**Section 15.06 Assignment.** Unless an Event of Default has occurred and is continuing, the Secured Parties may not assign or transfer any of their rights under this Agreement without the prior written consent of the Debtor; provided that any Secured Party may transfer and assign its rights hereunder to any Person who is a permitted transferee of its Convertible Debentures. The Debtor may not assign its obligations under this Agreement without the prior written consent of the Secured Parties.

**Section 15.07 Termination; Release.** On the date on which all Secured Obligations have been irrevocably paid and performed in full (as determined by the Secured Parties in their sole discretion) and the Convertible Debentures have been terminated, the Secured Parties will, at the request and sole expense of the Debtor (a) duly assign, transfer and deliver to or at the direction of the Debtor (without recourse and without any representation or warranty) such of the Collateral as may then remain in the possession of the Secured Parties, together with any monies



at the time held by the Secured Parties hereunder, and (b) execute and deliver to the Debtor a proper instrument or instruments acknowledging the satisfaction and termination of this Agreement.

**Section 15.08 No Waiver.**

- (a) No consent or waiver by any Secured Party in connection with this Agreement is binding unless made in writing and signed by each Secured Party or an authorized officer of each Secured Party. Any consent or waiver given under this Agreement is effective only in the specific instance and for the specific purpose for which it was given.
- (b) A failure or delay on the part of any Secured Party in exercising a right or remedy under this Agreement does not operate as a waiver of, or impair, any rights or remedies of any Secured Party however arising. A single or partial exercise of a right or remedy on the part of any Secured Party does not preclude any other or further exercise of that right or remedy or the exercise of any other rights or remedies by any Secured Party.
- (c) Any delay or omission by any Secured Party in requiring strict performance by the Debtor of any provision of this Agreement will not waive, affect or diminish any Secured Party's right thereafter to demand strict compliance and performance therewith.

**Section 15.09 Acknowledgement.** The Debtor acknowledges receipt of a fully executed copy of this Agreement.

**Section 15.10 Amalgamation.** The Debtor acknowledges that, if it amalgamates with another person, the term Debtor, when used in this Agreement, shall apply to each of the amalgamating corporations and to the amalgamated corporation, such that the security interests created hereby shall extend to the Collateral in which any amalgamating corporation has any rights at the time of the amalgamation and to any collateral in which the amalgamated corporation thereafter has any rights to secure the Secured Obligations of each of the amalgamating corporations and the amalgamated corporation to the Secured Parties at the time of the amalgamation and any Secured Obligations of the amalgamated corporation to the Secured Parties thereafter arising.

**Section 15.11 Governing Law.** This Agreement and all matters arising out of or relating to this Agreement shall be governed by, and construed in accordance with, the laws of the Province of Alberta and the federal laws of Canada applicable in that Province and the parties irrevocably attorn to the exclusive jurisdiction of the courts of Alberta.

**Section 15.12 No Merger.** This Agreement does not operate by way of merger of any of the Secured Obligations and no judgment recovered by any Secured Party will operate by way of merger of, or in any way affect, the Charge, this Agreement or any Convertible Debenture.

**Section 15.13 Counterparts and Electronic Transmission.** This Agreement and any amendments, waivers, consents, notice or other forms of communication, may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall

constitute an original, but all of which when taken together shall constitute one and the same agreement. A handwritten or electronically signed counterpart of this Agreement delivered by facsimile, email ("PDF" or "tif" format) or other electronic or digital transmission (including by transmission over an electronic platform acceptable to the Lender such as DocuSign or the equivalent thereof) is deemed to have the same legal effect as delivery of a manually executed original counterpart of this Agreement. Electronic signature means a signature that consists of one or more letters, characters, numbers or other symbols in digital form incorporated in, attached to or associated with an electronic document that is sent or stored by means of any electronic or digital transmission. The words "execution", "signed", "signature", and words of similar import in any agreement, instruction, document, information or other form of communication, shall be deemed to include electronic or digital signatures or the keeping of records in electronic form, each of which shall be of the same effect, validity and enforceability as manually executed signatures or a paper-based record keeping system, as the case may be, to the extent and as provided for under applicable law, including Parts 2 and 3 of the Personal Information Protection and Electronic Documents Act (Canada) and other similar federal or provincial laws.

**Section 15.14 Conflict with Convertible Debentures.** To the extent of any conflict between the terms of this Agreement and the terms of the Convertible Debentures and such conflict is not capable of being resolved by complying with both terms, the terms of the Convertible Debentures shall govern to the extent necessary to remove such conflict.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

Debtor:

**KATIPULT TECHNOLOGY CORP.**

By <sup>*Gord Breese*</sup> \_\_\_\_\_

Name: Gord Breese

Title: Chief Executive Officer

## **SCHEDULE A**

### **LOCATION OF COLLATERAL**

Jurisdiction of Incorporation:

Alberta

Head Office:

Suite 340, 318 – 11<sup>th</sup> Avenue S.E.  
Calgary, Alberta  
T2G 0Y2

Registered Office:

900, 903 – 8<sup>th</sup> Avenue S.W.  
Calgary, Alberta  
T2P 0P7

THIS IS EXHIBIT G TO THE AFFIDAVIT  
OF DONNA ROSS FERRARA, SWORN OR  
AFFIRMED FEBRUARY 10, 2025



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A NOTARY PUBLIC/  
COMMISSIONER FOR OATHS IN AND FOR  
THE PROVINCE OF ALBERTA

**Armaan Dhillon**  
**Student at Law**

**NOTICE OF INTENTION TO ENFORCE A SECURITY**  
**(Subsection 244(1) Bankruptcy and Insolvency Act, RSC 1985, c B-3)**

**TO:** Katapult Technology Corp. (**Katapult**)

**TAKE NOTICE THAT:**

1. MGB Investment Limited Partnership, National Bank ITF Brian Craig, Joseph Osinski and Judy Oskinski, Mark Miller and Donna Ross-Ferrara (the **Secured Parties**) are secured creditors that intend to enforce security on all of Katapult's present and after acquired personal property;
2. The security that is to be enforced includes security granted pursuant to:
  - General Security Agreement dated July 18, 2024 made by Katapult in favour of the Secured Parties (the **Security Agreement**);
  - Amended and Restated Secured Convertible Debenture dated July 18, 2024 between Katapult and MGB for the principal amount of \$1,000,000 (the **MGB CD1**);
  - Amended and Restated Secured Convertible Debenture dated July 18, 2024 between Katapult and Brian Craig for the principal amount of \$1,000,000 (the **Craig CD1**);
  - Amended and Restated Secured Convertible Debenture dated July 18, 2024 between Katapult and Mark Miller for the principal amount of \$333,333.33 (the **Miller CD1**);
  - Amended and Restated Secured Convertible Debenture dated July 18, 2024 between Katapult and Joseph Osinski and Judy Osinski for the principal amount of \$333,333.33 (the **Osinski CD1**); and
  - Amended and Restated Secured Convertible Debenture dated July 18, 2024 between Katapult and Donna Ross-Ferrara for the principal amount of \$333,333.33 (the **Ross-Ferrara CD1**) (the MGB CD1, Craig CD1, Miller CD1, Osinski CD1, and Ross-Ferrara CD1 collectively referred to herein as the **CD1 Agreements**).
3. The total amount of the indebtedness secured by the security, as at February 5, 2025 is Cdn \$3,000,000.00.
4. The Secured Parties will not have the right to enforce the security until after the expiry of the 10 day period following the sending of this notice unless the insolvent person/entity consents to an earlier enforcement by executing the consent attached hereto as Schedule "A" and providing a copy to the undersigned.

Dated at Calgary, this 5 day of February, 2025.  
The Secured Parties  
by its solicitors and agents, Norton Rose Fulbright Canada LLP

Per:   
Gunnar Benediktsson  
Partner

**SCHEDULE "A"**

Katapult Technology Corp. hereby:

- (a) consents to the immediate enforcement by MGB Investment Limited Partnership, National Bank ITF Brian Craig, Joseph Osinski and Judy Oskinski, Mark Miller and Donna Ross-Ferrara (the **Secured Parties**), as secured parties of the security described in paragraph 2 of the NOTICE OF INTENTION TO ENFORCE A SECURITY pursuant to Section 244(2) of the *Bankruptcy and Insolvency Act* (Canada); and
- (b) consents to the Secured Parties' disposition of any or all collateral subject to the Secured Parties' security immediately or otherwise as the Secured Parties may determine in their sole discretion, without notice as required by the *Personal Property Security Act* (Alberta).

Per:   
\_\_\_\_\_

Katapult Technology Corp.

THIS IS EXHIBIT H TO THE AFFIDAVIT  
OF DONNA ROSS FERRARA, SWORN OR  
AFFIRMED FEBRUARY 10, 2025



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A NOTARY PUBLIC/  
COMMISSIONER FOR OATHS IN AND FOR  
THE PROVINCE OF ALBERTA

**Armaan Dhillon**  
**Student at Law**



COURT FILE NUMBER

Clerk's Stamp

COURT

COURT OF KING'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

PLAINTIFFS/APPLICANTS

MGB INVESTMENTS LIMITED PARTNERSHIP,  
BRIAN CRAIG, JOSEPH OSINSKI AND JUDY  
OSINSKI, MARK MILLER, AND DONNA ROSS-  
FERRARA

DEFENDANT/RESPONDENT

KATIPULT TECHNOLOGY CORP.

DOCUMENT

**CONSENT TO ACT AS RECEIVER**

ADDRESS FOR SERVICE  
AND CONTACT  
INFORMATION OF PARTY  
FILING THIS DOCUMENT

Norton Rose Fulbright Canada LLP  
400 3<sup>rd</sup> Ave SW, Suite 3700  
Calgary, Alberta, T2P 4H2  
Phone: +1.4003.267.8222

Gunnar Benediktsson / Erin Colwell  
[gunnar.benediktsson@nortonrosefulbright.com](mailto:gunnar.benediktsson@nortonrosefulbright.com)  
[erin.colwell@nortonrosefulbright.com](mailto:erin.colwell@nortonrosefulbright.com)

File No. 1001333661

KSV Restructuring Inc. hereby consents to act as receiver and manager of Katipult Technology Corp., pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c. B-3 (the "BIA"), and sections 13(2) of the *Judicature Act*, RSA 2000, c.J-2, if so ordered by this Honourable Court.

**DATED** this 7th day of February, 2025.

KSV Restructuring Inc.

Per: 

Print Name: Andrew Basi

Print Title: Managing Director

THIS IS EXHIBIT I TO THE AFFIDAVIT  
OF DONNA ROSS FERRARA, SWORN OR  
AFFIRMED FEBRUARY 10, 2025



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A NOTARY PUBLIC/  
COMMISSIONER FOR OATHS IN AND FOR  
THE PROVINCE OF ALBERTA

**Armaan Dhillon**  
**Student at Law**

Search ID #: Z18336264

**Transmitting Party**

NORTON ROSE FULBRIGHT CANADA LLP

Suite 3700, 400- 3rd Avenue SW  
Calgary, AB T2P 4H2

Party Code: 60003332

Phone #: 403 267 8222

Reference #: G. Benediktsson

Search ID #: Z18336264

Date of Search: 2025-Feb-04

Time of Search: 11:25:18

**Business Debtor Search For:**

KATIPULT TECHNOLOGY CORP

Both Exact and Inexact Result(s) Found

**NOTE:**

A complete Search may result in a Report of Exact and Inexact Matches.  
Be sure to read the reports carefully.



Search ID #: Z18336264

**Business Debtor Search For:**

KATIPULT TECHNOLOGY CORP

Search ID #: Z18336264

Date of Search: 2025-Feb-04

Time of Search: 11:25:18

Registration Number: 14072335006

Registration Date: 2014-Jul-23

Registration Type: SECURITY AGREEMENT

Registration Status: Current

Expiry Date: 2029-Jul-23 23:59:59

Exact Match on: Debtor No: 2

**Amendments to Registration**

19062120107	Renewal	2019-Jun-21
20021815663	Amendment	2020-Feb-18
24062801449	Renewal	2024-Jun-28

**Debtor(s)**

**Block**

1 JOI MEDIA INC.  
1600 - 144-4 AVENUE SW  
CALGARY, AB T2P 3N4

**Status**

Deleted by  
20021815663

**Block**

2 KATIPULT TECHNOLOGY CORP.  
1600 - 144-4 AVENUE SW  
CALGARY, AB T2P 3N4

**Status**

Current by  
20021815663

**Secured Party / Parties**

**Block**

1 ROYAL BANK OF CANADA  
36 YORK MILLS ROAD 4TH FLR  
TORONTO, ON M2P 0A4

**Status**

Deleted by  
20021815663

**Block**

2 ROYAL BANK OF CANADA  
36 YORK MILLS ROAD 4TH FLR  
TORONTO, ON M2P 0A4  
Email: abautonsp@teranet.ca

**Status**

Current by  
20021815663

Search ID #: Z18336264

**Collateral: General**

<b><u>Block</u></b>	<b><u>Description</u></b>	<b><u>Status</u></b>
1	ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY	Current

**Particulars**

<b><u>Block</u></b>	<b><u>Additional Information</u></b>	<b><u>Status</u></b>
1	Change debtor's name from JOI MEDIA INC.. to KATIPULT TECHNOLOGY CORP. due to amalgamation on Dec 31, 2019. This amendment also to capture name change from JOI MEDIA INC. to KATIPULT TECHNOLOGY CORP. on Aug 12, 2019 before the amalgamation.	Current By 20021815663

Search ID #: Z18336264

**Business Debtor Search For:**

KATIPULT TECHNOLOGY CORP

Search ID #: Z18336264

Date of Search: 2025-Feb-04

Time of Search: 11:25:18

---

Registration Number: 20013136931

Registration Type: SECURITY AGREEMENT

Registration Date: 2020-Jan-31

Registration Status: Current

Expiry Date: 2030-Jan-31 23:59:59

---

Exact Match on:

Debtor

No: 1

---

**Amendments to Registration**

25010302775

Renewal

2025-Jan-03

---

**Debtor(s)**

**Block**

**Status**

Current

1 KATIPULT TECHNOLOGY CORP.  
144-4 AVENUE SW, SUITE 1600  
CALGARY, AB T2P 3N4

---

**Secured Party / Parties**

**Block**

**Status**

Current

1 ROYAL BANK OF CANADA  
36 YORK MILLS ROAD, 4TH FLOOR  
TORONTO, ON M2P 0A4  
Email: abautonsp@teranet.ca

---

**Collateral: General**

**Block**

**Description**

**Status**

1	All present and after-acquired personal property, all	Current
2	proceeds including, without limitation, all present and	Current
3	after-acquired personal property that may be derived from the	Current
4	sale or other disposition of the collateral, including	Current
5	inventory, equipment, intangibles, money, chattel papers,	Current
6	documents of title, securities, licences, crops and	Current
7	instruments	Current

Search ID #: Z18336264

**Business Debtor Search For:**

KATIPULT TECHNOLOGY CORP

Search ID #: Z18336264

Date of Search: 2025-Feb-04

Time of Search: 11:25:18

---

Registration Number: 20013137012

Registration Type: SECURITY AGREEMENT

Registration Date: 2020-Jan-31

Registration Status: Current

Expiry Date: 2030-Jan-31 23:59:59

---

Exact Match on:

Debtor

No: 1

---

**Amendments to Registration**

25010303013

Renewal

2025-Jan-03

---

**Debtor(s)**

**Block**

**Status**

Current

1 KATIPULT TECHNOLOGY CORP.  
144-4 AVENUE SW, SUITE 1600  
CALGARY, AB T2P 3N4

---

**Secured Party / Parties**

**Block**

**Status**

Current

1 ROYAL BANK OF CANADA  
36 YORK MILLS ROAD, 4TH FLOOR  
TORONTO, ON M2P 0A4  
Email: abautonsp@teranet.ca

---

**Collateral: General**

**Block**

**Description**

**Status**

1	ALL MONEY OR AMOUNTS ON DEPOSIT FROM TIME TO TIME WITH ANY OF	Current
2	ROYAL BANK OF CANADA, ROYAL BANK MORTGAGE CORPORATION, ROYAL	Current
3	TRUST CORPORATION OF CANADA OR THE ROYAL TRUST COMPANY.	Current
4	PROCEEDS: A SECURITY INTEREST IS CLAIMED IN ALL PRESENT AND	Current
5	AFTER-ACQUIRED GOODS (INCLUDING TRADE-INS), CHATTEL PAPER,	Current
6	SECURITIES, DOCUMENTS OF TITLE, INSTRUMENTS, MONEY AND	Current
7	INTANGIBLES OF EVERY ITEM OR KIND THAT MAY BE DERIVED FROM	Current

**Search ID #: Z18336264**

8	THE SALE OR OTHER DISPOSITION OF THE COLLATERAL DESCRIBED	Current
9	ABOVE, ALL INSURANCE PROCEEDS AND ANY PROCEEDS OF ANY OF THE	Current
10	FOREGOING.	Current



Search ID #: Z18336264

**Business Debtor Search For:**

KATIPULT TECHNOLOGY CORP

Search ID #: Z18336264

Date of Search: 2025-Feb-04

Time of Search: 11:25:18

---

Registration Number: 24052126557

Registration Type: SECURITY AGREEMENT

Registration Date: 2024-May-21

Registration Status: Current

Expiry Date: 2025-May-21 23:59:59

---

Exact Match on:

Debtor

No: 1

---

**Debtor(s)**

**Block**

**Status**

1 KATIPULT TECHNOLOGY CORP.  
900, 903 - 8TH AVENUE S.W.  
CALGARY, AB T2P 0P7

Current

**Secured Party / Parties**

**Block**

**Status**

1 ADVENTURE CAPITAL (2019) LTD.  
3000, 700 9TH AVENUE SW  
CALGARY, AB T2P 3V4  
Email: brian@adventurecapital.ca

Current

**Collateral: General**

**Block**

**Description**

**Status**

1 The accounts receivable of the Debtor to be paid by Markette Ventures Inc. in the amount of USD \$450,000

Current

Search ID #: Z18336264

**Business Debtor Search For:**

KATIPULT TECHNOLOGY CORP

Search ID #: Z18336264

Date of Search: 2025-Feb-04

Time of Search: 11:25:18

---

Registration Number: 24071126385

Registration Type: SECURITY AGREEMENT

Registration Date: 2024-Jul-11

Registration Status: Current

Expiry Date: 2034-Jul-11 23:59:59

---

Exact Match on: Debtor No: 1

---

**Debtor(s)**

**Block**

**Status**

Current

1 KATIPULT TECHNOLOGY CORP.  
144-4 AVENUE SW, SUITE 1600  
CALGARY, AB T2P 3N4

**Secured Party / Parties**

**Block**

**Status**

Current

1 CRAIG, BRIAN  
539 - 23 AVE SW  
CALGARY, AB T2S 0J4  
Email: brian@adventurecapital.ca

**Block**

**Status**

Current

2 MGB INVESTMENTS LIMITED PARTNERSHIP  
163 WILDWOOD DRIVE SW  
CALGARY, AB T3C 3C8  
Email: mike.broadfoot@icloud.com

**Block**

**Status**

Current

3 OSINSKI, JOSEPH  
6931 LIVINGSTONE DRIVE SW  
CALGARY, AB T3E 6J6  
Email: joeosinski1@gmail.com

**Block**

**Status**

Current

4 OSINSKI, JUDY  
6931 LIVINGSTONE DRIVE SW  
CALGARY, AB T3E 6J6  
Email: joeosinski1@gmail.com

Search ID #: Z18336264

**Block**

5 MILLER, MARK  
2260 CHANCERY LN W  
OAKVILLE, ON L6J 6A3  
Email: mmiller@bell.net

**Status**  
Current

**Block**

6 ROSS-FERRARA, DONNA  
48 MORGANS RIDGE  
CALGARY, AB T3Z 0A5  
Email: j.ferrara@shaw.ca

**Status**  
Current

**Collateral: General**

**Block**

**Description**

1 All present and after acquired personal property of the Debtor.

**Status**  
Current

**Search ID #:** Z18336264

**Note:**

The following is a list of matches closely approximating your Search Criteria,  
which is included for your convenience and protection.

**Debtor Name / Address**

CATAPULTA CONTRACTING INC.  
908 - 18A STREET NE  
CALGARY, AB T2E 4W4


**Reg.#**

22032932910

**SECURITY AGREEMENT**

Result Complete

THIS IS EXHIBIT J TO THE AFFIDAVIT  
OF DONNA ROSS FERRARA, SWORN OR  
AFFIRMED FEBRUARY 10, 2025

  
A NOTARY PUBLIC/  
COMMISSIONER FOR OATHS IN AND FOR  
THE PROVINCE OF ALBERTA

**Armaan Dhillon**  
**Student at Law**

## Business Debtor - "KATIPULT TECHNOLOGY CORP"

**Search Date and Time:** February 4, 2025 at 10:26:54 am Pacific time  
**Account Name:** NORTON ROSE FULBRIGHT CANADA LLP  
**Folio Number:** G. Benediktsson

### NIL RESULT

0 Matches in 0 Registrations in Report

Exact Matches: 0 (\*)

Total Search Report Pages: 0

The search returned a NIL result. 0 registrations were found.

No registered liens or encumbrances have been found on file that match EXACTLY to the search criteria listed above and no similar matches to the criteria have been found.