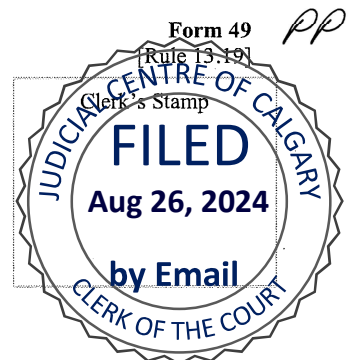


COURT FILE NUMBER 2401 11824  
COURT COURT OF KING'S BENCH OF ALBERTA  
JUDICIAL CENTRE CALGARY  
PLAINTIFF CANADIAN IMPERIAL BANK OF  
COMMERCE  
DEFENDANTS KORITE INTERNATIONAL LIMITED  
PARTNERSHIP AND KORITE  
INTERNATIONAL GP INC.

DOCUMENT **AFFIDAVIT IN SUPPORT OF A  
RECEIVER AND AN APPROVAL  
AND VESTING ORDER**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT Ryan Laity/Jennifer Pepper  
Borden Ladner Gervais LLP  
1900, 520 – 3<sup>rd</sup> Avenue SW  
Calgary, AB, T2P 0R3  
Telephone: (604) 632-3544/ (604) 640-4106  
Email: rlaity@blg.com/ jpepper@blg.com  
File No. 500007/005947



C81525

---

**AFFIDAVIT OF KADIRA CARTER**  
**SWORN ON AUGUST 26, 2024**

---

I, **KADIRA CARTER**, of Toronto, Ontario, **MAKE OATH AND SWEAR THAT:**

1. I am a Senior Manager in the Special Loans Group for the Plaintiff/Applicant, Canadian Imperial Bank of Commerce (“CIBC”). I am presently responsible for the administration of the account for Korite International Limited Partnership (“Korite LP”). As such, I have personal knowledge of the matters and facts hereinafter sworn to, except where stated to be based on information and belief, and where so stated, I verily believe the same to be true.
2. I am authorized to make this Affidavit on behalf of CIBC. I make this Affidavit in support of an Application for the following Orders:

- (a) an order appointing KSV Restructuring Inc. (“KSV”) as the court-appointed receiver, without security (in such capacity, the “Receiver”) of Korite LP and its general partner, Korite International GP Inc. (the “General Partner” and, together with Korite LP, the “Debtors”);
- (b) an approval and vesting order in connection with the Asset Purchase Agreement (as defined and described in paragraph 31 below);
- (c) an order discharging KSV from its role as Receiver and approving the activities of KSV and its legal counsel; and
- (d) an order authorizing KSV, as court-appointed receiver, to bankrupt Korite LP and/or the General Partner.

## I. THE PARTIES

### *Canadian Imperial Bank of Commerce*

3. CIBC is a chartered bank incorporated under the *Bank Act*, SC 1991, c 46, Schedule I, carrying on business in Alberta and elsewhere in Canada.

### *The Defendants*

4. The Defendant, Korite LP, is a limited partnership formed pursuant to the laws of the Province of Alberta. The Defendant, the General Partner, is a corporation existing under the laws of the Province of Alberta and is Korite LP’s general partner. The Debtors have a registered office in Calgary, Alberta. Attached hereto and marked as **Exhibit “A”** is a true copy of the Alberta Partnership Registry search results for Korite LP dated July 18, 2024. Attached hereto and marked as **Exhibit “B”** is a true copy of the Corporate Registry search results for the General Partner dated July 18, 2024.
5. Korite LP operates an independent production and distribution company focused on the mining and refining of ammolite gemstones and ammonite fossils, the finishing of ammolite gemstones into jewelry and ammonite fossils into finished specimens, and the sale of these products to both wholesale distributors and end users.

## II. THE LOANS AND SECURITY

### *The Loans*

6. CIBC is the senior secured creditor of the Debtors, and made various credit facilities (collectively, the “**Loans**”) available to Korite LP, pursuant to a credit agreement dated as of December 18, 2020 (the “**Original Credit Agreement**”), as amended by the first amending agreement dated as of January 28, 2021 (the “**First Amending Agreement**”), the second amending agreement dated as of July 10, 2023 (the “**Second Amending Agreement**”), and the third amending agreement dated as of December 18, 2023 (the “**Third Amending Agreement**” and, collectively with the First Amending Agreement and the Second Amending Agreement, the “**Amending Agreements**” and, together with the Original Credit Agreement, the “**Credit Agreement**”).
7. Attached hereto and marked as **Exhibit “C”** is a true copy of the Original Credit Agreement.
8. Attached hereto and marked as **Exhibit “D”** is a true copy of the First Amending Agreement.
9. Attached hereto and marked as **Exhibit “E”** is a true copy of the Second Amending Agreement.
10. Attached hereto and marked as **Exhibit “F”** is a true copy of the Third Amending Agreement.
11. The Loans made available to Korite LP included (i) a senior secured revolving credit facility (including a letter of credit sub facility), (ii) a senior secured term loan facility, and (iii) a secured demand term loan facility.
12. Korite LP has failed to repay the Loans on or before March 31, 2024 (the “**Maturity Date**”), being the amended maturity date under the Third Amending Agreement.

### *Guarantee from General Partner*

13. Pursuant to the terms and conditions of the Credit Agreement, the General Partner granted an unlimited guarantee dated December 18, 2020 in favour of CIBC, a true copy of which is attached hereto and marked as **Exhibit “G”**;

### *Security*

14. As security for the debts, liabilities and obligations under the Credit Agreement and the Guarantee, the Debtors granted certain collateral security in favour of CIBC (collectively, the “**Security**”), including without limitation:

- (a) a debenture dated December 18, 2020 (the “**Debenture**”) granted by Korite LP, in the principal secured amount of \$8,750,000, encumbering certain mineral agreements and mineral rights, a true copy of which is attached hereto and marked as **Exhibit “H”**;
  - (b) a general security agreement dated December 18, 2020 (the “**Borrower Security Agreement**”), pursuant to which Korite LP granted CIBC a security interest in all of Korite LP’s present and after-acquired personal property, a true copy of which is attached hereto and marked as **Exhibit “I”**; and
  - (c) a general security agreement dated December 18, 2020 (the “**GP Security Agreement**” and, together with the Borrower Security Agreement, the “**Security Agreements**”), pursuant to which the General Partner granted CIBC a security interest in all of the General Partner’s present and after-acquired personal property, a true copy of which is attached hereto and marked as **Exhibit “J”**.
15. CIBC duly registered its security interests in the assets and property of the Debtors in the Alberta Personal Property Registry (the “**PPR**”) as follows:
- (a) regarding the Security Agreements, on December 16, 2020, by way of financing statements under Registration Nos. 20121615393 and 20121615413 against Korite LP and the General Partner, respectively; and
  - (b) regarding a floating charge on land set out in the Security Agreements, on December 16, 2020, by way of land charge under Registration Nos. 20121615407 and 20121615425 against the Debtors, respectively.

Attached hereto and marked as **Exhibit “K”** and **Exhibit “L”** are true copies of the PPR search reports for Korite LP dated July 23, 2024 and the General Partner dated July 24, 2024, respectively.

16. With respect to the Debenture, CIBC duly registered a caveat in the Alberta Land Title Office under registration number 211 101 566 on May 22, 2021 against the lands legally described as:

Title No. 731 062 804  
FIRST  
MERIDIAN 4 RANGE 21 TOWNSHIP 7  
SECTION 18  
THOSE PORTIONS OF THE NORTH WEST QUARTER  
WHICH LIE TO THE EAST OF THE ST. MARY'S RIVER



AS SHOWN ON THE TOWNSHIP PLAN DATED ON THE 27TH DAY OF JUNE 1893  
CONTAINING 8.50 HECTARES (21 ACRES) MORE OR LESS  
EXCEPTING THEREOUT ALL MINES AND MINERALS  
AND THE RIGHT TO WORK THE SAME

SECOND

MERIDIAN 4 RANGE 21 TOWNSHIP 7  
SECTION 18

ALL THAT PORTION OF THE NORTH EAST QUARTER  
WHICH LIES TO THE EAST OF THE ST. MARY'S RIVER  
AS SHOWN ON THE TOWNSHIP PLAN DATED 27 JUNE 1893.  
CONTAINING 57.9 HECTARES (143 ACRES) MORE OR LESS. EXCEPTING THEREOUT  
THE POT HOLE RIVER AS SHOWN ON  
SAID TOWNSHIP PLAN.  
EXCEPTING THEREOUT ALL MINES AND MINERALS  
AND THE RIGHT TO WORK THE SAME

THIRD

MERIDIAN 4 RANGE 21 TOWNSHIP 7  
SECTION 18

ALL THAT PORTION OF THE SOUTH WEST QUARTER  
WHICH LIES TO THE EAST OF THE ST. MARY'S RIVER  
AS SHOWN ON THE TOWNSHIP PLAN DATED 27 JUNE 1893.  
CONTAINING 7.892 HECTARES (19.50 ACRES) MORE OR LESS.  
EXCEPTING THEREOUT ALL MINES AND MINERALS  
AND THE RIGHT TO WORK THE SAME

FOURTH

MERIDIAN 4 RANGE 21 TOWNSHIP 7  
SECTION 18

ALL THAT PORTION OF THE SOUTH EAST QUARTER  
WHICH LIES TO THE EAST OF THE ST. MARY'S RIVER  
AS SHOWN ON THE TOWNSHIP PLAN DATED 27 JUNE 1893.  
CONTAINING 52.802 HECTARES (130.50 ACRES) MORE OR LESS.  
EXCEPTING THEREOUT ALL MINES AND MINERALS  
AND THE RIGHT TO WORK THE SAME

Title No. 159D182

FIRST

ALL MINES AND MINERALS WITHIN, UPON OR UNDER:  
MERIDIAN 4 RANGE 21 TOWNSHIP 7  
SECTION 18

THAT PORTION OF THE NORTH EAST QUARTER  
BOUNDED ON THE WEST BY THE RIGHT BANK OF ST. MARY'S RIVER AND BY THE  
EAST BOUNDARY OF THE WEST HALF OF SAID SECTION,  
AND ON THE NORTH BY THE LEFT BANK OF THE POT HOLE RIVER,  
AS SHOWN ON THE TOWNSHIP PLAN APPROVED 27 JUNE 1893  
CONTAINING 52.44 HECTARES (129.60 ACRES) MORE OR LESS  
AND THE RIGHT TO WORK THE SAME

SECOND

ALL MINES AND MINERALS WITHIN, UPON OR UNDER:  
MERIDIAN 4 RANGE 21 TOWNSHIP 7

SECTION 18

THAT PORTION OF THE SOUTH EAST QUARTER DESCRIBED AS FOLLOWS:  
COMMENCING AT THE NORTH EAST CORNER OF SAID QUARTER SECTION,  
THENCE SOUTH ALONG THE EAST BOUNDARY THEREOF TO A POINT THEREON  
990 FEET NORTH FROM THE SOUTH EAST CORNER THEREOF,  
THENCE WEST PARALLEL WITH THE SOUTH BOUNDARY THEREOF TO IS  
INTERSECTION WITH THE RIGHT BANK OF SAID ST. MARY'S RIVER,  
THENCE NORTHERLY AND WESTERLY FOLLOWING THE SINUOSITIES OF THE  
RIGHT BANK OF SAID RIVER TO ITS INTERSECTION WITH THE WEST BOUNDARY OF  
SAID QUARTER SECTION,  
THENCE NORTH ALONG SAID WEST BOUNDARY TO ITS INTERSECTION WITH THE  
NORTH BOUNDARY THEREOF,  
THENCE EAST ALONG SAID NORTH BOUNDARY TO THE PLACE OF  
COMMENCEMENT, AS SHOWN ON THE TOWNSHIP PLAN APPROVED 27 JUNE 1893  
CONTAINING 36.55 HECTARES (90.38 ACRES) MORE OR LESS  
AND THE RIGHT TO WORK THE SAME

THIRD

ALL MINES AND MINERALS WITHIN, UPON OR UNDER:  
MERIDIAN 4 RANGE 21 TOWNSHIP 7

SECTION 18

THAT PORTION OF THE WEST HALF  
WHICH IS BOUNDED ON THE NORTH WEST, WEST, AND SOUTH WEST BY THE RIGHT  
BANK OF ST. MARY'S RIVER,  
AS SHOWN ON THE TOWNSHIP PLAN APPROVED 27 JUNE 1893  
CONTAINING 16.40 HECTARES (40.50 ACRES) MORE OR LESS  
AND THE RIGHT TO WORK THE SAME

(collectively, the "Lands"). Attached hereto and marked as **Exhibit "M"** and **Exhibit "N"** are true copies of the Certificates of Title for the Lands dated July 23, 2024.

17. Under paragraph 4.14 of the Security Agreements and paragraph 5.11 of the Debenture, CIBC is contractually entitled to appoint a receiver to take possession of, preserve, and realize upon the collateral encumbered thereunder upon default by the Debtors, as applicable.

### III. PROLONGED FINANCIAL DISTRESS OF KORITE BUSINESS

18. CIBC has been the senior secured creditor to the "Korite" business since August 31, 2015, from which time, until December 20, 2020, CIBC acted as senior creditor to Korite LP's predecessor entity, Korite Minerals Ltd. Historically, a substantial portion of Korite LP's business revenue was derived from product sales to tourists on cruise ships sailing the Vancouver-to-Alaska route. With the onset of the COVID-19 pandemic in March 2020, the federal government of Canada abruptly

banned all cruise ships from entering or operating within Canadian waters. This ban persisted until November 21, 2021, during which time revenue for the Korite business substantially collapsed, resulting in prolonged payment defaults and breaches of various financial covenants under the applicable financing arrangements with CIBC.

19. In part to address the financial distress caused by the COVID-19 pandemic, the predecessor to Korite LP completed a strategic sale of its assets and business to Korite LP through a proceeding under the *Companies' Creditors Arrangement Act* (Canada). In conjunction with this sale:
  - (a) CIBC entered into the Original Credit Agreement with Korite LP (as purchaser/borrower) to finance its acquisition of the predecessor Korite business; and
  - (b) in an effort to help alleviate the burden of liabilities assumed by Korite LP in the course of the sale transaction, CIBC converted US\$1,550,000 of the debt owed by Korite LP's predecessor into preferred limited partnership units in the capital of Korite LP.
  
20. In the years following the entering into of the Original Credit Agreement, I understand that Korite LP attempted to restructure its operations by, among other things, broadening its selection of product offerings and securing sources of more sustainable long-term sales revenue. However, these restructuring efforts were largely unsuccessful, and based on Korite LP's financial reporting to CIBC, Korite LP's general financial distress has persisted to varying degrees since the execution of the Original Credit Agreement. As an accommodation to assist Korite LP to work through its financial distress, CIBC agreed to amend various terms of the Original Credit Agreement, or waive or otherwise address various covenant breaches thereunder, on an *ad hoc* basis pursuant to the terms of the Amendment Agreements.

#### **IV. DEFAULTS AND DEMANDS**

21. Pursuant to the Credit Agreement, the Loans were due and owing at the Maturity Date. Korite LP has failed to pay CIBC the indebtedness owed pursuant to the Credit Agreement by the Maturity Date, or at all.
  
22. As a result of Korite LP's payment defaults, CIBC and the Debtors entered into a Forbearance Agreement dated as of April 1, 2024 (the "**Forbearance Agreement**"), whereby CIBC agreed to forbear from enforcing on the Security until June 30, 2024 (the "**Termination Date**"), on the basis that the Debtors strictly comply with the terms of the Forbearance Agreement. Attached hereto and marked as **Exhibit "O"** is a true copy of the Forbearance Agreement.

23. Contrary to the Forbearance Agreement, the Debtors have failed to pay to CIBC the debts, liabilities and obligations outstanding under the Credit Agreement, including interest and costs, on or before the Termination Date.
24. Upon default under the Forbearance Agreement, CIBC is entitled to, among other things, (i) appoint a receiver to take possession of, preserve, and realize upon the collateral, and (ii) recover payment of all legal costs and expenses incurred by CIBC or its receiver in enforcing the Loans and Security on a solicitor and own client basis.
25. Consequently, on July 24, 2024, CIBC issued (through its legal counsel, Borden Ladner Gervais LLP) letters to the Debtors demanding the immediate repayment of all debts, liabilities and obligations outstanding pursuant to the Credit Agreement, together with all interest, fees and other chargeable costs that continue to accrue (collectively, the “**Demand Letters**”). Enclosed in the Demand Letters were “Notices of Intention to Enforce Security” pursuant to Section 244 of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended (the “*BIA*”) (the “**Section 244 Notices**”). Attached hereto and marked as **Exhibit “P”** are true copies of the Demand Letters, including the Section 244 Notices.
26. The Demand Letters gave the Debtors 10 days to pay the Loans in full, being on or before August 3, 2024.
27. Notwithstanding the Demand Letters, the Debtors have failed to pay the amounts owing. Accordingly, the Debtors continue to be in default on their obligations under the Loans and the Security.
28. As of August 1, 2024, the Debtors are indebted to CIBC in the total amount of approximately CAD\$4,752,951.00 and US\$3,824,501.59 pursuant to the Credit Agreement, together with interest, fees and other chargeable costs continuing to accrue thereon (collectively, the “**Indebtedness**”). Attached hereto and marked as **Exhibit “Q”** is a copy of CIBC’s payout statement showing the amount of Indebtedness as of August 1, 2024.

**V. PROPOSED TRANSACTION AND URGENT NEED FOR A RECEIVER**

29. On February 25, 2024, CIBC engaged KSV as a financial consultant to assist CIBC and Korite LP conclude a strategic sale of Korite LP’s business or otherwise wind-down operations in a manner that would maximize recovery to CIBC and stakeholders generally.

30. The Debtors have been unable to satisfy their obligations to CIBC pursuant to the Credit Agreement in some manner since 2023. As an accommodation to assist with Korite LP's financial distress, CIBC has granted certain relief to the Debtors, upon their request, on an *ad hoc* basis in the form of principal or interest payment deferrals and other financial covenant concessions. Despite efforts by CIBC to work with the Debtors to improve Korite LP's financial condition, including agreeing to forbear enforcement for a period of over three months, Korite LP has made little progress in complying with the terms of the Original Credit Agreement or otherwise remedying its financial distress. As a result, CIBC has lost confidence in the Debtors' ability to carry on a profitable business and their general ability to remedy Korite LP's financial distress.
31. Since June 2023, the principals of Korite LP (with the assistance from a sale broker and the oversight from KSV since February 2024) have undertaken a process to market for sale substantially all Korite LP's business (the "**Sales Process**"), details of which will be set out in the report of the proposed Receiver to be filed by KSV in these proceedings.
32. The Sales Process ultimately resulted in Korite LP entering into an asset purchase agreement dated as of August 23, 2024 (the "**Asset Purchase Agreement**"), between Korite LP, as vendor, and Buffalo Rock Mining Co. Ltd., as purchaser (the "**Purchaser**"), to acquire substantially all of Korite LP's assets, a copy of which will be attached to the report of the proposed Receiver. The terms and conditions of the Asset Purchase Agreement require, among other things, that the sale be approved by the Court of King's Bench of Alberta by way of approval and vesting order granted in the course of these receivership proceedings.
33. The sale transaction contemplated in the Asset Purchase Agreement (referred to herein as the "**Transaction**") is projected to result in a significant net loss to CIBC under its Security. Despite this anticipated outcome, CIBC is nonetheless supportive of concluding the Transaction because, among other things:
  - (a) CIBC understands that Korite LP (with the assistance from a sale broker) has been marketing Korite LP's business for sale for nearly one year, with few potential purchasers demonstrating credible interest in acquiring Korite LP's business or assets;
  - (b) so far, the Asset Purchase Agreement represents the only binding and viable offer to acquire Korite LP's assets; and

- (c) failure of the Transaction would leave CIBC with little option but to enforce on its Security by way of liquidation, which I anticipate would result in an inferior recovery to CIBC on a net basis as compared to the Transaction.
34. In light of the foregoing, CIBC seeks the appointment of the Receiver in respect of the Debtors, for the following reasons:
- (a) Korite LP is insolvent and has failed to repay the Loans, which remain due, owing, and outstanding as of the date hereof;
  - (b) CIBC is a first-ranking lender of the Debtors, has contractual rights to appoint a receiver under the Security Agreements, the Debenture and the Forbearance Agreement, and is contractually entitled to exercise such rights as a result of, *inter alia*, Korite LP's failure to repay the Loans when due;
  - (c) CIBC's Special Loans group has worked with Korite LP since 2020 to ameliorate Korite LP's financial circumstances, including entering into the Forbearance Agreement. However, the forbearance period has now expired and CIBC now considers it necessary to enforce on its Security for purposes of concluding the Proposed Transaction and otherwise maximizing its prospects of any meaningful recovery on its Security; and
  - (d) the terms of the Asset Purchase Agreement require that the Transaction conclude pursuant to a sale approval and vesting order granted in these receivership proceedings.
35. Appointment of a receiver over the Debtors is just and convenient in the circumstances, and is necessary to conclude the proposed Transaction pursuant to the terms and conditions of the Asset Purchase Agreement. Concluding the proposed Transaction is in the best interests of CIBC, as otherwise CIBC's only recourse would be to force Korite LP into a liquidation or bankruptcy, which in my view will result in an inferior overall recovery.
36. In addition, I understand that Korite LP does not oppose this step, recognizing that it has entered into the Asset Purchase Agreement with the proposed Purchaser in contemplation of a court appointed receiver assuming the majority of Korite LP's obligations thereunder and closing the Transaction.
37. Attached hereto and marked as **Exhibit "R"** is a true copy of the unsigned letter from KSV consenting to act as Receiver over the Debtors, which is to be executed and filed in due course.

- 38. The relief sought in these proceedings is required on an urgent basis. CIBC is concerned that the the Transaction may fall through if the closing does not occur on or before the September 20, 2024 outside date set out in the Asset Purchase Agreement.
- 39. In addition to the appointment of the Receiver and the approval of the Transaction, CIBC is also seeking as part of its relief an order conditionally discharging the Receiver upon conclusion of the Transaction, the distributions outlined in the proposed Receiver's report and any other administrative items that may be required to administer Korite LP's estate. CIBC is funding these proceedings and as noted, will be suffering a significant shortfall in its recoveries. As a result, CIBC is supportive of any efforts to mitigate its shortfall, including by way of implementing a more expeditious conclusion to these proceedings.

SWORN BEFORE ME at Toronto, Ontario, )  
 this 26<sup>th</sup> day of August, 2024. )

*Natalia Paunic* )  
 Commissioner for Taking Affidavits )

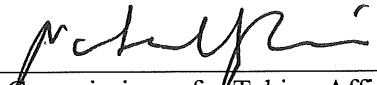
LSO #85641A

*K. Carter* )  
 KADIRA CARTER )

NATALIA PAUNIC  
 BARRISTER & SOLICITOR  
 BORDEN LADNER GERVAIS LLP  
 BAY ADELAIDE CENTRE, EAST TOWER  
 22 ADELAIDE ST. W, SUITE 3400  
 TORONTO, ON M5H 4E3  
 416 -367 -7080

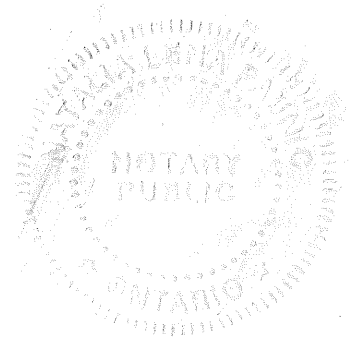


This is **Exhibit "A"** referred to in **Affidavit #1**  
of Kadira Carter made before me  
on August 26, 2024



Commissioner for Taking Affidavits

LSO # 85641A





# Government Trade Name / Partnership Search of Alberta ■ Corporate Registration System

Date of Search: 2024/07/18  
 Time of Search: 11:14 AM  
 Search provided by: BORDEN LADNER GERVAIS LLP  
 Service Request No: 42570889  
 Customer Reference No: 500007.005947

**Registration No:** LP23032378  
**Business Number:** 798930145  
**Current Business Name:** KORITE INTERNATIONAL LIMITED PARTNERSHIP  
**Status of Business Name:** Active  
**Trade Name / Partnership Type:** Limited Partnership  
**Date of Registration:** 2020/11/19 YYYY/MM/DD  
**Home Jurisdiction:** ALBERTA

## Current General Partner:

**Last/Legal Entity Name:** KORITE INTERNATIONAL GP INC.  
**Street:** SUITE 1900, 350 - 7TH AVENUE S.W.  
**City:** CALGARY  
**Province:** ALBERTA  
**Postal Code:** T2P3N9  
**Email Address:** CCHURCH@CLEARNORTHCAPITAL.COM

## Other Information:

## Filing History:

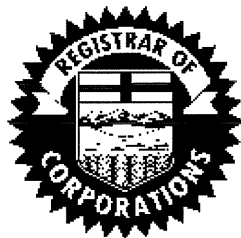
List Date	Type of Filing
2020/11/19	Register Limited Partnership
2020/11/19	Update Business Number Tradename Partnership
2021/12/08	Amend Limited Partnership

## Attachments:

Attachment Type	Microfilm Barcode	Date Recorded (YYYY/MM/DD)
Certificate of Limited Partnership (AB)	10000007130831336	2020/11/19
Notice to Amend	10000407107809078	2020/12/18
Notice to Amend	10000807107809081	2020/12/18
Notice to Amend	10000107130831369	2021/02/11
Notice to Amend	10000107130831454	2021/07/14

Notice to Amend	10000907130831469	2021/12/08
-----------------	-------------------	------------

The Registrar of Corporations certifies that, as of the date of this search, the above information is an accurate reproduction of data contained in the official public records of Corporate Registry.



This is **Exhibit "B"** referred to in **Affidavit #1**  
of Kadira Carter made before me  
on August 26, 2024



Commissioner for Taking Affidavits

LSD # 85641A



# Government Corporation/Non-Profit Search of Alberta ■ Corporate Registration System

Date of Search: 2024/07/18  
 Time of Search: 11:15 AM  
 Search provided by: BORDEN LADNER GERVAIS LLP  
 Service Request Number: 42570913  
 Customer Reference Number: 500007.005947

**Corporate Access Number:** 2023023530  
**Business Number:** 799532940  
**Legal Entity Name:** KORITE INTERNATIONAL GP INC.  
**Legal Entity Status:** Active  
**Alberta Corporation Type:** Named Alberta Corporation  
**Registration Date:** 2020/11/17 YYYY/MM/DD

**Registered Office:**  
**Street:** 4200 BANKERS HALL WEST, 888 - 3RD STREET S.W.  
**City:** CALGARY  
**Province:** ALBERTA  
**Postal Code:** T2P5C5  
**Records Address:**  
**Street:** 4200 BANKERS HALL WEST, 888 - 3RD STREET S.W.  
**City:** CALGARY  
**Province:** ALBERTA  
**Postal Code:** T2P5C5

**Email Address:** ABREMINDERS@STIKEMAN.COM

**Primary Agent for Service:**

Last Name	First Name	Middle Name	Firm Name	Street	City	Province	Postal Code	Email
CHATWIN	KEITH	R.	STIKEMAN ELLIOTT LLP	4200 BANKERS HALL WEST, 888 - 3RD STREET S.W.	CALGARY	ALBERTA	T2P5C5	ABREMINDERS@STIKEMAN.COM

**Directors:**

**Last Name:** CHURCH  
**First Name:** CODY  
**Street/Box Number:** SUITE 1900, 350 - 7TH AVENUE S.W.  
**City:** CALGARY  
**Province:** ALBERTA

**Postal Code:** T2P3N9

**Last Name:** YE

**First Name:** XIAOHONG

**Street/Box Number:** FLAT B, 62 LEXHAM GARDENS

**City:** LONDON

**Postal Code:** W85JA

**Country:** UNITED KINGDOM

**Voting Shareholders:**

**Legal Entity Name:** CLEAR NORTH CAPITAL HOLDINGS INC.

**Corporate Access Number:** 2122224856

**Street:** SUITE 1900, 350 - 7TH AVENUE S.W.

**City:** CALGARY

**Province:** ALBERTA

**Postal Code:** T2P3N9

**Percent Of Voting Shares:** 100

**Details From Current Articles:**

The information in this legal entity table supersedes equivalent electronic attachments

**Share Structure:** THE CORPORATION IS AUTHORIZED TO ISSUE AN UNLIMITED NUMBER OF ONE CLASS OF SHARES, DESIGNATED AS "COMMON SHARES".

**Share Transfers Restrictions:** NO SECURITIES, OTHER THAN NON-CONVERTIBLE DEBT SECURITIES, OF THE CORPORATION SHALL BE TRANSFERRED TO ANY PERSON WITHOUT THE APPROVAL OF THE BOARD OF DIRECTORS BY RESOLUTION.

**Min Number Of Directors:** 1

**Max Number Of Directors:** 9

**Business Restricted To:** THERE SHALL BE NO RESTRICTIONS ON THE BUSINESS THAT THE CORPORATION MAY CARRY ON.

**Business Restricted From:** THERE SHALL BE NO RESTRICTIONS ON THE BUSINESS THAT THE CORPORATION MAY CARRY ON.

**Other Provisions:** REFER TO "OTHER RULES OR PROVISIONS" ATTACHMENT.

**Associated Registrations under the Partnership Act:**

Trade Partner Name	Registration Number
KORITE INTERNATIONAL LIMITED PARTNERSHIP	LP23032378

**Other Information:**

**Last Annual Return Filed:**

File Year	Date Filed (YYYY/MM/DD)

2023	2024/05/07
------	------------

**Filing History:**

List Date (YYYY/MM/DD)	Type of Filing
2020/11/17	Incorporate Alberta Corporation
2020/11/17	Update Business Number Legal Entity
2023/11/22	Change Director / Shareholder
2024/05/07	Enter Annual Returns for Alberta and Extra-Provincial Corp.

**Attachments:**

Attachment Type	Microfilm Bar Code	Date Recorded (YYYY/MM/DD)
Other Rules or Provisions	ELECTRONIC	2020/11/17

The Registrar of Corporations certifies that, as of the date of this search, the above information is an accurate reproduction of data contained in the official public records of Corporate Registry.

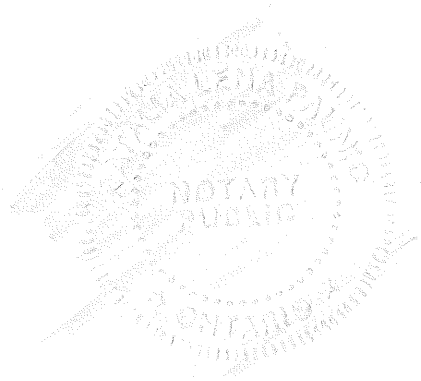


This is **Exhibit "C"** referred to in **Affidavit #1**  
of Kaira Carter made before me  
on August 26, 2024

*Nataly Ruci*

Commissioner for Taking Affidavits

LSO #85641A



**CREDIT AGREEMENT**

AMONG

**KORITE INTERNATIONAL LIMITED PARTNERSHIP**  
as the borrower

AND

**KORITE INTERNATIONAL GP INC.**  
as a guarantor

AND

The other Loan Parties from time to time party hereto

AND

**CANADIAN IMPERIAL BANK OF COMMERCE**  
as Lender

MADE AS OF DECEMBER 18, 2020

**BLG**  
Borden Ladner Gervais



**TABLE OF CONTENTS**  
(continued)

	<b>Page</b>
ARTICLE 1 INTERPRETATION .....	- 2 -
1.1 Definitions.....	- 2 -
1.2 Headings; Articles and Sections .....	- 37 -
1.3 Number; persons; including .....	- 37 -
1.4 Application of Accounting Principles.....	- 37 -
1.5 References to Agreements and Enactments .....	- 37 -
1.6 Per Annum Calculations .....	- 38 -
1.7 Schedules .....	- 38 -
ARTICLE 2 THE SENIOR CREDIT FACILITIES .....	- 38 -
2.1 The Senior Credit Facilities .....	- 38 -
2.2 Types of Availments .....	- 39 -
2.3 Purpose.....	- 39 -
2.4 Availability and Nature of the Senior Credit Facilities .....	- 39 -
2.5 Minimum Drawdowns .....	- 40 -
2.6 Notice Periods for Drawdowns, Conversions and Rollovers.....	- 40 -
2.7 Conversion Option.....	- 40 -
2.8 Rollovers and Conversions not Repayments .....	- 41 -
2.9 Lender’s Obligations with Respect to Prime Rate Loans, US Base Rate Loans and LIBOR Loans .....	- 41 -
2.10 Irrevocability.....	- 42 -
2.11 Overdrafts .....	- 42 -
2.12 Optional Cancellation, Reduction or Repayment of the Senior Credit Facilities .....	- 42 -
2.13 Mandatory Repayment of Credit Facilities.....	- 43 -
2.14 Additional Repayment Terms.....	- 44 -
2.15 LIBOR Replacement.....	- 45 -
ARTICLE 3 CONDITIONS PRECEDENT TO DRAWDOWNS .....	- 46 -
3.1 Conditions to All Drawdowns .....	- 46 -
3.2 Additional Conditions to the Drawdown under the Term Facility on the Closing Date .....	- 46 -
3.3 Waiver.....	- 50 -
ARTICLE 4 EVIDENCE OF DRAWDOWNS.....	- 50 -
4.1 Account of Record .....	- 50 -

**TABLE OF CONTENTS**  
(continued)

	<b>Page</b>
ARTICLE 5 PAYMENTS OF INTEREST AND FEES .....	50 -
5.1 Interest on Prime Rate Loans and US Base Rate under the Senior Credit Facilities....	50 -
5.2 Interest on LIBOR Loans under the Senior Credit Facilities.....	51 -
5.3 <i>Interest Act</i> (Canada); Conversion of 360 Day Rates.....	51 -
5.4 Nominal Rates; No Deemed Reinvestment .....	52 -
5.5 Standby Fees .....	52 -
5.6 Default Interest.....	52 -
5.7 Waiver.....	53 -
5.8 Maximum Rate Permitted by Law.....	53 -
ARTICLE 6 BANKERS' ACCEPTANCES .....	53 -
6.1 Bankers' Acceptances.....	53 -
6.2 Fees .....	53 -
6.3 Form and Execution of Bankers' Acceptances.....	53 -
6.4 Power of Attorney; Provision of Bankers' Acceptances to Lender.....	54 -
6.5 Mechanics of Issuance .....	55 -
6.6 Rollover, Conversion or Payment on Maturity.....	56 -
6.7 Restriction on Rollovers and Conversions.....	56 -
6.8 Rollovers.....	56 -
6.9 Conversion into Bankers' Acceptances .....	57 -
ARTICLE 7 LETTERS OF CREDIT .....	57 -
7.1 Availability .....	57 -
7.2 Currency, Type, Form and Expiry .....	57 -
7.3 No Conversion .....	57 -
7.4 Records .....	57 -
7.5 Reimbursement or Conversion on Presentation.....	58 -
7.6 Fees and Expenses .....	58 -
7.7 Additional Provisions.....	58 -
ARTICLE 8 PLACE AND APPLICATIONS OF PAYMENTS .....	61 -
8.1 Place of Payment of Principal, Interest and Fees; Payments to Lender.....	61 -
8.2 Funds.....	61 -
8.3 Application of Payments.....	61 -
8.4 Payments Clear of Taxes .....	62 -

**TABLE OF CONTENTS**  
(continued)

	<b>Page</b>
8.5 Set Off.....	63 -
8.6 Adjustments for Margin Changes .....	63 -
ARTICLE 9 REPRESENTATIONS AND WARRANTIES .....	64 -
9.1 Representations and Warranties.....	64 -
9.2 Deemed Repetition.....	69 -
9.3 Other Documents .....	69 -
9.4 Effective Time of Repetition .....	69 -
9.5 Nature of Representations and Warranties .....	70 -
ARTICLE 10 GENERAL COVENANTS .....	70 -
10.1 Affirmative Covenants of the Loan Parties .....	70 -
10.2 Negative Covenants of the Loan Parties .....	77 -
10.3 Financial Covenants.....	81 -
10.4 Lender May Perform Covenants .....	82 -
ARTICLE 11 SECURITY .....	82 -
11.1 Security on all Assets.....	82 -
11.2 Registration; Certain Notices.....	83 -
11.3 Forms .....	83 -
11.4 Continuing Security .....	83 -
11.5 Dealing with Security .....	84 -
11.6 Effectiveness .....	84 -
11.7 Release and Discharge of Security .....	84 -
ARTICLE 12 EVENTS OF DEFAULT AND ACCELERATION .....	84 -
12.1 Events of Default .....	84 -
12.2 Acceleration .....	87 -
12.3 Remedies Cumulative and Waivers .....	88 -
12.4 Termination of Lender's Obligations.....	88 -
12.5 Acceleration of All Lender Obligations.....	88 -
ARTICLE 13 CHANGE OF CIRCUMSTANCES .....	89 -
13.1 Market Disruption Respecting Bankers' Acceptances .....	89 -
13.2 Change in Law .....	89 -
13.3 Illegality .....	91 -
ARTICLE 14 COSTS, EXPENSES AND INDEMNIFICATION .....	91 -

**TABLE OF CONTENTS**  
(continued)

	<b>Page</b>
14.1 Costs and Expenses.....	91 -
14.2 General Indemnity .....	92 -
14.3 Environmental Indemnity .....	93 -
14.4 Judgment Currency .....	93 -
14.5 Limits on Liability of Indemnified Parties.....	94 -
ARTICLE 15 GENERAL .....	94 -
15.1 Exchange and Confidentiality of Information .....	94 -
15.2 Notices .....	95 -
15.3 Governing Law .....	96 -
15.4 Benefit of the Agreement.....	96 -
15.5 Assignment .....	96 -
15.6 Participations.....	96 -
15.7 Severability .....	97 -
15.8 Whole Agreement .....	97 -
15.9 Amendments and Waivers .....	97 -
15.10 Further Assurances.....	97 -
15.11 Attornment .....	97 -
15.12 Time of the Essence .....	97 -
15.13 Credit Agreement Governs .....	98 -
15.14 Execution and Counterparts.....	98 -

**CREDIT AGREEMENT**

THIS AGREEMENT made as of December 18, 2020

AMONG:

**KORITE INTERNATIONAL LIMITED PARTNERSHIP**, a limited partnership formed under the laws of the Province of Alberta,

- and -

**KORITE INTERNATIONAL GP INC.**, a corporation subsisting under the laws of the Province of Alberta,

- and -

The other Loan Parties from time to time party hereto,

OF THE FIRST PART,

- and -

**CANADIAN IMPERIAL BANK OF COMMERCE**, a Canadian chartered bank (hereinafter sometimes referred to as the “**Lender**”),

OF THE SECOND PART,

WHEREAS the Borrower has requested, and the Lender has agreed to make available to the Borrower (a) a senior secured revolving credit facility (including a letter of credit sub facility) in an aggregate principal amount at any time outstanding not in excess of the lesser of \$3,000,000 plus the accrued interest on the such principal amount during the first six (6) months following the Closing Date and the Borrowing Base in effect from time to time (the “**Revolving Facility**”) and (b) a senior secured term loan facility in an aggregate principal amount not to exceed US\$3,309,238 plus the accrued interest on the such principal amount during the first six (6) months following the Closing Date (the “**Term Facility**”) and together with the Revolving Facility, the “**Senior Credit Facilities**” and each, a “**Senior Credit Facility**”), on the terms and conditions hereinafter set forth;

AND WHEREAS the Borrower (a) desires to secure all of the Obligations under the Loan Documents by granting to the Lender a Security Interest in substantially all of its property, assets and undertaking and (b) to the extent it now has, or hereafter acquires or forms any Material Subsidiaries, owns all of the shares and other Equity Interests of each of its Material Subsidiaries and is willing to pledge to the Lender all of such shares and other Equity Interests in each such Material Subsidiary to secure the Obligations;

AND WHEREAS the Holdcos own the majority of all issued and outstanding Equity Interests of the Borrower and the General Partner and are willing to guarantee all of the Obligations (on a limited recourse basis) and to pledge to the Lender all of such Equity Interests of the Borrower and the General Partner to secure the Obligations;

AND WHEREAS subject to the terms hereof and to the extent it now has, or hereafter acquires or forms any Material Subsidiaries, each Material Subsidiary of the Borrower is willing to

guarantee all of the Obligations of the Borrower and to grant to the Lender a Security Interest upon substantially all of its property, assets and undertaking;

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby conclusively acknowledged by each of the parties hereto, the parties hereto covenant and agree as follows:

## **ARTICLE 1** **INTERPRETATION**

### **1.1**            **Definitions**

In this Agreement, unless something in the subject matter or context is inconsistent therewith:

“**Acceleration Notice**” means a written notice delivered by the Lender to the Borrower pursuant to Section 12.2 declaring all Obligations of the Borrower outstanding hereunder to be due and payable.

“**Acceptable Credit Support**” means, with respect to any Account, either (a) export/import insurance provided by Export Development Canada or such other provider of such insurance as may be acceptable to the Lender in its Permitted Discretion; or (b) a letter of credit issued by a financial institution acceptable to the Lender and otherwise on terms acceptable to Lender in its Permitted Discretion.

“**Accounts**” means, in respect of each Loan Party, all of such Loan Party’s now existing and future: (a) accounts (as defined in the PPSA), all “claims” for purposes of the Civil Code of Québec, and any and all other receivables (whether or not specifically listed on schedules furnished to the Lender), including all accounts created by, or arising from, all of such Loan Party’s sales, leases, loans, rentals of goods or renditions of services to its customers, including those accounts arising under any of such Loan Party’s trade names or styles, or through any of such Loan Party’s divisions; (b) any and all instruments, documents, bills of exchange, notes or any other writing that evidences a monetary obligation and chattel paper (including electronic chattel paper) (all as defined in the PPSA); (c) unpaid seller’s or lessor’s rights (including rescission, replevin, reclamation, repossession and stoppage in transit) relating to the foregoing or arising therefrom; (d) rights to any goods represented by any of the foregoing, including rights to returned, reclaimed or repossessed goods; (e) reserves and credit balances arising in connection with or pursuant hereto; (f) guarantees, indemnification rights, supporting obligations, payment intangibles, tax refunds and letter of credit rights; (g) insurance policies or rights relating to any of the foregoing; (h) intangibles pertaining to any and all of the foregoing (including all rights to payment, including those arising in connection with bank and non-bank credit cards), and including books and records and any electronic media and software relating thereto; (i) notes, deposits or property of borrowers or other account debtors securing the obligations of any such borrowers or other account debtors to such Loan Party; (j) cash and non cash proceeds (as defined in the PPSA) of any and all of the foregoing; and (k) all monies and claims for monies now or hereafter due and payable in connection with any and all of the foregoing or otherwise.

“**Acquired Assets**” means all or substantially all of the assets, properties, and undertaking of Korite Target to be acquired by the Borrower pursuant to the Acquisition Agreement.

“**Acquisition**” means the acquisition by the Borrower of the Acquired Assets.

“**Acquisition Agreement**” means the asset purchase agreement dated as of December 1, 2020, by and among the Borrower, as purchaser, and Korite Target, as vendor, as amended to the date hereof.

“**Acquisition Documents**” means the Acquisition Agreement, all other agreements to be entered into in connection with the Acquisition and all schedules, exhibits and annexes to each of the foregoing and all side letters, instruments and agreements affecting the terms of the foregoing or entered into in connection therewith.

“**Additional Compensation**” has the meaning set out in Section 13.2(1).

“**Advance**” means an advance of funds made by the Lender to the Borrower (including by way of Overdraft Loans), but does not include any Conversion or Rollover.

“**Affiliate**” means any person which, directly or indirectly, controls, is controlled by or is under common control with another person; and, for the purposes of this definition, “control” (including, with correlative meanings, the terms “controlled by” or “under common control with”) means the power to direct or cause the direction of the management and policies of any person, whether through the ownership of shares or other economic interests, the holding of voting rights or contractual rights or otherwise.

“**Agreement**” means this credit agreement, all schedules and exhibits thereto, as the same may be amended, stated, supplemented, modified, varied, renewed or replaced from time to time in accordance with the provisions hereof.

“**Applicable Laws**” or “**applicable law**” means, in relation to any person, transaction or event:

- (a) all applicable provisions of laws, statutes, rules and regulations from time to time in effect of any Governmental Authority; and
- (b) all Governmental Authorizations to which the person is a party or by which it or its property is bound or having application to the transaction or event.

“**Applicable Pricing Rate**”, as regards any Loan under the Senior Credit Facilities or the standby fees payable in accordance with Section 5.5, means, when the Total Leverage Ratio is one of the following, the percentage rate per annum set forth below opposite such ratio in the column applicable to the type of Loan in question or such standby fee:

Tier	Total Leverage Ratio	Margin on Bankers' Acceptances, LIBOR Loans and Issuance Fees for LCs	Margin on Prime Rate Loans and US Base Rate Loans	Standby fee on Revolving Facility
I	≥ 3.25:1.00	4.00% per annum	2.75% per annum	0.80% per annum
II	< 3.25:1.00 but ≥ 2.75:1.00	3.50% per annum	2.25% per annum	0.70% per annum
III	< 2.75:1.00 but ≥ 2.25:1.00	3.25% per annum	2.00% per annum	0.65% per annum
IV	< 2.25:1.00	3.00% per annum	1.75% per annum	0.60% per annum

provided that:

- (a) the above rates per annum applicable to LIBOR Loans are expressed on the basis of a year of 360 days and the above rates per annum applicable to all other the Loans under the Senior Credit Facilities and standby fees are expressed on the basis of a year of 365 days or 366 days, as the case may be;

- (b) changes in the Applicable Pricing Rate shall be effective:
- (i) from and as of the day on which the Borrower delivers a Compliance Certificate pursuant hereto evidencing a change in the Total Leverage Ratio which results in a change in the Applicable Pricing Rate in accordance with the provisions of such definition; and
  - (ii) without the necessity of notice to the Borrower,
- provided further that:
- (A) with respect to any Bankers' Acceptances and LIBOR Loans outstanding on the effective date of any change to the Applicable Pricing Rate, such change will only be effective upon the next Rollover or Conversion thereof, or the maturity date of the LIBOR Interest Period, after such change; and
  - (B) until:
    - (I) the Borrower shall have achieved positive EBITDA, the Applicable Pricing Rate shall not be less than the rate application to Tier I in the table set forth above; and
    - (II) the Borrower shall have delivered the financial statements and certificates required pursuant to Section 10.1(e) for the second complete Quarter End following the Closing Date, the Applicable Pricing Rate shall be not less than the rate applicable to Tier I in the table set forth above;
  - (c) if the Borrower fails to deliver any of the financial statements and certificates as required pursuant to Section 10.1(e), the Applicable Pricing Rate shall be deemed to be the rate applicable to Tier I in the table set forth above, from the date that such financial statements and certificates were due, until such financial statements and certificates are delivered; and
  - (d) changes in the Applicable Pricing Rate shall be subject to adjustments in accordance with Section 8.6.

**“Approved Securities”** means obligations maturing within one year from their date of purchase or other acquisition by any Loan Party and which are:

- (a) issued by the Government of Canada or an instrumentality or agency thereof and guaranteed fully as to principal, premium, if any, and interest by the Government of Canada;
- (b) issued by a province of Canada or an instrumentality agent thereof, which has a long term debt rating of at least A by S&P, A2 by Moody's, or A by DBRS; or
- (c) term deposits, guaranteed investment certificates, certificates of deposit, bankers' acceptances or bearer deposit notes, in each case, of any Canadian chartered bank, which has a long term debt rating of at least A+ by S&P, A1 by Moody's, or A (high) by DBRS.



**“Attributable Debt”** means, in respect of any lease (whether characterized as an operating lease under GAAP or not) entered into by a person or a Subsidiary thereof as lessee, the present value (discounted at the rate of interest implicit in such transaction, determined in accordance with GAAP) of the lease payments of the lessee, including all rent and payments to be made by the lessee in connection with the return of the leased property, during the remaining term of the lease (including any period for which such lease has been extended or may, at the option of the lessor, be extended) but excluding for certainty, (a) amounts required to be paid on account of insurance, taxes, assessments, utility, operating and labour costs and similar charges and (b) amounts payable by a lessee in connection with the exercise of any end-of-term purchase option, early buy-out-option or any similar amounts payable at the election of the lessee.

**“Availability Reserves”** means, as of any date of determination and without duplication, such amounts as the Lender may from time to time, with concurrent notice to the Borrower, establish and revise in its Permitted Discretion reducing the Borrowing Base which would otherwise be available to the Borrower under the lending formulas provided for herein (a) to reflect criteria, events, conditions, contingencies or risks which, as determined by the Lender in its Permitted Discretion, do or may affect either (i) any component of the Borrowing Base or its value, (ii) the assets, business, operations, industry, financial performance, financial condition or prospects of the Loan Parties, taken as a whole, or (iii) the security interests and other rights of the Lender in the Collateral (including the enforceability, perfection and priority thereof, or the realization thereon), or (b) to reflect the Lender’s reasonable belief that any collateral report or financial information furnished by or on behalf of the Borrower to the Lender is or may have been incomplete, inaccurate or misleading at the time it was prepared, or (c) in respect of any state of facts which the Lender determines constitutes a Default or an Event of Default which has not been remedied. Without limiting the foregoing, the Lender, in its Permitted Discretion, may establish and/or increase Availability Reserves (but without duplication) in respect of: (a) (i) rental payments or similar charges for any of the leased premises of any Loan Party or other collateral locations for which the relevant Loan Party has not delivered to the Lender a landlord’s waiver or bailee’s letter in form and content satisfactory to the Lender respectively, plus (ii) rent reserves for each leased premises at which Collateral is located, unless an acceptable landlord waiver has been obtained for the relevant leased premises, plus (iii) any other fees or charges owing by any Loan Party to any applicable warehousemen or third party processor, unless a processor waiver letter has been obtained from the relevant third party processor in form and substance satisfactory to the Lender in its Permitted Discretion (all as determined by the Lender in its reasonable business judgement), (b) any reserve established by the Lender on account of statutory claims, deemed trusts, or inventory subject to rights of suppliers under Section 81.1 of the BIA (generally known as the “30-day goods” rule) or similar rights of reclamation under Section 81.2 of the BIA, or under any other Applicable Law, (c) employee or employee benefit related liabilities and any other claims which may have priority over the claims of the Lender, including Priority Payables, (d) liabilities arising under or in respect of any Pension Plan which, if not paid, could result in a Security Interest on any of the assets of any Loan Party which Security Interest could reasonably be expected to have priority over or rank *pari passu* with the Security Interest of the Lender, (e) claims by Her Majesty the Queen in Right of Canada made pursuant to Section 224(1.2) or 224(1.3) of the *Income Tax Act*, (f) claims pursuant to any provision of the *Canada Pension Plan* or the *Employment Insurance Act* (Canada) that refers to subsection 224(1.2) of the *Income Tax Act* and provides for the collection of a contribution (as defined in the *Canada Pension Plan*), or employee’s premium or employer’s premium (as defined in the *Employment Insurance Act* (Canada)), or a premium under Part VII.1 of that Act, and of any related interest, penalties or other amounts in each case, which claims could reasonably be expected to have priority over or rank *pari passu* with the Security Interest of the Lender, (g) claims pursuant to any provision of provincial legislation that has a similar purpose to subsection 224(1.2) of the *Income Tax Act*, or that refers to that subsection, to the extent that it provides for the collection of a sum, and of any related interest, penalties or other amounts, where the sum has been withheld or deducted by a person from a payment to another person and is in respect of a tax similar in nature to the income tax imposed on individuals under the *Income Tax Act* or is of the same nature as a contribution under the *Canada Pension Plan* if the province is a “province providing a comprehensive

pension plan” as defined in subsection 3(1) of the *Canada Pension Plan* and the provincial legislation establishes a “provincial pension plan” as defined in that subsection which claims could reasonably be expected to have priority over or rank *pari passu* with the Security Interest of the Lender, (h) cash management reserves, (i) bank product reserves, (j) royalties payable to Persons who are not Loan Parties in respect of licensed merchandise forming part of the Collateral, and (k) and such other reserves as the Lender may at any time or times deem necessary in its Permitted Discretion as a result of (x) negative forecasts and/or trends in the Borrower’s business, operations, industry, prospects, profits, operations or financial condition or assets or (y) other issues, circumstances or facts that could otherwise negatively impact the Borrower, its business, operations, industry, prospects, profits, operations or financial condition or assets, taken as a whole.

“**Bankers’ Acceptance**” means a draft in Dollars drawn by the Borrower, accepted by the Lender and issued for value pursuant to this Agreement.

“**BIA**” means the *Bankruptcy and Insolvency Act (Canada)*, as amended from time to time (or any successor statute).

“**Borrower**” means Korite International Limited Partnership, a limited partnership subsisting under the laws of the Province of Alberta, and its successors and permitted assigns.

“**Borrowing Base**” means, at any time, the lesser of (A) \$3,000,000, and (B) an amount (which may not be less than zero) equal to the sum of:

- (i) 75% of the aggregate amount of all Eligible Accounts,
- (ii) plus, the lesser of 50% of the lower of Standard Cost or fair market value of all Eligible Inventory,
- (iii) minus, an amount equal to all Priority Payables, and minus
- (iv) minus, an amount equal to all other Availability Reserves;

provided that the amount included in the Borrowing Base on account of raw material and work-in-process inventory shall not exceed \$2,500,000.

“**Borrowing Base Report**” means the report of the Borrower concerning the amount of the Borrowing Base, to be delivered pursuant to Section 10.1(e)(v), substantially in the form attached as Schedule A.

“**Business Day**” means a day of the year, other than Saturday, Sunday or legal holiday in the Province of Alberta, on which (i) in respect of notices, determinations, payments or advances relating to US Base Rate Loans, the Lender is open for normal banking business at its executive offices in Toronto, Ontario, the Lender’s Branch and its principal office in New York, New York, (ii) in respect of notices, determinations, payments or Advances relating to LIBOR Loans, the Lender is open for normal banking business at its executive offices in Toronto, Ontario, Lender’s Branch and its principal offices in New York, New York and London, England, and (iii) for all other purposes, the Lender is open for normal banking business at its executive offices in Toronto, Ontario and the Lender’s Branch, provided, however, that when used in connection with a Letter of Credit, the term “Business Day” shall also exclude any day on which banks are not open for business in the jurisdiction in which the lending office of the Lender is located.

“**Calculated Net Income**” means for any period, and without duplication, the net income (or loss) of the Borrower and its Material Subsidiaries on a consolidated basis for such period taken as a single accounting

period determined in conformity with GAAP; provided that there shall be excluded from such calculation: (a) the net income (or net loss) of any other person accrued prior to the date it becomes a Subsidiary of, or is merged into or consolidated with, the person whose Calculated Net Income is being determined or a Subsidiary of such person, (b) the net income (or net loss) of any other person in which the person whose Calculated Net Income is being determined or any Subsidiary of such person has an ownership interest that is less than 100%, except, in the case of net income, to the extent that any such income has actually been received by such person or such Subsidiary in the form of cash dividends or similar distributions, (c) any extraordinary losses and non-recurring expenses, as mutually agreed to by the Borrower and the Lender, (d) any net gains or losses on the sale or other disposition, not in the ordinary course of business, of any assets, provided that there shall also be excluded any related charges for taxes thereon, (e) any net gain arising from the collection of the proceeds of any insurance policy, (f) any writeup of any asset, and (g) any other non-cash item.

“**Calgary Head Office**” is defined in Schedule 9.1(u).

“**Canadian MEPP**” means any registered pension plan to which a Loan Party contributes (or to which there is or may be an obligation to contribute by a Loan Party) or has made contributions on behalf of its employees or former employees and which is required to be registered under Canadian provincial or federal pension benefits standards legislation and that meets the definition of multi-employer pension plan (or equivalent term) as defined under such legislation.

“**Canadian Pension Plan**” means any pension plan to which a Loan Party contributes (or to which there is or may be an obligation to contribute by a Loan Party) or has made contributions on behalf of its employees and which is required to be registered under Canadian provincial or federal pension benefits standards legislation, other than a Canadian MEPP.

“**Capital Expenditures**” means, for any period, all amounts that would be included as additions to property, plant and equipment and other capital expenditures on a consolidated statement of cash flows for the Loan Parties during such period in accordance with GAAP (excluding capitalized interest but including the amount of assets leased under any capital lease).

“**Cash Collateral**” has the meaning set out in Section 2.14(2).

“**Cash Collateral Account**” has the meaning set out in Section 2.14(2).

“**CCAA**” means the *Companies’ Creditors Arrangement Act* (Canada) as amended from time to time (or any successor statute).

“**CCAA Proceedings**” means proceedings initiated under the CCAA by Korite Target pursuant to the order pronounced on June 30, 2020 by the Honourable Madam Justice K.M. Horner of the Court of Queen’s Bench of Alberta.

“**CCAA Vesting Order**” means the approval and vesting order pronounced on December 11, 2020 by the Honourable Mr. Justice D.B. Nixon of the Court of Queen’s Bench of Alberta under the CCAA Proceedings.

“**CDOR Rate**” shall mean, on any date, the annual rate of interest which is the rate based on an average rate applicable to Dollar bankers’ acceptances for a specified term appearing on the “Reuters Screen CDOR Page” (as defined in the International Swaps and Derivatives Association, Inc., definitions, as modified and amended from time to time) at approximately 10:00 a.m. (Standard Time), on such date, or if such date is not a Business Day, then on the immediately preceding Business Day, provided that if such rate does not

appear on the Reuters Screen CDOR Page on such date as contemplated, then CDOR Rate on such date shall be the rate for the term referred to above applicable to Dollar bankers' acceptances quoted by the Lender as of 10:00 a.m. (Standard Time) on such date or, if such date is not a Business Day, then on the immediately preceding Business Day, provided that the CDOR Rate shall be no less than zero (0).

**"Change of Control"** means any transaction or event (including, without limitation, an issuance, sale or exchange of Equity Interests, a merger or consolidation, or a dissolution or liquidation) occurring on or after the date hereof (whether or not approved by the board of directors of the Holdcos or the Borrower) as a direct or indirect result of which, excluding any Equity Interests held by the Lender (or any of its Affiliates) in the Borrower from such calculation: (a) Clear North Holdco, Lui Holdco and Copithorne Holdco fail to beneficially own, collectively, directly or indirectly, at least 55% of the economic and voting interests of all Equity Interests then outstanding of the Borrower, (b) Clear North Holdco fails to beneficially own, collectively, directly or indirectly, at least 51% of the economic and voting interest of all Equity Interests then outstanding of the Borrower, (c) Cody Church fails to beneficially and directly own 100% of the economic and voting interests of all Equity Interests then outstanding of Clear North Holdco, or (d) the Borrower fails to beneficially own, directly or indirectly, 100% of the economic and voting interests of all Equity Interests then outstanding of its Material Subsidiaries.

**"Clear North Holdco"** means Clear North Capital Holdings Inc., a corporation subsisting under the laws of the British Virgin Islands, and its successors and permitted assigns

**"clearing house"** has the meaning set forth in Section 6.4(1).

**"Closing Date"** means December 18, 2020.

**"Collateral"** shall mean, with respect to any Loan Party, all of its present and future right, title and interest in and to any property of any kind, with respect to which it grants any Security Interests pursuant to any Security granted by it to the Lender, and with respect to the Holdcos, the Equity Interests in the capital of the Borrower and the General Partner, with respect to which it grants any Security Interests pursuant to any Security granted by it to the Lender.

**"Collateral Investment"** has the meaning set out in Section 2.14(2).

**"Commodity Agreement"** means any agreement for the making or taking of delivery of any commodity, any commodity swap agreement, floor, cap or collar agreement or commodity future or option or other similar agreements or arrangements, or any combination thereof, entered into by any Loan Party where the subject matter of the same is any commodity or the price, value or amount payable thereunder is dependent or based upon the price of any commodity or fluctuations in the price of any commodity, but shall not include any agreement for the physical sale of commodities by the Loan Parties entered into in the ordinary course of business unless either (a) such agreement is with a bank, investment bank, securities dealer, insurance company, trust company, pension fund, institutional investor or any other financial institution or any Affiliate of any of the foregoing, or (b) such agreement is entered into for hedging purposes or otherwise for the purpose of eliminating or reducing the financial risk or exposure of the Loan Parties to fluctuations in the prices of commodities (and, for certainty, any such agreement referred to in (a) or (b) of this definition shall constitute a "Commodity Agreement" for all purposes hereof).

**"Compliance Certificate"** means a certificate of the Borrower signed on behalf of the Borrower by the president, chief executive officer, chief financial officer or any other officer acceptable to the Lender, substantially in the form annexed hereto as Schedule F, to be given to the Lender by the Borrower pursuant hereto.

**“Consulting Agreement”** means the consulting agreement dated December 18, 2020 between the Borrower and Clear North Holdco.

**“Consulting Fees”** means the consulting fees payable by the Borrower to Clear North Holdco pursuant to the Consulting Agreement.

**“Conversion”** means a conversion or deemed conversion of a Loan under the Senior Credit Facilities into another type of Loan under the Senior Credit Facilities pursuant to the provisions hereof.

**“Conversion Date”** means the date specified by the Borrower as being the date on which the Borrower has elected to convert, or this Agreement requires the conversion of, one type of Loan into another type of Loan and which shall be a Business Day.

**“Conversion Notice”** means a notice substantially in the form annexed hereto as Schedule B to be given to the Lender by the Borrower pursuant hereto.

**“Copithorne Holdco”** means 2306391 Alberta Corporation, a corporation subsisting under the laws of the Province of Alberta, and its successors and permitted assigns.

**“Currency Hedging Agreement”** means any currency swap agreement, cross currency agreement, forward agreement, floor, cap or collar agreement, futures or options, insurance or other similar agreement or arrangement, or any combination thereof, entered into by Loan Party where the subject matter of the same is currency exchange rates or the price, value or amount payable thereunder is dependent or based upon currency exchange rates or fluctuations in currency exchange rates as in effect from time to time.

**“DBNA”** has the meaning set out in Section 6.4(1).

**“DBRS”** means DBRS Limited and any successors thereto.

**“Debt”** means, with respect to any person (“X”), all obligations, liabilities and indebtedness of X and its Subsidiaries which would, in accordance with GAAP, be classified upon a consolidated balance sheet of X as liabilities of X and its Subsidiaries and, whether or not so classified, shall include (without duplication):

- (a) indebtedness of X and its Subsidiaries for borrowed money;
- (b) obligations of X and its Subsidiaries arising pursuant or in relation to: (i) bankers’ acceptances (including payment and reimbursement obligations in respect thereof), or (ii) letters of credit and letters of guarantee supporting obligations which would otherwise constitute Debt within the meaning of this definition or indemnities issued in connection therewith;
- (c) obligations of X and its Subsidiaries with respect to drawings under all other letters of credit and letters of guarantee;
- (d) obligations of X and its Subsidiaries under Guarantees, indemnities, assurances, legally binding comfort letters or other contingent obligations relating to the indebtedness or other obligations of any other person which would otherwise constitute Debt within the meaning of this definition and all Financial Assistance including endorsements of bills of exchange (other than for collection or deposit in the ordinary course of business);

- (e) (i) all indebtedness of X and its Subsidiaries representing the deferred purchase price of any property to the extent that such indebtedness is or remains unpaid after the expiry of the customary time period for payment; provided that such time period shall in no event exceed 90 days, and (ii) all obligations of X and its Subsidiaries created or arising under any: (A) conditional sales agreement or other title retention agreement or (B) capital lease;
- (f) all Attributable Debt of X and its Subsidiaries other than in respect of (i) leases of office space, display or storage sites or (ii) operating leases, in each case entered into in the ordinary course of business (and, for certainty, no Sale-Leaseback shall be considered to be entered into in the ordinary course of business);
- (g) all other long-term obligations (including the current portion thereof) upon which interest charges are customarily paid prior to default by X; and
- (h) all indebtedness of other persons secured by a Security Interest on any asset of X and its Subsidiaries, whether or not such indebtedness is assumed thereby; provided that the amount of such indebtedness shall be the lesser of (i) the fair market value of such asset at such date of determination, and (ii) the amount of such indebtedness shall only be Debt to the extent recorded as a liability in accordance with GAAP;

but shall exclude each of the following, determined (as required) in accordance with GAAP:

- (i) accounts payable to trade creditors and accrued liabilities incurred in the ordinary course of business;
- (j) Taxes payable and future Taxes; and
- (k) accrued interest not yet due and payable (excluding interest accrued on the Senior Credit Facilities during the first six (6) months following the Closing Date);

provided that, unless otherwise expressly provided or the context otherwise requires, references herein to "Debt" shall and shall be deemed to be references to Debt of the Loan Parties determined on a consolidated basis and without duplication.

**"Default"** means any event or condition which, with the giving of notice, lapse of time or upon a declaration or determination being made (or any combination thereof), would constitute an Event of Default.

**"Deposit Account"** shall mean, with respect to any person, any demand, time, savings, passbook or similar account of such person maintained with a bank, savings and loan association, credit union or similar organization, whether now owned or existing or hereafter acquired or arising.

**"Discount Proceeds"** shall mean, with respect to any Bankers' Acceptance, an amount equal to the result of the following mathematical formula, rounded to the nearest whole cent:

$$\text{BANKER'S ACCEPTANCE NOMINAL AMOUNT} \times \left( \frac{I}{I + (A \times \frac{B}{C})} \right),$$

where:

- (a) "A" is the Discount Rate;
- (b) "B" is the number of days comprised in the contract period selected by the Borrower with respect to the relevant B/A; and
- (c) "C" is 365.

"**Discount Rate**" shall mean, as applicable to a Bankers' Acceptance being purchased by the Lender on any day, the CDOR Rate.

"**Dollars**" and "\$" shall mean lawful currency of Canada.

"**Drafts**" means drafts, bills of exchange, receipts, acceptances, demands and other requests for payment drawn or issued under a Letter of Credit.

"**Drawdown**" means:

- (a) an Advance of a Prime Rate Loan, a US Base Rate Loan, or a LIBOR Loan;
- (b) the issue of Bankers' Acceptances other than as a result of Conversions or Rollovers; or
- (c) the issue of Letters of Credit.

"**Drawdown Date**" means the date on which a Drawdown is made by the Borrower pursuant to the provisions hereof and which shall be a Business Day.

"**Drawdown Notice**" means a notice substantially in the form annexed hereto as Schedule C to be given to the Lender by the Borrower pursuant hereto.

"**EBITDA**" means, with respect to the Borrower and its Material Subsidiaries, for any period, the sum, without duplication, of the amounts for such period of Calculated Net Income plus, in each case to the extent deducted in determining such Calculated Net Income, (a) all federal, provincial, state, local and foreign taxes, (b) Interest Expense, (c) depreciation and amortization expense, (d) non-cash amortization of deferred financing fees related to the Transactions, (e) fees and expenses related to the Transactions as reasonably approved by the Lender, and (f) dispositions of certain Inventory of the Loan Parties as reasonably approved by the Lender; provided that for purposes of calculating the financial covenants in Section 10.3, the EBITDA of any person acquired during such period shall be calculated as though such person had been acquired on the first day of such period; provided that (unless otherwise specified herein), the EBITDA and (for the purposes of this definition) the Calculated Net Income of any person acquired during such period shall be calculated as though such person had been acquired on the first day of such period.

"**Eligible Account**" means, at any time, the invoice amount (which shall be the Dollar equivalent at such time of any amount denominated in US Dollars) owing on each Account of a Loan Party (net of any credit balance, returns, trade discounts, contra, unapplied cash, unbilled amounts, tax refunds that have not yet been received or retention or finance charges or any other dilutive factors) which meet such standards of eligibility as the Lender shall establish from time to time in its Permitted Discretion; provided that, in any event, no account shall be deemed an Eligible Account unless each of the following statements is accurate and complete (and by including such Account in any computation of the applicable Borrowing Base, the Borrower shall be deemed to represent and warrant to the Lender the accuracy and completeness of such

statements and the compliance of each such Account with each such other eligibility standard established by the Lender):

- (1) To the best of such Loan Party's knowledge, such Account is a binding and valid obligation of the obligor thereon and is in full force and effect;
- (2) Such Account is evidenced by an invoice and is payable in either Dollars or US Dollars;
- (3) Such Account is genuine as appearing on its face or as represented in the books and records of the Borrower and the applicable Loan Party;
- (4) To the best of such Loan Party's knowledge, such Account is free from claims regarding rescission, cancellation or avoidance, whether by operation of applicable law or otherwise;
- (5) Payment of such Account is less than 90 days past the original invoice date thereof (or less than the applicable special payment plans or arrangements for Special Payment Accounts as approved by the Lender in its Permitted Discretion) and less than 60 days past the original due date thereof;
- (6) Such Account is net of concessions, offset, deduction, contra, returns, chargebacks or understandings with the obligor thereon that in any way could reasonably be expected to adversely affect the payment of, or the amount of, such Account;
- (7) The Lender has a first-priority perfected Security Interest covering such Account and such Account is, and at all times will be, free and clear of all other Security Interests or claims (including any claim by the issuer of any performance bond, surety bond, appeal bond, completion guarantee or like instrument arising as a result of any failure of performance by a Loan Party);
- (8) The obligor on such Account is not an Affiliate or a director, officer or employee of any Loan Party;
- (9) Such Account arose in the ordinary course of business of the Loan Party out of the sale of goods or the provision of services by the Loan Party;
- (10) Such Account is not payable by an obligor in respect of which 50% or more (by amount) of the total aggregate Accounts owed to the Loan Party by such obligor or any of its Affiliates are more than 90 days past the original invoice date thereof (other than for Special Payment Accounts which shall not be more than the applicable special payment plans or arrangements approved by the Lender in its Permitted Discretion) or more than 60 days past the original due date thereof;
- (11) To the best of such Loan Party's knowledge, all consents, licenses, approvals or authorizations of, or registrations or declarations with, any Governmental Authority required to be obtained, effected or given in connection with the execution, delivery and performance of such Account by each party obligated thereunder, or in connection with the enforcement and collection thereof by the applicable Loan Party, have been duly obtained, effected or given and are in full force and effect;
- (12) The obligor on such Account is not an individual, and, to the best knowledge of the Loan Party, is not the subject of any bankruptcy or insolvency proceeding, does not have a trustee or receiver appointed for all or a substantial part of its property, has not made an assignment for the benefit of creditors, admitted its inability to pay its debts as they mature, suspended its business or initiated negotiations regarding a compromise of its debt with its creditors, and the Lender, in its reasonable discretion, is otherwise satisfied with the credit standing of such obligor;



(13) The chief executive office of the obligor of such Account is located in the United States of America or Canada and the obligor of such Account is organized and existing under the laws of the United States of America or a state thereof or the federal laws of Canada, a province or territory thereof, or if the obligor is not so organized and existing, such Account is covered by Acceptable Credit Support or is otherwise acceptable to the Lender (without Acceptable Credit Support) in its Permitted Discretion;

(14) The obligor of such Account is not a Governmental Authority, if the enforceability or effectiveness against such Governmental Authority of an assignment of such Account is subject to any precondition which has not been fulfilled; for greater certainty, inclusion of Accounts owing by Her Majesty The Queen in right of the Province of Alberta (or an agency thereof or a corporation owned by Her Majesty), compliance with the *Financial Administration Act* (Alberta) and other applicable laws relating to the assignment of such Accounts have been complied with to the satisfaction of the Lender, acting reasonably;

(15) In respect of an Account arising from the sale of goods, the subject goods have been completed, sold and shipped, on a true sale basis on open account, or subject to contract, and not on, on approval, on a "sale or return" basis, or on a "bill and hold" or "pre-sale" basis or subject to any other repurchase or return agreement; no material part of the subject goods has been returned, rejected, lost or damaged; and such Account is not evidenced by chattel paper or a promissory note or an instrument of any kind, unless such chattel paper, promissory note or other instrument has been delivered to the Lender and is subject to a Security Interest under the Security;

(16) Each of the representations and warranties set forth herein and in the Loan Documents with respect to such Account is materially true and correct on such date;

(17) No cheque, promissory note, draft, trade acceptance or other instrument received with respect to such Account (or with respect to any other account due within the last 12 months from the same account debtor) has been presented for payment and has been returned uncollected for any reason;

(18) Such Account is not in respect of a volume rebate;

(19) Such Account is not a pre-billed account or an account arising from progress billing;

(20) The assignment (whether absolutely or by way of security) of such Account is not limited or restricted by the terms of the contract evidencing or relating to such Account or, if assignment of such Account is so restricted, (a) such limitation or restriction has been complied with; or (b) to the best of such Loan Party's knowledge, the laws of the jurisdiction(s) governing the validity of such assignment do not provide that such limitation or restriction is ineffective as against the secured creditor with a security interest therein; and

(21) To the best of such Loan Party's knowledge, such Account is not an Account which the Lender, in the exercise of its good faith Permitted Discretion, has determined to be ineligible for any other reason, including the Lender's determination that the prospect of the collection of such Account is impaired or that the Account may not be paid because of the account debtor's inability to pay or any other reason as may be customary either in the commercial lending industry or in the lending practices of the Lender,

provided that, if at any time the aggregate amount of all Eligible Accounts owed to a Loan Party by a particular obligor or its Affiliates (other than Eligible Accounts owed to a Loan Party by Kays Fine Jewelry, Monarch Jewels, Rogers Media (The Shopping Channel), Executive Diamond Services, HFNY Group Corp (Effy), A Touch of Gold, Milano or Mstr Li (or Feng Shui replacement), and such other obligor approved

from time to time by the Lender in its Permitted Discretion) exceeds 10% of the aggregate amount of all Eligible Accounts at such time owed to such Loan Party (determined without giving effect to any reduction in Eligible Accounts pursuant to this proviso), then, unless the Accounts of such obligors and its Affiliates are insured pursuant to credit insurance acceptable to the Lender which has been assigned to the Lender in form acceptable to the Lender, the amount of such Accounts in excess of 10% of such aggregate amount of all Eligible Accounts shall be excluded in determining the aggregate amount of all Eligible Accounts at such time.

**“Eligible Inventory”** means, at any time with respect to a Loan Party, all Inventory of such Loan Party valued in Dollars on a lower of Standard Cost or fair market value basis in accordance with GAAP, with detailed calculations of lower of Standard Cost and fair market value to occur once per fiscal quarter which meets such standards of eligibility as the Lender shall establish from time to time in its Permitted Discretion; provided that, in any event, no Inventory shall be deemed Eligible Inventory unless each of the following statements is accurate and complete (and by including such Inventory in any computation of the applicable Borrowing Base, the Borrower shall be deemed to represent and warrant to the Lender the accuracy and completeness of such statements and the compliance of such Inventory with each such other eligibility standard established by the Lender):

- (1) Such Inventory is in good condition, merchantable, meets all standards imposed by any Governmental Authority having regulatory authority over it or its use and/or sale and is not obsolete and is either currently usable or currently saleable in the normal course of business of a Loan Party;
- (2) Such Inventory is:
  - (a) in the possession of such Loan Party and located on premises (i) owned by the Borrower, which premises are subject to a first priority perfected Security Interest in favour of the Lender, or (ii) leased by the Borrower where (x) the lessor has delivered to the Lender an acceptable landlord waiver or (y) a rent reserve with respect to such leased premises has been established by the Lender, or
  - (b) in the possession of a bailee within Canada or the United States and such bailee shall have executed and delivered to the Lender, an acceptable bailee letter, or the Lender shall have been advised that such Inventory is in the possession of a bailee and been given the opportunity to establish Availability Reserves in respect thereof, or
  - (c) Eligible In-Transit Inventory;
- (3) Each of the representations and warranties set forth in the Loan Documents with respect to such Inventory is true and correct on such date;
- (4) The Lender has a first-priority perfected Security Interest covering such Inventory, and such Inventory is, and at all times will be, free and clear of all Security Interests other than Permitted Encumbrances;
- (5) Such Inventory does not include goods (i) that are not owned by such Loan Party, (ii) that are held by such Loan Party pursuant to a consignment agreement, or (iii) that are special order goods or discontinued goods;
- (6) Such Inventory is not subject to repossession under the *Bankruptcy and Insolvency Act* except to the extent the applicable vendor has entered into an agreement with the Lender, in form and substance reasonably satisfactory to the Lender, waiving its right to repossession;

(7) Such Inventory does not consist of store room materials, supplies, parts, samples, prototypes, or packing and shipping materials;

(8) Such Inventory does not consist of goods that are discontinued, obsolete, expired, slow-moving or returned, rejected or repossessed or used goods taken in trade;

(9) Such Inventory is not evidenced by negotiable documents of title unless the documents of title are delivered to the Lender with endorsements and insurance, as applicable, on terms and conditions satisfactory to the Lender;

(10) Such Inventory does not constitute Hazardous Materials;

(11) Such Inventory is covered by property insurance in accordance with Section 10.1(o), subject to applicable deductibles;

(12) Such Inventory is located on real or immovable property where there is Inventory of such Loan Party in the aggregate amount of at least \$50,000, or such other amount as may be agreed upon by the Lender and the Borrower;

(13) Such Inventory is not Inventory which the Lender has determined in the exercise of its reasonable discretion that the Lender may not sell or otherwise dispose of in accordance with the terms of the applicable Security without infringing upon the rights of another Person or violating any contract with any other Person (including, for greater certainty, licencing agreements);

(14) Such Inventory is not covered by a negotiable document of title (unless it otherwise constitutes Eligible In-Transit Inventory), unless such document has been delivered to Lender with all necessary endorsements, free and clear of all Security Interests except those in favour of Lender;

(15) Such Inventory is located in the United States of America or Canada; and

(16) Such Inventory is not Inventory which the Lender, in the exercise of its good faith Permitted Discretion, determines to be not acceptable for any other reasons, including those which are customary either in the commercial lending industry or in the lending practices of the Lender.

**“Eligible In-Transit Inventory”** means all raw materials and any finished goods Inventory owned by a Loan Party which is in transit to such Loan Party’s facilities or a storage facility of another Person who has delivered a satisfactory warehouse agreement to the Lender and either (a) such Inventory is covered by a letter of credit issued by a financial institution acceptable to the Lender and otherwise on terms acceptable to the Lender in its reasonable discretion, or (b) such Inventory is not covered by a letter of credit but (i) such Inventory has been purchased by such Loan Party from a vendor or supplier located outside the continental United States of America or Canada and such Loan Party has acquired valid title to such Inventory pursuant to an English language purchase and sale contract between such Loan Party, as buyer, and the vendor or supplier, as seller, (ii) title to such Inventory and risk of loss has passed to such Loan Party, (iii) such Inventory has been shipped to a location in Canada or the United States of America where the Lender’s Security Interests have been perfected for receipt by such Loan Party or on behalf of such Loan Party within 60 days of the date of determination, but which has not yet been delivered to such Loan Party, (iv) such Inventory is fully insured against types of loss, damage, hazards and risks, and in amounts satisfactory to the Lender in its Permitted Discretion, and the Lender shall have been named as lender loss payee with respect to such insurance, (v) the bill of lading, waybill, airway bill document of title or other shipping documents (which may be in electronic format) (collectively, **“Shipping Documents”**) with respect to such Inventory shall be issued in the name of such Loan Party, as consignee (or, if so requested

by the Lender, consigned to the order of the Lender), and if so requested by the Lender, shall be in negotiable form, (vi) the Lender shall have received confirmation that such Loan Party or the applicable freight forwarder or customs broker (in accordance with (x) below) has possession of the original Shipping Documents issued in the name of such Loan Party, as consignee (or, if so requested by the Lender, consigned to the order of the Lender), (vii) the vendor or supplier has no claim upon, interest in, or rights of reclamation, repudiation, stoppage in transit or otherwise with respect to such Inventory (other than the right to receive payment from such Loan Party for such Inventory), (viii) the Lender has a first priority Security Interest on such Inventory, (ix) such Loan Party has directed the applicable freight forwarder or customs broker to follow all instructions given by the Lender regarding such Inventory, (x) the applicable freight forwarder or customs broker shall have executed an agreement in form and substance acceptable to the Lender in its Permitted Discretion; (xi) such Inventory otherwise meets the criteria for “Eligible Inventory” hereunder.

“**Environmental Claims**” means any and all administrative, regulatory or judicial actions, suits, demands, claims, liens, notices of non-compliance or violation, investigations, inspections, inquiries or proceedings relating in any way to any Environmental Laws or to any permit issued under any such Environmental Laws including, without limitation:

- (a) any claim by a Governmental Authority for enforcement, clean up, removal, response, remedial or other actions or damages pursuant to any Environmental Laws; and
- (b) any claim by a person seeking damages, contribution, indemnification, cost recovery, compensation or injunctive or other relief resulting from or relating to Hazardous Materials, including any Release thereof, or arising from alleged injury or threat of injury to human health or safety (arising from environmental matters) or the environment.

“**Environmental Laws**” means all Applicable Laws with respect to the environment or environmental or public health and safety matters contained in statutes, regulations, rules, ordinances, orders, judgments, approvals, notices, permits or policies, guidelines or directives having the force of law.

“**Equity Interests**” means, with respect to any person, shares of capital stock of (or other ownership or profit interests in) such person, warrants, options or other rights for the purchase or other acquisition from such person of shares of capital stock of (or other ownership or profit interests in) such person, securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such person or warrants, rights or options for the purchase or other acquisition from such person of such shares (or such other interests), and other ownership or profit interests in such person (including, without limitation, partnership, member or trust interests therein), whether voting or non-voting, and whether or not such shares, warrants, options, rights or other interests are authorized or otherwise existing on any date of determination.

“**Event of Default**” has the meaning set out in Section 12.1.

“**Excess Cash Flow**” means, for the relevant period, EBITDA during such period, minus the sum, without duplication, of:

- (a) cash Interest Expense for such period;
- (b) scheduled Term Instalments for such period;
- (c) Unfinanced Capital Expenditures (excluding Capital Expenditures made through a reinvestment pursuant to Section 2.13(3)(b)) for such period;

- (d) cash Taxes paid by the Loan Parties or Tax Distributions actually made during such period;
- (e) all Restricted Payments which are permitted to be made hereunder; and
- (f) all voluntary prepayments of the Loans under the Term Facility.

“**Excess Cash Flow Period**” has the meaning set out in Section 2.13(3)(a).

“**Excluded Disposition**” means, in respect of the Loan Parties, any of the following:

- (a) a sale of inventory in the ordinary course of business;
- (b) a sale or disposition of assets (including Equity Interests) by a Loan Party to another Loan Party;
- (c) dispositions of assets permitted pursuant Section 10.2(k), Restricted Payments permitted pursuant to Section 10.2(g), and Permitted Encumbrances;
- (d) dispositions of cash or Approved Securities;
- (e) dispositions of accounts receivable in connection with the collection or compromise thereof;
- (f) disposition of used or worn-out equipment in the ordinary course of business; and
- (g) any other sale or disposition of assets of the Loan Parties; provided that the net proceeds of disposition of the assets sold or otherwise disposed of by any of the Loan Parties pursuant to this subparagraph (g) do not, in the aggregate, exceed \$150,000 per Fiscal Year.

“**Federal Funds Rate**” shall mean, for any day, an annual rate of interest, expressed on the basis of a year of 360 days, equal to the weighted average of the rates on overnight United States federal funds transactions with members of the Federal Reserve System (of the United States), as published for such day (or, if such day is not a Business Day, for the preceding Business Day) by the Federal Reserve Bank of New York or, for any day on which that rate is not published for that day by the Federal Reserve Bank of New York, the simple average of the quotations for that day for such transactions received by the Lender from three United States federal funds brokers of recognized standing selected by it.

“**Fee Letter**” means the fee letter with respect to the Senior Credit Facilities, dated as of December \_\_\_\_, 2020, by and between the Borrower and the Lender.

“**Financial Assistance**” means, with respect to any person and without duplication, any of the following:

- (a) a loan;
- (b) a guarantee;
- (c) an indemnity;
- (d) an assurance;
- (e) an acceptance or extension of credit, other than to customers in the ordinary course of business;

- (f) a loan purchase, share purchase, equity or capital contribution or investment; and
- (g) any other form of direct or indirect financial assistance or support of any other person or any obligation (contingent or otherwise) primarily for the purpose of enabling another person to:
  - (i) incur or pay any Debt;
  - (ii) comply with agreements relating thereto; or
  - (iii) otherwise assure or protect creditors of the other person against loss in respect of Debt of the other person,

and includes any guarantee of or indemnity in respect of the Debt of another person and any absolute or contingent obligation to (directly or indirectly):

- (A) advance or supply funds for the payment or purchase of any Debt of any other person;
- (B) purchase, sell or lease (as lessee or lessor) any property, assets, goods, services, materials or supplies primarily for the purpose of enabling any person to make payment of Debt or to assure the holder thereof against loss;
- (C) guarantee, indemnify, hold harmless or otherwise become liable to any creditor of any other person from or against any losses, liabilities or damages in respect of Debt;
- (D) make a payment to another for goods, property or services regardless of the non-delivery or non-furnishing thereof to any Loan Party (as applicable); or
- (E) make an advance, loan or other extension of credit to or to make any subscription for equity, equity or capital contribution, or investment in or to maintain the capital, working capital, solvency or general financial condition of another person.

The amount of any Financial Assistance is the amount of any loan or direct or indirect financial assistance or support, without duplication, given, or all Debt of the obligor to which the Financial Assistance relates, unless such Financial Assistance is limited to a determinable amount, in which case the amount of the Financial Assistance is the determinable amount.

**“Financial Instrument”** means any Interest Hedging Agreement, Currency Hedging Agreement or Commodity Agreement.

**“Financial Instrument Demand for Payment”** means a demand made by the Lender pursuant to a Lender Financial Instrument demanding payment of the Financial Instrument Obligations which are then due and payable relating thereto and shall include, without limitation, any notice under any agreement evidencing a Lender Financial Instrument which, when delivered, would require an early termination thereof and a payment by any of the Loan Parties in settlement of obligations thereunder as a result of such early termination.

**“Financial Instrument Obligations”** means obligations arising under Financial Instruments entered into by any of the Loan Parties to the extent of the net amount due or accruing due by the Borrower or such Subsidiary thereunder (determined by marking to market the same in accordance with their terms).

**“Fiscal Quarter”** means the three month period commencing on the first day of each Fiscal Year and each successive three month period thereafter during such Fiscal Year.

**“Fiscal Year”** means the fiscal year of the Borrower which commences on January 1 and ends on December 31 of the same calendar year.

**“FRB”** means the Board of Governors of the Federal Reserve System or any successor thereto.

**“GAAP”** means generally accepted accounting principles in Canada, which shall be deemed to be reference to the recommendations at the relevant time of the Chartered Professional Accountants of Canada (or any successor institute thereto) applicable on a consolidated basis (unless otherwise specifically provided or contemplated herein) as at the date on which any determination or calculation is made or required to be made in accordance with such principles, which, for the purposes of this Agreement, is determined to be Accounting Standards for Private Enterprises (ASPE) or IFRS.

**“General Partner”** means Korite International GP Inc., a corporation subsisting under the laws of the Province of Alberta, and its successors (including its successors as general partner of the Borrower) and permitted assigns,

**“Governmental Authority”** means any federal, provincial, state, regional, municipal or local government or any department, agency, board, tribunal or authority thereof or political subdivision thereof and any entity or person exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, government or the operation thereof.

**“Governmental Authorization”** means an authorization, order, permit, approval, grant, license, consent, right, franchise, privilege, certificate, judgment, writ, injunction, award, determination, direction, decree or demand or the like issued or granted by law or by rule or regulation of any Governmental Authority.

**“Guarantee”** means any guarantee, undertaking to assume, endorse, contingently agree to purchase or to provide funds for the payment of, or otherwise become liable in respect of, any obligation of any person; provided that the amount of each Guarantee shall be deemed to be the amount of the obligation guaranteed thereby, unless the Guarantee is limited to a determinable amount in which case the amount of such Guarantee shall be deemed to be the lesser of such determinable amount or the amount of such obligation, and **“Guaranteed”** shall have a co-relative meaning.

**“Guarantors”** means the General Partner and each of the Material Subsidiaries of the Borrower who has executed and delivered to the Lender a Guarantee of the Obligations of the Borrower.

**“Hazardous Materials”** means any substance or mixture of substances which, if released into the environment, would likely cause, immediately or at some future time, harm or degradation to the environment or to human health or safety and includes any substance defined as or determined to be a pollutant, contaminant, waste, hazardous waste, hazardous chemical, hazardous substance, toxic substance or dangerous good under any Environmental Law.

**“Holdcos”** means, collectively, Clear North Holdco, Lui Holdco and Copithorne Holdco, and **“Holdco”** means either of them.

**“Hostile Acquisition”** means an acquisition of securities of a person (the **“Hostile Target”**) pursuant to a take-over bid, as defined in the *Securities Act* (Alberta) or in any other applicable securities legislation, where the board of directors, trustees or similar body of the Hostile Target whose securities are the subject matter of the take-over bid has neither approved such take-over bid nor recommended to the security holders of the Hostile Target that they tender or sell their securities pursuant to such take-over bid.

**“IFRS”** means International Financial Reporting Standards including International Accounting Standards and Interpretations together with their accompanying documents which are set by the International Accounting Standards Board, the independent standard-setting body of the International Accounting Standards Committee Foundation (the **“IASC Foundation”**), and the International Financial Reporting Interpretations Committee, the interpretative body of the IASC Foundation.

**“Indemnified Parties”** means the Lender, including a receiver, receiver manager or similar person appointed under applicable law, and their respective shareholders, Affiliates, officers, directors, employees and agents, and **“Indemnified Party”** means any one of the foregoing.

**“Indemnified Third Party”** has the meaning set out in Section 14.3.

**“Information”** has the meaning set out in Section 15.1.

**“Intellectual Property”** means, collectively, patents, patents pending, copyrights, proprietary processes or programs, industrial designs, trademarks, trademark applications, trade names and other intellectual property of every nature and kind.

**“Interest Expense”** means, for any period, without duplication, interest expense of the Loan Parties determined on a consolidated basis in accordance with GAAP as the same would be set forth or reflected in a consolidated statement of income of the Loan Parties and, in any event and without limitation, shall include:

- (a) all interest accrued or payable in respect of such period, including capitalized interest (including, for certainty, the accrued interest on the Senior Credit Facilities during the first six (6) months following the Closing Date);
- (b) all fees (including standby, commitment and stamping fees and fees payable in respect of letters of credit and letters of guarantee supporting obligations which constitute Debt, but excluding the fees payable by the Borrower on the date hereof in relation to the establishment of the Senior Credit Facilities) which are accrued or payable in respect of such period and which relate to any indebtedness or credit agreement, prorated (as required) over such period;
- (c) any difference between the face amount and the discount proceeds of any bankers' acceptances, commercial paper and other obligations issued at a discount, prorated (as required) over such period; and
- (d) all net amounts charged or credited to interest expense under any Interest Hedging Agreements in respect of such period.

**“Interest Hedging Agreement”** means any interest swap agreement, forward rate agreement, floor, cap or collar agreement, futures or options, insurance or other similar agreement or arrangement, or any combination thereof, entered into by the Loan Parties where the subject matter of the same is interest rates



or the price, value or amount payable thereunder is dependent or based upon the interest rates or fluctuations in interest rates in effect from time to time (but, for certainty, shall exclude conventional floating rate debt).

**“Interest Payment Date”** means:

- (a) with respect to any Prime Rate Loan and any US Base Rate Loan under the Senior Credit Facilities, the last Business Day of each calendar month; and
- (b) with respect to each LIBOR Loan, the last day of each applicable LIBOR Interest Period,

provided that, in any case, the Maturity Date or, if applicable, any earlier date on which any Senior Credit Facility is fully cancelled or permanently reduced in full, shall be an Interest Payment Date with respect to the Loans then outstanding under such Senior Credit Facility.

**“Interest Period”** means:

- (a) with respect to each Prime Rate Loan, the period commencing on the applicable Drawdown Date or Conversion Date, as the case may be, and terminating on the date selected by the Borrower hereunder for the Conversion of such Loan into another type of Loan or for the repayment of such Loan;
- (b) with respect to each US Base Rate Loan, the period commencing on the applicable Drawdown Date or Conversion Date, as the case may be, and terminating on the date selected by the Borrower hereunder for the Conversion of such Loan into another type of Loan or for the repayment of such Loan;
- (c) with respect to each Bankers’ Acceptance, the period selected by the Borrower hereunder and being of 1, 2, or 3 months’ duration, subject to market availability, (or, subject to the agreement of the Lender, a longer or shorter period) commencing on the Drawdown Date, Rollover Date or Conversion Date of such Loan; and
- (d) with respect to each Letter of Credit, the period commencing on the date of issuance of such Letter of Credit and terminating on the last day the Letter of Credit is outstanding,

provided that in any case: (i) the last day of each Interest Period shall be also (without duplication) the first day of the next Interest Period whether with respect to the same or another Loan, (ii) the last day of each Interest Period shall be a Business Day and if the last day of an Interest Period selected by the Borrower is not a Business Day the Borrower shall be deemed to have selected an Interest Period the last day of which is the Business Day next following the last day of the Interest Period selected unless such next following Business Day falls in the next calendar month in which event the Borrower shall be deemed to have selected an Interest Period the last day of which is the Business Day next preceding the last day of the Interest Period selected by the Borrower, and (iii) the last day of all Interest Periods for Loans outstanding under the Senior Credit Facilities shall expire on or prior to the Maturity Date, subject, however, in the case of Letters of Credit, to the provisions of Section 7.2.

**“Inventory”** means, in respect of each Loan Party, all of such Loan Party’s present and hereafter acquired inventory (as defined in the PPSA) and including all raw materials, merchandise, inventory and goods, and all additions, substitutions and replacements thereof, wherever located, together with all goods and materials used or usable in manufacturing, processing, packaging or shipping same in all stages of production from raw materials through work in process to finished goods, and all “stores” inventory or “operating and maintenance supplies” inventory, and all proceeds of any thereof (of whatever sort).

**“Investment”** means (a) any purchase or other acquisition of Equity Interests or other securities of any person, (b) any form of Financial Assistance to or for the benefit of any person, (c) any capital contribution to any other person and (d) any purchase or other acquisition of any assets, property or undertaking other than an acquisition in the ordinary course of business of the purchaser.

**“Judgment Conversion Date”** has the meaning set out in Section 14.4(1).

**“Judgment Currency”** has the meaning set out in Section 14.4(1).

**“Korite Target”** means Korite International Inc., a corporation subsisting under the laws of the Province of Alberta.

**“Kormos Farm”** has the meaning set out in Schedule 9.1(u).

**“Landlord Consent”** has the meaning set out in Section 10.1(u).

**“LC Disbursement”** means any payment or disbursement made by the Lender under or pursuant to a Letter of Credit.

**“LC Exposure”** means, at any time of determination, the sum of (a) the aggregate undrawn amount of all outstanding Letters of Credit and (b) the aggregate amount of all LC Disbursements in respect of Letters of Credit that have not been reimbursed by the Borrower or another Loan Party at such time.

**“LC Exposure Limit”** means a maximum LC Exposure of \$100,000.

**“LC Issuance Fee”** has the meaning set out in Section 7.6(1).

**“Lender Financial Instrument”** means a Financial Instrument entered into between the Lender or any of its Affiliates and any of the Loan Parties.

**“Lender Financial Instrument Obligations”** means, collectively, all of the obligations, indebtedness and liabilities (present or future, absolute or contingent, mature or not) of the Loan Parties under, pursuant or relating to any and all Lender Financial Instruments.

**“Lender’s Branch”** means the Lender’s branch located at Calgary, Alberta or such other branch in Canada as the Lender may from time to time designate.

**“Lender’s Counsel”** means the firm of Borden Ladner Gervais LLP or such other firm of legal counsel as the Lender may from time to time designate.

**“Letter of Credit”** or **“LC”** means a letter of credit in form satisfactory to and issued by the Lender acting at the request of and in accordance with the instructions of the Borrower, to make payment in accordance with the terms and conditions thereof of an amount to or to the order of a third party.

**“LIBOR”** means with respect to a LIBOR Loan during the relevant LIBOR Interest Period and with respect to the definition of US Base Rate:

- (a) the rate of interest per annum (expressed on the basis of a 360-day year) determined by the Lender by reference to the rate quoted on the Reuters LIBOR01 page which displays or publishes the ICE Benchmark Administration Interest Settlement Rate (the “ICE Benchmark Rate”) (or any successor source from time to time) as of 11:00 a.m. (London, England time) two Business Days before the first day of such LIBOR Interest Period for

the currency of such LIBOR Loan for a period comparable to such LIBOR Interest Period, and if different rates are quoted for deposits in varying amounts, in the amount which is closest to the amount of such LIBOR Loan; or

- (b) if for any reason the ICE Benchmark Rate is not available in respect of the relevant LIBOR Interest Period, "LIBOR" for such LIBOR Loan during the relevant LIBOR Interest Period shall mean the annual rate of interest (expressed on the basis of a year of 360 days) determined by the Lender as being the rate of interest at which the Lender, in accordance with its normal practices, would be prepared to offer to leading banks in the London Interbank Offer Rate market for delivery on the first day of the relative LIBOR Interest Period for a period equal to such LIBOR Interest Period based on the number of days comprised therein, deposits in the currency of such LIBOR Loan of amounts comparable to such LIBOR Loan to be outstanding under this Agreement during such LIBOR Interest Period, at or about 11:00 a.m. (London, England time),

it being understood, for greater certainty, that if the LIBOR as determined as hereinabove contemplated is less than zero, it shall be deemed to be zero.

**"LIBOR Interest Period"** means with respect to a LIBOR Loan, the period commencing on the date of such Loan and ending on the numerically corresponding day in the calendar month that is one, two, or three months (subject to availability) later or such other periods as may from time to time be agreed to by the Borrower and the Lender; provided that (a) if any LIBOR Interest Period would end on a day other than a Business Day, such LIBOR Interest Period shall be extended to the immediately succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such LIBOR Interest Period shall end on the next preceding Business Day, (b) any interest period pertaining to a LIBOR Loan that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such interest period) shall end on the last Business Day of the calendar month that is the first, second or third, as the case may be, month following the month in which such interest period commences, (c) no interest period shall extend beyond any date that any principal payment is scheduled to be due if such LIBOR Loan would be required to be repaid as a result thereof, and (d) no LIBOR Interest Period shall extend beyond the Maturity Date. For purposes hereof, the date of a Loan initially shall be the date on which such Loan is made and, in the case of a converted or continued Loan, thereafter shall be the effective date of the most recent conversion or continuation of such Loan.

**"LIBOR Loan"** means an Advance in, or Conversion into, US Dollars made by the Lender to the Borrower under a Senior Credit Facility with respect to which the Borrower shall specified that interest is to be calculated at LIBOR, and each Rollover in respect thereof.

**"Loan"** means a Prime Rate Loan, US Base Rate Loan, LIBOR Loan, Bankers' Acceptance or Letter of Credit outstanding under the Senior Credit Facilities.

**"Loan Documents"** means this Agreement, the Security, the Fee Letter, the Borrowing Base Reports, the Landlord Consents, and all certificates, notices, instruments and other documents delivered or to be delivered to the Lender in relation to any Senior Credit Facility pursuant hereto or thereto and, when used in relation to any person, the term **"Loan Documents"** shall mean and refer to the Loan Documents executed and delivered by such person.

**"Loan Parties"** means, collectively, the Borrower and the Guarantors, but specifically excluding limited recourse guarantors, such as the Holdcos, and **"Loan Party"** means any of them.

“**Lui Holdco**” means DYL Holdings Inc., a corporation subsisting under the laws of the Province of Alberta, and its successors and permitted assigns.

“**Material Adverse Effect**” means a material adverse effect on:

- (a) the financial condition of the Loan Parties on a consolidated basis and taken as a whole;
- (b) the ability of the Loan Parties to observe or perform their obligations under the Loan Documents to which it is a party or the validity or enforceability of such Loan Documents or any material provision thereof;
- (c) the property, business, operations or the liabilities or capitalization of the Loan Parties on a consolidated basis and taken as a whole; or
- (d) the Security, the priority thereof or any material right or remedy of the Lender thereunder.

“**Material Agreements**” means, collectively, any agreement, lease, instrument, indenture or other document to which any Loan Party is a party and which if terminated or released (without replacement) or if the counterparty thereto defaulted in its performance thereof (without replacement), such termination, release or default would have or would reasonably be expected to result in a Material Adverse Effect.

“**Material Mineral Leases**” means the Mineral Leases described on Schedule I.

“**Material Mineral Rights**” means the Mineral Rights described on Schedule I.

“**Material Subsidiary**” shall mean:

- (a) any Subsidiary of the Borrower which, directly or indirectly, (i) owns 5% or more of the Total Assets as shown on the consolidated balance sheet in the financial statements of the Borrower most recently provided to the Lender, or (ii) accounts for 5% or more of EBITDA for the period covered by the financial statements of the Borrower most recently provided to the Lender; and
- (b) any Subsidiary of the Borrower which has a direct or indirect ownership interest in a Material Subsidiary.

“**Maturity Date**” means December 18, 2023.

“**Mineral Leases**” means, collectively, any and all documents including, without limitation, all documents of title, leases, reservations, mineral claims, placer claims, permits, dispositions, licences, assignments, trust declarations, participation, exploration, farm out, farm in, royalty, purchase or other agreements by virtue of which any Loan Party is entitled to work, win, carry away, explore, develop and extract mines and Minerals.

“**Mineral Rights**” means all of the right, title, estate and interest, whether contingent or absolute, legal or beneficial, present or future, vested or not, and whether or not an “interest in land”, of any Loan Party in and to any of the following, by whatever name the same are known:

- (i) the right to explore for, mine, drill for and produce, take, save, work, treat, process or market any Minerals;
- (ii) rights to a share of the production of any Minerals;

- (iii) rights to a share of the proceeds of, or to receive payments calculated by reference to the quantity or value of, the production of any Minerals; and
- (iv) rights to acquire any of the rights described in paragraphs (i) through (iii) of this definitions,

and includes, without limitation, interests and rights known as working interests, royalty interests, overriding royalty interests, gross overriding royalty interests, production payments, profits interests, net profits interests, revenue interests, net revenue interests, economic interests and other interests and fractional or undivided interests in any of the foregoing and freehold, leasehold or other interests.

“**Minerals**” means any non-viable substance formed by the processes of nature, irrespective of chemical or physical state and before and after extraction.

“**Moody’s**” means Moody’s Investors Service, Inc. and any successors thereto.

“**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 Loan Parties to the Lender under, pursuant or relating to (i) the Loan Documents (in respect of the Senior Credit Facilities) or (ii) the Senior Credit Facilities and whether the same are from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and including the principal amount of all Loans under the Senior Credit Facilities and all interest, fees, legal and other costs, charges and expenses, and other amounts payable under the Senior Credit Facilities by the Borrower under this Agreement.

“**Obligors**” means, collectively, Clear North Holdco, Lui Holdco, Copithorne Holdco, the Borrower, and the Guarantors, and “**Obligor**” means any of them.

“**Officer’s Certificate**” means a certificate or notice signed by any one of the chief executive officer, chief financial officer or any other officer of the Obligors; provided that Drawdown Notices, Conversion Notices, Rollover Notices and Repayment Notices shall be executed on behalf of the Borrower by any one of the foregoing persons or such other persons as may from time to time be designated by written notice from the Borrower to the Lender.

“**Order**” has the meaning set out in Section 7.7(5).

“**Outstanding BAs Collateral**” has the meaning set out in Section 2.14(2).

“**Outstanding Principal**” means, at any time, in respect of the Senior Credit Facilities, the aggregate of (i) the principal amount of all Prime Rate Loans, (ii) the principal amount of all US Base Rate Loans, (iii) the principal amount of all LIBOR Loans, (iv) the amounts payable at maturity of all Bankers’ Acceptances, and (v) the maximum amount available to be drawn under all Letters of Credit, in each case, outstanding thereunder.

“**Overdraft Loans**” has the meaning set out in Section 2.11.

“**Pension Plan**” means any pension plan (including any plan subject to registration under the *Income Tax Act* (Canada), the *Pension Benefits Act* (Ontario) or any other applicable pension standards legislation, as amended from time to time (or any successor statute)) (i) which is sponsored, administered or maintained by any Loan Party, (ii) in respect of which any Loan Party makes, has made (at any time during the five (5) calendar years preceding the date of this Agreement) or is required to make contributions or (iii) in respect of which any Loan Party has incurred or may incur any liability, including contingent liability either to such Pension Plan or to any Person, administrator or Governmental Authority.

**“Permitted Contest”** means action taken by or on behalf of any Obligor in good faith by appropriate proceedings diligently pursued to contest a Tax, claim or Security Interest, provided that:

- (a) the person to which the Tax, claim or Security Interest being contested is relevant has established reasonable reserves therefor if and to the extent required by GAAP;
- (b) proceeding with such contest does not have, and would not reasonably be expected to have, a Material Adverse Effect; and
- (c) proceeding with such contest will not create a material risk of sale, forfeiture or loss of, or interference with the use or operation of, a material part of any of the Collateral.

**“Permitted Debt”** means the following:

- (a) the Obligations;
- (b) Debt owing to the Lender;
- (c) Purchase Money Obligations of the Loan Parties; provided that the aggregate outstanding amount of such Purchase Money Obligations of the Loan Parties shall not exceed at any one time \$100,000;
- (d) Financial Instrument Obligations under and pursuant to Permitted Hedging;
- (e) any Debt owing by a Loan Party to another Loan Party;
- (f) Attributable Debt of any Loan Party arising in connection with operating leases and any lease which the Borrower elects to characterize as an operating lease as provided for in subparagraph (f) of the definition of Debt, in each case, entered into in the ordinary course of business (which, for certainty, shall not include any leases entered into in connection with any Sale-Leaseback);
- (g) Debt arising pursuant to the indemnification, purchase price adjustment or similar provisions of agreements entered into by any Loan Party in connection with acquisitions, Investments or Excluded Dispositions, or pursuant to guarantees, letters of credit, surety bonds or performance bonds provided to secure the performance of the Borrower or such Subsidiary pursuant to such agreements; provided that, for certainty, in no event shall such Debt include any Debt specified in subparagraphs (a) to (c), inclusive, of the definition thereof;
- (h) Debt of any Loan Party owing to any Affiliate thereof and not otherwise permitted under subparagraph (c) above of this definition, provided such Debt is (i) unsecured and otherwise on term and conditions (including terms and conditions with respect to cross default, acceleration, events of default and maturity date) satisfactory to the Lender in its sole discretion, and (ii) fully subordinated to the Obligations, Lender Financial Instrument Obligations and all other obligations, indebtedness and liabilities (present or future, absolute or contingent, matured or not) of the Loan Parties to the Lender by way of subordination and other agreements satisfactory to the Lender in its sole discretion;
- (i) Debt and cash management obligations in respect of netting services, overdraft protections and otherwise in connection with cash management Deposit Accounts in the ordinary

course of business of the Loan Parties, provided that any such Debt is extinguished within ten Business Days of incurrence;

- (j) Debt in respect of performance, bid, appeal and surety bonds and performance and completion guarantees and similar obligations provided by the Loan Parties or obligations in respect of letters of credit, bank guarantees or similar instruments related thereto, in each case in the ordinary course of business of the Borrower or such Subsidiary;
- (k) Debt consisting of Financial Assistance permitted under Section 10.2(h);
- (l) Subordinated Debt; and
- (m) all premiums (if any), interest due and payable (including post-petition interest), fees, expenses, charges and additional interest due and payable on obligations described in the foregoing subparagraphs (a) through (l), to the extent permitted by the terms of such Debt.

**“Permitted Discretion”** means a determination made by the Lender in good faith and in the exercise of reasonable (from the perspective of a senior secured lender) business judgment.

**“Permitted Encumbrances”** means, as at any particular time, any of the following encumbrances on the Collateral or the property or any part of the property of the Obligor:

- (a) liens for taxes, assessments or governmental charges not at the time due or delinquent or, if due or delinquent, the validity of which is being contested at the time by a Permitted Contest;
- (b) deemed liens and trusts arising by operation of law in connection with workers' compensation, employment insurance and other social security legislation, in each case, which secure obligations not at the time due or delinquent or, if due or delinquent, the validity of which is being contested at the time by a Permitted Contest;
- (c) liens under or pursuant to any judgment rendered, or claim filed, against the applicable Obligor, which such Obligor shall be contesting at the time by a Permitted Contest;
- (d) undetermined or inchoate liens and charges incidental to construction or current operations which have not at such time been filed pursuant to law against any Obligor or which relate to obligations not due or delinquent or, if due or delinquent, the validity of which is being contested at the time by a Permitted Contest;
- (e) easements, rights of way, servitudes or other similar rights in land (including, without in any way limiting the generality of the foregoing, rights of way and servitudes for railways, sewers, drains, gas and oil and other pipelines, gas and water mains, electric light and power and telecommunication, telephone or telegraph or cable television conduits, poles, wires and cables) granted to or reserved or taken by other persons which individually or in the aggregate do not materially detract from the value of the land concerned or materially impair its use in the operation of the business of the Obligor, taken as a whole;
- (f) security given by any Obligor to a public utility or any municipality or governmental or other public authority when required by such utility or municipality or other authority in connection with the operations of any of the Obligor (as applicable), all in the ordinary course of its business which individually or in the aggregate do not materially detract from

the value of the asset concerned or materially impair its use in the operation of the business of the Obligors, taken as a whole;

- (g) the reservation in any original grants from the Crown of any land or interests therein and statutory exceptions and reservations to title;
- (h) servicing agreements, development agreements, site plan agreements, subdivision agreements and other agreements with Governmental Authorities pertaining to the use or development of any of the assets and property of the Obligors, provided same are complied with and do not reduce the value of the assets and property of the Obligors or materially interfere with the use of such assets and property in the operation of the business of the Person including, without limitation, any obligations to deliver letters of credit and other security as required;
- (i) applicable municipal and other governmental restrictions, including municipal by-laws and regulations, affecting the use of land or the nature of any structures which may be erected thereon, provided such restrictions have been complied with and do not reduce the value of the assets and property of the Obligors or materially interfere with the use of such assets and property in the operation of the business of the Obligors;
- (j) the right reserved to or vested in any Governmental Authority by any statutory provision or by the terms of any lease, licence, franchise, grant or permit of the Person, to terminate any such lease, licence, franchise, grant or permit, or to require annual or other payments as a condition to the continuance thereof;
- (k) Security Interests in favour of the Lender;
- (l) the Security;
- (m) any operating lease entered into in the ordinary course of business (which, for certainty, shall not include any operating leases entered into in connection with any Sale-Leaseback);
- (n) bankers' liens, rights of set-off and other similar liens existing solely with respect to cash and Approved Securities on deposit in one or more accounts maintained by any of the Obligors, in each case, granted in the ordinary course of business in favour of the Lender, securing amounts owing to the Lender with respect to cash management and operating account arrangements, including those involving pooled accounts and netting arrangements;
- (o) to the extent constituting Security Interests, Financial Assistance permitted under this Agreement;
- (p) Security Interests securing a Purchase Money Obligation; provided that such Security Interests shall attach only to the property acquired in connection with which such Purchase Money Obligation was incurred (and proceeds thereof); provided further that such Purchase Money Obligation is Permitted Debt;
- (q) landlords' liens or any other rights of distress reserved in or exercisable under any lease of real property for rent and for compliance with the terms of such lease; provided that such Security Interest does not attach generally to all or substantially all of the undertaking, assets and property of the Obligors;



- (r) pledges or deposits to secure performance of (i) bids, tenders, contracts (other than contracts for the payment of money) or (ii) leases of real property, in each case, to which any Obligor is a party;
- (s) Security Interests resulting from the deposit of cash or Approved Securities as security when any Obligor is required to do so by a Governmental Authority or by normal business practice in connection with contracts, licenses or tenders or similar matters in the ordinary course of business and for the purpose of carrying on the same, or to secure workers' compensation, surety or appeal bonds or to secure costs of litigation when required by Applicable Law;
- (t) minor defects of title which, individually and in the aggregate, do not materially affect the right of ownership of the Obligors in and to the property affected thereby or the right of the Obligors to utilize such property to conduct its business;
- (u) Security Interests which are not otherwise Permitted Encumbrances; provided that: (i) the aggregate amount of obligations secured thereby does not at any time exceed \$100,000 and (ii) such Security Interests do not attach generally to all or substantially all of the undertaking, assets and property of any of the Obligors (such as a Security Interest in the nature of a floating charge on all or substantially all of the undertaking, assets and property of a person) and do not secure Financial Instruments other than Lender Financial Instruments; and
- (v) any extension, renewal or replacement (or successive extensions, renewals or replacements), as a whole or in part, of any Security Interest referred to in the preceding subparagraphs (a) to (u) inclusive of this definition, so long as any such extension, renewal or replacement of such Security Interest is limited to all or any part of the same property that secured the Security Interest extended, renewed or replaced (plus improvements on such property) and the indebtedness or obligation secured thereby is not increased,

provided that nothing in this definition shall in and of itself cause the Obligations hereunder or the other obligations secured by the Security to be subordinated in priority of payment to any such Permitted Encumbrance or cause any Security Interests in favour of the Lender to rank subordinate to any such Permitted Encumbrance.

**“Permitted Hedging”** means Financial Instruments:

- (a) which are entered into by any of the Loan Parties in the ordinary course of business and for hedging purposes and not for speculative purposes (determined, where relevant, by reference to GAAP); for certainty, Interest Hedging Agreements having as a subject matter principal amounts (either individually or in the aggregate, but determined on a net basis taking into account transactions or agreements entered into to reverse the position or limit the exposure under an existing Interest Hedging Agreement) greater than the aggregate liability of the Loan Parties for borrowed money shall be deemed to be for speculative purposes;
- (b) which (i) in the case of an Interest Hedging Agreement, has a term of 3 years or less or (ii) in the case of any other Financial Instrument, has a term of 1 year or less; provided that, in each case, such term shall terminate prior to the Maturity Date (for certainty, for all purposes relating hereto and to the other Loan Documents, (A) the term of any Financial Instrument shall commence on the date that the Financial Instrument in question is entered

into notwithstanding the fact that the effective date of such Financial Instrument, or other date from which payments or deliveries are to be made or determined thereunder, is subsequent to the date such Financial Instrument is entered into and (B) without limiting the foregoing, and in addition thereto, the term of a swap transaction or other transaction entered into pursuant to or governed by a Master Agreement published by the International Swaps and Derivatives Association, Inc. (including by International Swap Dealers Association, Inc.) or any successor thereto shall commence on the trade date thereof); and

- (c) which, taken in the aggregate with other outstanding Financial Instruments and as determined at the time such Financial Instrument is entered into, shall not (i) in the case of Currency Hedging Agreements or Interest Hedging Agreements, result in any Loan Party having entered into Financial Instruments in excess of 100% of the underlying exposure of any Loan Party to the risk hedged or sought to be hedged by such Financial Instruments and (ii) in the case of Commodity Agreements, result in any Loan Party having entered into Financial Instruments in excess of 50% of the underlying exposure of any Loan Party to the risk hedged or sought to be hedged by such Financial Instruments.

“**Person**” includes any natural person, corporation, company, limited liability company, unlimited liability company, trust, joint venture, association, incorporated organization, partnership, Governmental Authority or other entity.

“**Power of Attorney**” means a power of attorney provided by the Borrower to the Lender with respect to Bankers’ Acceptances in accordance with and pursuant to Section 6.4 hereof.

“**PPSA**” means the *Personal Property Security Act* (Alberta) and all regulations thereunder.

“**Prime Rate**” means, on any day, the annual rate of interest equal to the greater of (i) the annual rate of interest announced by the Lender and in effect as its prime rate at its principal office in Toronto, Ontario on such day for determining interest rates on Dollar denominated commercial loans in Canada, and (ii) the annual rate of interest equal to the sum of (A) the one month CDOR Rate in effect on such day, plus (B) 1.00%. Each change to the Prime Rate shall be effective on the date such change is publicly announced as being effective and the Prime Rate shall be adjusted automatically with each such change all without the necessity of any notice to the Loan Parties or any other Person.

“**Prime Rate Loan**” means an Advance in, or Conversion into, Dollars made by the Lender to the Borrower with respect to which the Borrower has specified or a provision hereof requires that interest is to be calculated by reference to the Prime Rate.

“**Priority Payables**” means, with respect to any Person, without duplication, any amount payable by such Person which is secured by a Security Interest which ranks or is capable of ranking prior to or *pari passu* with the Security Interests created by the Security in respect of any Eligible Accounts or Eligible Inventory, including amounts owing for wages, vacation pay, severance pay (to the extent capable of ranking prior to the Security Interests under the Security under Applicable Law), employee deductions, sales tax, excise tax, tax payable pursuant to the *Excise Tax Act* (net of GST input credits), income tax, workers compensation, government royalties, pension fund obligations, Canadian Pension Plan and other Pension Plan obligations, real property tax and other statutory or other claims that have or may have priority over, or rank *pari passu* with, such Security Interests created by the Security.

“**Purchase Money Obligation**” means any monetary obligation created or assumed as part of the purchase price of real or tangible personal property, whether or not secured, any extensions, renewals or refundings of any such obligation, provided that the principal amount of such obligation outstanding on the date of

such extension, renewal or refunding is not increased and further provided that any security given in respect of such obligation shall not extend to any property other than the property acquired in connection with which such obligation was created or assumed and fixed improvements, if any, erected or constructed thereon and the proceeds thereof.

**“Quarter End”** means March 31, June 30, September 30, and December 31 in each Fiscal Year.

**“Real Properties”** shall mean each parcel of real property identified on Schedule 9.1(u), together with all fixtures thereon.

**“Related Party”** means any person which is any one or more of the following:

- (a) an Affiliate of any Loan Party
- (b) a shareholder or partner of any Loan Party;
- (c) an officer, director or principal (or an individual with similar authority and responsibilities) of any Loan Party;
- (d) Cody Church and David Lui; and
- (e) a person which is not at arm’s length (within the meaning of the *Income Tax Act* (Canada)) from any Loan Party.

**“Release”** means any release, spill, emission, leak, pumping, injection, deposit, disposal, discharge, dispersal, leaching or migration into the environment including, without limitation, the movement of Hazardous Materials through ambient air, soil, surface water, ground water, wetlands, land or sub-surface strata.

**“Relevant Governmental Body”** means FRB and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by FRB and/or the Federal Reserve Bank of New York or any successor thereto.

**“Repayment Notice”** means a notice substantially in the form annexed hereto as Schedule D to be given to the Lender by the Borrower pursuant hereto.

**“Required Permits”** mean all Governmental Authorizations which are necessary at any given time for each Loan Party to own and operate its property, assets, rights and interests or to carry on its business and affairs.

**“Restricted Payment”** means:

- (a) the declaration, payment or setting aside for payment of any dividend or other distribution on or in respect of any Equity Interests of any of the Loan Parties other than any Tax Distribution;
- (b) the redemption, retraction, purchase, retirement or other acquisition, in whole or in part, of any Equity Interests of any Loan Party or any securities, instruments or contractual rights capable of being converted into, exchanged or exercised for shares in the capital thereof, including, without limitation, options, warrants, conversion or exchange privileges and similar rights;

- (c) the payment of any principal, interest, fees or other amounts on or in respect of any loans, advances or other Debt owing at any time by any Loan Party to any Related Party, other than to another Loan Party; or
- (d) (i) the payment of any amount (including any deferred purchase price, earn-out or other payment payable in shares or other Equity Interests of any Loan Party) to a counterparty in a transaction permitted by this Agreement, but excluding for certainty the Consulting Fees, (ii) the sale, transfer, lease or other disposition of any property or assets, or (iii) any granting or creation of any rights or interests, in each case, at any time, by any Loan Party to or in favour of any Related Party, other than, in the case of subparagraph (iii) above, Permitted Encumbrances or, in any case, other than to or in favour of any other Loan Party,

and whether any of the foregoing is made, paid or satisfied in or for cash, property or any combination thereof.

**“Revolving Credit Utilization”** shall mean, at any time of determination, the aggregate principal amount of the Loans under the Revolving Facility outstanding at such time, including any LC Exposure at such time and excluding any accrued interest that has been added to the aggregate principal amount of the Loans under the Revolving Facility pursuant to Section 5.1(1).

**“Revolving Facility”** has the meaning set out in the recitals hereto.

**“Rollover”** means:

- (a) with respect to any LIBOR Loan, the continuation of all or a portion of such Loan (subject to the provisions hereof) for an additional LIBOR Interest Period subsequent to the initial or any subsequent LIBOR Interest Period applicable thereto;
- (b) with respect to Bankers’ Acceptances, the issuance of new Bankers’ Acceptances (subject to the provisions hereof) in respect of all or any portion of Bankers’ Acceptances maturing at the end of the Interest Period applicable thereto, all in accordance with Article 6 hereof; and
- (c) with respect to Letters of Credit, the extension or replacement of an existing Letter of Credit, provided the beneficiary thereof (including any successors or permitted assigns thereof) remains the same, the maximum amount available to be drawn thereunder is not increased, the currency in which the same is denominated remains the same and the terms upon which the same may be drawn remain the same.

**“Rollover Date”** means the date of commencement of a new Interest Period or LIBOR Interest Period applicable to a Loan and which shall be a Business Day.

**“Rollover Notice”** means a notice substantially in the form annexed hereto as Schedule E to be given to the Lender by the Borrower pursuant hereto.

**“S&P”** means the Standard & Poor’s Rating Group (a division of The McGraw-Hill Companies, Inc.) and any successors thereto.

**“Sale-Leaseback”** means an arrangement, transaction or series of arrangements or transactions under which title to any real property, tangible personal property or fixture is transferred by any Loan Party (a **“transferor”**) to another person which leases or otherwise grants the right to use such property to the

transferor (or nominee of the transferor) and, whether or not in connection therewith, the transferor also acquires a right or is subject to an obligation to acquire such property or a material portion thereof, and regardless of the accounting treatment of such arrangement, transaction or series of arrangements or transactions.

“**Security**” means, collectively, the guarantees, general security agreements, debentures, debenture pledge agreements, pledge agreements, assignments, mortgages in respect of Real Properties including mortgages of leasehold interests, Subordination and Postponement Agreements, landlord waivers and consents, and other security agreements executed and delivered, or required to be executed and delivered, by any Obligor under and pursuant to this Agreement and shall include but not limited to:

- (a) in respect of each Holdco, (i) a limited recourse guarantee of all of the Obligations and Lender Financial Instrument Obligations where recourse of the Lender is specifically limited to a pledge of all Equity Interests in the Borrower and the General Partner held by such Holdco, (ii) a securities pledge agreement with respect to all of such Holdco’s Equity Interests in the capital of the Borrower and the General Partner, and (iii) a Subordination and Postponement Agreement with respect to all Subordinated Debt;
- (b) in respect of the Borrower, (i) a general security agreement and (ii) a securities pledge agreement with respect to all of the Borrower’s Equity Interests in the capital of its Material Subsidiaries in which it holds Equity Interests;
- (c) in respect of the Guarantors, (i) a guarantee of all of the Obligations and Lender Financial Instrument Obligations, (ii) a general security agreement, and (iii) a securities pledge agreement with respect to all of or such Guarantor’s Equity Interests in the capital of its Material Subsidiaries in which it holds Equity Interests; and
- (d) in respect of the Kormos Farm and the Calgary Head Office, landlord waivers and consents from the applicable landlords.

“**Security Interest**” means mortgages, charges, pledges, hypothecs, assignments by way of security, conditional sales or other title retentions, 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 and, including, in any event:

- (a) deposits or transfers of cash, marketable securities or other financial assets under any agreement or arrangement whereby such cash, securities or assets may be withdrawn, returned or transferred only upon fulfilment of any condition as to the discharge of any other indebtedness or other obligation to any creditor;
- (b) (i) rights of set-off or (ii) any other right of or arrangement of any kind with any creditor, which in any case are made, created or entered into, as the case may be, for the purpose of or having the effect (directly or indirectly) of (A) securing Debt, (B) preferring some holders of Debt over other holders of Debt or (C) having the claims of any creditor be satisfied prior to the claims of other creditors with or from the proceeds of any properties, assets or revenues of any kind now owned or later acquired (other than, with respect to (C) only, rights of set-off granted or arising in the ordinary course of business);
- (c) the rights of lessors under capital leases, operating leases and any other lease financing; and

(d) absolute assignments of accounts receivable.

“**Senior Credit Facilities**” has the meaning set out in the recitals hereto.

“**SOFR**” with respect to any day means the secured overnight financing rate published for such day by the Federal Reserve Bank of New York, as the administrator of the benchmark, (or a successor administrator) on the website of the Federal Reserve Bank of New York at <http://www.newyorkfed.org>, or any successor source.

“**Solvent**” means, with respect to any person (or group of persons taken as a whole) as of any date of determination, that, as of such date, (a) the sum of the Debt (including contingent obligations) of such person or group of persons does not exceed the fair value of the present assets of such person or group of persons, (b) the present fair saleable value of the assets of such person or group of persons is not less than the amount that will be required to pay the probable liabilities (including contingent obligations) of such person or group of persons on its debts as they become absolute and matured, (c) the capital of such person or group of persons is not unreasonably small in relation to the business of such person or group of persons contemplated as of the date hereof, and (d) such person or group of persons does not intend to incur, or believe that it will incur, debts (including current obligations and contingent liabilities) beyond its ability to pay such debt as they mature in the ordinary course of business of such person or group of persons.

“**Sources and Uses Statement**” means the sources and uses statement annexed hereto as Schedule G.

“**Special Payment Accounts**” means Accounts owing by Kays Fine Jewelry, Monarch Jewels, HFNY Group Corp, A Touch of Gold, Milano Diamonds, or other obligors approved from time to time by the Lender, in its Permitted Discretion, which provide for such special payment plans or arrangements that are acceptable to and approved by the Lender, in its Permitted Discretion, such as due dates beyond 90 days past the original invoice date.

“**Standard Cost**” means the standard cost of Inventory determined in accordance with the applicable Loan Party’s published GAAP compliant inventory policy, consistently applied, and excludes any portion of cost representing intercompany profit or gain in the case of Inventory acquired from an Affiliate of any Loan Party.

“**Standard Time**” means Eastern standard time or Eastern daylight savings time, as applicable on the relevant date.

“**Subordinated Debt**” means unsecured Debt owing by the Borrower to the Holdcos in an aggregate amount not less than \$1,000,000 which shall be on terms and conditions, and pursuant to documentation, reasonably acceptable to the Lender, including without limitation, being subject to a Subordination and Postponement Agreement with the Lender.

“**Subordination and Postponement Agreement**” means a subordination, postponement and standstill agreement on terms and conditions satisfactory to the Lender, acting reasonably, made by the Holdcos, in their capacity as lenders of the Subordinated Debt, in favour of the Lender, and acknowledged by the Loan Parties.

“**Subsidiary**” means, with respect to any person (“X”):

- (a) any corporation of which at least a majority of the outstanding shares having by the terms thereof ordinary voting power to elect a majority of the board of directors or similar body of such corporation (irrespective of whether at the time shares of any other class or classes

of such corporation might have voting power by reason of the happening of any contingency, unless the contingency has occurred and then only for as long as it continues) is at the time directly, indirectly or beneficially owned or controlled by X or one or more of its Subsidiaries, or X and one or more of its Subsidiaries;

- (b) any partnership of which, at the time, X, or one or more of its Subsidiaries, or X and one or more of its Subsidiaries: (i) directly, indirectly or beneficially own or control more than 50% of the income, capital, beneficial or ownership interests (however designated) thereof; and (ii) is a general partner, in the case of limited partnerships, or is a partner or has authority to bind the partnership, in all other cases; or
- (c) any other person of which at least a majority of the income, capital, beneficial or ownership interests (however designated) are at the time directly, indirectly or beneficially owned or controlled by X, or one or more of its Subsidiaries, or X and one or more of its Subsidiaries,

provided that, unless otherwise expressly provided or the context otherwise requires references herein to “Subsidiary” or “Subsidiaries” shall be and shall be deemed to be references to Subsidiaries of the Borrower.

“**Tax Distribution**” means any dividend or distribution made by the Borrower to the holders of Equity Interests of the Borrower, in an aggregate amount not to exceed the combined Alberta and federal tax rate of the calculated taxable income of the Borrower in any Fiscal Year (for greater certainty, such dividend or distribution to each holder shall not exceed such holder’s *pro rata* share of no greater than combined Alberta and federal tax rate of the calculated taxable income of the Borrower in any Fiscal Year), allocated to such holders with respect to any given Fiscal Year and evidenced in the Borrower’s audited financial statements, or in the notes thereto for each Fiscal Year and in the Compliance Certificate delivered in connection therewith, or in such other form satisfactory to the Lender.

“**Taxes**” means all taxes, levies, imposts, stamp taxes, duties, fees, deductions, withholdings, charges, compulsory loans or restrictions or conditions resulting in a charge which are imposed, levied, collected, withheld or assessed by any country or political subdivision or taxing authority thereof now or at any time in the future, together with interest thereon and penalties, charges or other amounts with respect thereto, if any, and “**Tax**” and “**Taxation**” shall be construed accordingly.

“**Term Facility**” has the meaning set out in the recitals hereto.

“**Term Instalments**” has the meaning set out in Section 2.13(2).

“**Term SOFR**” means the forward-looking term rate based on SOFR that has been selected or recommended by any Relevant Governmental Body.

“**Termination Event**” means an automatic early termination of obligations relating to a Lender Financial Instrument under any agreement relating thereto without any notice being required from the Lender.

“**Total Assets**” shall mean the aggregate assets, properties and undertaking of the Loan Parties as shown on the consolidated balance sheet in the financial statements of the Borrower most recently provided to the Lender.

“**Total Leverage Ratio**” means on any date of determination, the ratio of (a) Debt of the Loan Parties on a consolidated basis on such date (other than the Subordinated Debt) to (b) for the period of four consecutive Fiscal Quarters, EBITDA of the Loan Parties ending on or most recently prior to such date.

“**Transactions**” has the meaning set out in Section 2.3(1).

“**Unfinanced Capital Expenditures**” means Capital Expenditures paid from internally-generated cash flow of the Loan Parties as applicable, and for greater certainty Capital Expenditures funded from the proceeds of the Revolving Facility shall be treated as Unfinanced Capital Expenditures,

“**Uniform Customs**” has the meaning set out in Section 7.7(7).

“**US Base Rate**” means, for any day, the greatest of: (a) the rate of interest per annum calculated on the basis of 365 day year, established by the Lender from time to time as a reference rate for the determination of interest rates that the Lender charges to customers of varying degrees of creditworthiness for US Dollar loans made by it in Canada; (b) the Federal Funds Rate for such day or, if such day is not a Business Day, on the immediately preceding Business Day, plus 1.00% per annum; and (c) LIBOR for a period of 1 month on such day (or, in respect of any day that is not a Business Day, such LIBOR in effect on the immediately preceding Business Day) plus 1.00% per annum.

“**US Base Rate Loans**” means a Loan, bearing interest at the applicable rate for US Base Rate advances set out in the definition of “Applicable Pricing Rate” in Section 1.1 hereof.

“**US Dollars**” and “**US\$**” means lawful monies of the United States of America.

“**Voting Shares**” means capital stock of any class of any corporation which carries voting rights to elect the board of directors or similar body thereof under any circumstances, provided that, for purposes hereof, shares which carry the right to so vote conditionally upon the happening of an event shall not be considered Voting Shares until the occurrence of such event.

“**Wholly-Owned Subsidiary**” means:

- (a) a corporation, all of the issued and outstanding shares in the capital of which are beneficially held by:
  - (i) the Borrower;
  - (ii) the Borrower and one or more corporations, all of the issued and outstanding shares in the capital of which are held by the Borrower; or
  - (iii) two or more corporations, all of the issued and outstanding shares in the capital of which are held by the Borrower;
  - (iv) a corporation which is a Wholly-Owned Subsidiary of a corporation that is a Wholly-Owned Subsidiary of the Borrower;
- (b) a partnership, all of the partners of which are the Borrower and/or Wholly-Owned Subsidiaries of the Borrower; or
- (c) any person of which all of the income, capital, beneficial and ownership interests (however designated) are beneficially owned and controlled by the Borrower and/or Wholly-Owned Subsidiaries of the Borrower.



## **1.2 Headings; Articles and Sections**

The division of this Agreement into Articles and 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 Article, Section or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

## **1.3 Number; persons; including**

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, words importing persons shall include individuals, partnerships, associations, trusts, unincorporated organizations and corporations 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. References herein to any person shall, unless the context otherwise requires, include such person’s successors and permitted assigns.

## **1.4 Application of Accounting Principles**

(1) Where the character or amount of any asset or liability or item of revenue or expense or amount of equity is required to be determined, or any consolidation or other accounting computation is required to be made for the purpose of this Agreement or any other Loan Document, such determination or calculation shall, to the extent applicable and except as otherwise specified herein or as otherwise agreed in writing by the parties, be made in accordance with GAAP applied on a consistent basis.

(2) If any change in GAAP following the date hereof results in a change in the calculation of the financial covenants or interpretation of related or other provisions of this Agreement, then the Borrower and the Lender shall amend such provisions of this Agreement in such manner as may be required by the Lender, acting reasonably, so as to equitably reflect such changes in GAAP with the desired result that the criteria for evaluating the Borrower and its financial condition shall be the same after such change in GAAP as if such change had not been made; provided that, until such time as the financial covenants and other provisions of this Agreement have been amended in accordance with the provisions of this Section 1.4(2), the calculations of the financial covenants and the interpretation of the provisions hereunder shall be calculated and interpreted in accordance with GAAP as in effect immediately prior to such change in GAAP.

## **1.5 References to Agreements and Enactments**

Reference herein to any agreement, instrument, licence or other document shall be deemed to include reference to such agreement, instrument, licence or other document as the same may from time to time be amended, modified, supplemented or restated in accordance with the provisions of this Agreement if and to the extent such provisions are applicable; and reference herein to any enactment shall be deemed to include reference to such enactment as re-enacted, amended or extended from time to time and to any successor enactment.

## **1.6 Per Annum Calculations**

Unless otherwise stated, wherever in this Agreement reference is made to a rate “per annum” or a similar expression is used, such rate is expressed on the basis of, and shall be calculated on the basis of, a year of 365 days or 366 days.

## 1.7 Schedules

(1) The following are the Schedules annexed hereto and incorporated by reference and deemed to be part hereof:

Schedule A		Borrowing Base Report
Schedule B	-	Conversion Notice
Schedule C	-	Drawdown Notice
Schedule D	-	Repayment Notice
Schedule E	-	Rollover Notice
Schedule F	-	Compliance Certificate
Schedule G	-	Sources and Uses Statement
Schedule H	-	Structure Chart
Schedule I	-	Material Mineral Leases and Material Mineral Rights
Schedule J		Minimum EBITDA
Schedule 9.1(e)	-	Certain Title Matters
Schedule 9.1(f)	-	Debt
Schedule 9.1(g)	-	Encumbrances
Schedule 9.1(l)	-	Litigation
Schedule 9.1(r)	-	Subsidiaries
Schedule 9.1(s)	-	Intellectual Property
Schedule 9.1(u)	-	Real Properties
Schedule 9.1(v)	-	Chief Executive Office
Schedule 9.1(w)	-	Equipment
Schedule 9.1(x)	-	Names
Schedule 9.1(y)	-	Material Serial Numbered Goods

(2) Should any of the information or disclosures provided on any of the Schedules originally attached hereto become outdated or incorrect in any material respect, provide promptly to the Lender such revisions or updates to such Schedule(s) as may be necessary or appropriate to update or correct such Schedule(s); provided that no such revisions or updates to any Schedule(s) shall be deemed to have cured any breach of warranty or representation resulting from the inaccuracy or incompleteness of any such Schedule(s) unless and until the Lender, in its sole discretion, shall have accepted in writing such revisions or updates to such Schedule(s). The Lender shall be deemed to have accepted any such revisions or updates if they do not object to such revisions or updates within 30 days of receipt thereof.

## ARTICLE 2 THE SENIOR CREDIT FACILITIES

### 2.1 The Senior Credit Facilities

Subject to the terms and conditions hereof, the Lender shall make available to the Borrower each of the Senior Credit Facilities. The Outstanding Principal under each Senior Credit Facility shall not exceed the maximum principal amount thereof.

### 2.2 Types of Availments

(1) The Borrower may, in Dollars or US Dollars, as applicable, make Drawdowns, Conversions and Rollovers under the Senior Credit Facilities of:

- (a) under the Term Facility, US Base Rate Loans or, following the expiry of six (6) months after the Closing Date, LIBOR Loans; and
- (b) under the Revolving Facility, Prime Rate Loans (provided that, other than the drawdown on the Closing Date for the purpose set out in Section 2.3(2), Drawdowns of Prime Rate Loans under the Revolving Facility shall be available solely by way of account overdraft in accordance with the terms of Section 2.11), US Base Rate Loans, LIBOR Loans (following the expiry of six (6) months after the Closing Date only), Bankers' Acceptances (following the expiry of six (6) months after the Closing Date only) or issuance of Letters of Credit denominated in Dollars subject to a maximum LC Exposure of the LC Exposure Limit.

The Borrower shall have the option, subject to the terms and conditions hereof, to determine which types of Loans shall be drawn down and in which combinations or proportions under the Senior Credit Facilities.

### **2.3 Purpose**

(1) The Term Facility are being made available solely to directly or indirectly fund (a) a portion of the Acquisition and (b) certain fees and expenses associated with the consummation of the Acquisition and other transactions consummated in connection therewith, including the funding of the Senior Credit Facilities (collectively, the "Transactions").

(2) The Revolving Facility is being made available to directly or indirectly (a) finance the working capital and other general corporate purposes of the Borrower and (b) fund certain fees and expenses associated with the Transactions; provided that the Borrower shall not use the proceeds of any Loan under the Revolving Facility to (directly or indirectly) finance a Hostile Acquisition or to provide funds to any of its Subsidiaries, Affiliates or any other person to finance a Hostile Acquisition.

### **2.4 Availability and Nature of the Senior Credit Facilities**

(1) Subject to the terms and conditions hereof, including the Borrowing Base limitations and the LC Exposure Limit, the Borrower may make Drawdowns under the Revolving Facility on and after the Closing Date until the Maturity Date. The Revolving Facility shall be a revolving credit facility: that is, prior to the Maturity Date, the Borrower may increase or decrease Loans under the Revolving Facility by making Drawdowns, repayments and further Drawdowns thereunder.

(2) Subject to the terms and conditions hereof, the Borrower may make one Drawdown only under the Term Facility on the Closing Date and no further Drawdowns under the Term Facility. Any unutilized portion of the Term Facility after the first and only Drawdown thereunder shall be cancelled and the Term Facility shall be non-revolving: that is, the amounts of any Loans under the Term Facility which are thereafter repaid may not be re-borrowed or utilized again and the Borrower shall not be entitled to make further Drawdowns in respect of such amounts.

### **2.5 Minimum Drawdowns**

(1) The sole Drawdown under the Term Facility of the following types of Loans shall be in the following amounts indicated:

- (a) LIBOR Loans in minimum aggregate amounts of US\$500,000 at maturity and Drawdowns in excess thereof shall be integral multiples of US\$100,000; and

(b) US Base Rate Loans in minimum principal amounts of US\$100,000.

(2) The Drawdowns under the Revolving Facility by way of Bankers' Acceptances and LIBOR Loans shall be in the minimum aggregate amounts of \$500,000 at maturity and Drawdowns in excess thereof shall be integral multiples of \$100,000.

## **2.6 Notice Periods for Drawdowns, Conversions and Rollovers**

(1) Subject to the provisions hereof, the Borrower may make a Drawdown, Conversion or Rollover under the Term Facility by delivering a Drawdown Notice, Conversion Notice or Rollover Notice, as the case may be (executed in accordance with the definition of Officer's Certificate), with respect to a specified type of Loan to the Lender not later than 1:00 p.m. Standard Time, one Business Day prior to the proposed:

- (a) Drawdown Date, Conversion Date or Rollover Date, as the case may be, for the Drawdown of, Conversion into or Rollover of Bankers' Acceptances and LIBOR Loans; and
- (b) Drawdown Date or Conversion Date, as the case may be, for Drawdowns of or Conversions into Prime Rate Loans or US Base Rate Loans.

(2) Subject to the provisions hereof, including Sections 2.11 and 2.12, the Borrower may make a Drawdown, Conversion or Rollover under the Revolving Facility by delivering a Drawdown Notice, Conversion Notice or Rollover Notice, as the case may be (executed in accordance with the definition of Officer's Certificate), with respect to a specified type of Loan to the Lender not later than 1:00 p.m. Standard Time, one Business Day prior to the proposed:

- (a) Drawdown Date, Conversion Date or Rollover Date, as the case may be, for the Drawdown of, Conversion into or Rollover of Bankers' Acceptances and LIBOR Loans; and
- (b) Drawdown Date or Conversion Date, as the case may be, for Drawdowns of or Conversions into Prime Rate Loans, US Base Rate Loans or issuance of Letters of Credit.

## **2.7 Conversion Option**

Subject to the provisions of this Agreement, the Borrower may convert the whole or any part of any type of Loan under the Senior Credit Facilities into any other type of permitted Loan under the Senior Credit Facilities by giving the Lender a Conversion Notice in accordance herewith; provided that a Prime Rate Loan or a US Base Rate Loan may not be converted into a Bankers' Acceptance or a LIBOR Loan at any time during the first six (6) months following the Closing Date:

- (a) if less than all the outstanding principal amount of any Loan shall be converted, the aggregate principal amount of such Loan converted or continued shall be in a minimum amount at least equal to the minimum amount for Drawdowns of the type of Loan in question under Section 2.5;
- (b) Conversions of Bankers' Acceptances into Prime Rate Loans, US Base Rate Loans or LIBOR Loans may only be made on the last day of the Interest Period applicable thereto;
- (c) any portion of a Loan maturing or required to be repaid in less than one month may not be converted into a Bankers' Acceptance;

- (d) any portion of a Bankers' Acceptance that cannot be converted into or continued as a Bankers' Acceptance by reason of paragraph (c) above shall be automatically converted at the end of the Interest Period in effect for such Bankers' Acceptance into a Prime Rate Loan;
- (e) Conversions of LIBOR Loans into Prime Rate Loans, US Base Rate Loans or Bankers' Acceptances may only be made on the last day of the LIBOR Interest Period applicable thereto;
- (f) any portion of a Loan maturing or required to be repaid in less than one month may not be converted into a LIBOR Loan;
- (g) any portion of a LIBOR Loan that cannot be converted into or continued as a LIBOR Loan by reason of paragraph (f) above shall be automatically converted at the end of the LIBOR Interest Period in effect for such LIBOR Loan into a US Base Rate Loan;
- (h) the Borrower may not convert a portion only or the whole of an outstanding Loan unless both the unconverted portion and converted portion of such Loan are equal to or exceed the minimum amounts required for Drawdowns of Loans of the same type as that portion (as set forth in Section 2.5);
- (i) a Conversion shall not result in an increase in Outstanding Principal; increases in Outstanding Principal may only be effected by Drawdowns; and
- (j) upon notice to Borrower from the Lender, after the occurrence and during the continuance of a Default or Event of Default, no outstanding Loan may be converted into a Bankers' Acceptance or LIBOR Loan.

## 2.8 Rollovers and Conversions not Repayments

Any amount converted shall be a Loan of the type converted to upon such Conversion taking place, and any amount rolled over shall continue to be the same type of Loan under the applicable Senior Credit Facility as before the Rollover, but such Conversion or Rollover (to the extent of the amount converted or rolled over) shall not of itself constitute a repayment or a fresh utilization of any part of the amount available under any Senior Credit Facility.

## 2.9 Lender's Obligations with Respect to Prime Rate Loans, US Base Rate Loans and LIBOR Loans

The Lender shall, for same day value on the Drawdown Date specified by the Borrower in a Drawdown Notice with respect to a Prime Rate Loan, a US Base Rate Loan or a LIBOR Loan, make an advance to the Borrower of the full amount of the requested Loan in accordance with any payment instructions set forth in the applicable Drawdown Notice.

## 2.10 Irrevocability

A Drawdown Notice, Rollover Notice, Conversion Notice or Repayment Notice given by the Borrower hereunder shall be irrevocable and, subject to any options the Lender may have hereunder in regard thereto and the Borrower's rights hereunder in regard thereto, shall oblige the Borrower to take the action contemplated on the date specified therein.

## 2.11 Overdrafts

Drawdowns of Prime Rate Loans under the Revolving Facility will be available solely by way of overdraft in accordance with this Section and, in addition to Section 2.6(2)(b), Drawdowns of or US Base Rate Loans under the Revolving Facility will be available by way of overdraft in accordance with this Section. Subject to the following provisions of this Section, overdrafts arising from clearance of cheques or drafts drawn on the accounts of the Borrower maintained the Lender, and designated by the Lender for such purpose, shall be deemed to be outstanding as Prime Rate Loans or US Base Rate Loans under the Revolving Facility (each an “**Overdraft Loan**”) notwithstanding the definition of Prime Rate Loan or US Base Rate Loan. For certainty, notwithstanding Sections 2.6, 2.12 or 3.1(a), no Drawdown Notice or Repayment Notice need be delivered by the Borrower in respect of Overdraft Loans.

## 2.12 Optional Cancellation, Reduction or Repayment of the Senior Credit Facilities

(1) The Borrower may, at any time, upon giving at least two Business Days’ prior written notice to the Lender, cancel in full or, from time to time, permanently reduce in part the unutilized portion of the Revolving Facility without penalty or bonus; provided that any such reduction of the Revolving Facility shall be in a minimum amount of \$250,000.

(2) Except as provided in Section 2.11, the Borrower may at any time and from time to time repay, without penalty or bonus, to the Lender the whole or any part of any Loan owing by it under the Senior Credit Facilities together with accrued interest thereon to the date of such repayment; provided that:

- (a) the Borrower shall give a Repayment Notice (executed in accordance with the definition of Officer’s Certificate) to the Lender not later than 1:00 p.m. Standard Time, one Business Day prior to the date of the proposed repayment;
- (b) repayments pursuant to this Section may only be made on a Business Day;
- (c) a Bankers’ Acceptance or LIBOR Loan may only be repaid on its maturity date unless collateralized in accordance with Section 2.14(2);
- (d) unexpired Letters of Credit may only be repaid by the return thereof to the Lender for cancellation or providing funding therefor in accordance with Section 2.14(1);
- (e) except in the case of Letters of Credit and overdrafts under the Revolving Facility outstanding as Prime Rate Loans or US Base Rate loans, each such repayment pursuant to this Section 2.13 shall be in a minimum amount of the lesser of: (i) the minimum amount required pursuant to Section 2.5 for Drawdowns of the type of Loan under the Senior Credit Facilities proposed to be repaid and (ii) the Outstanding Principal of all Loans outstanding under the Senior Credit Facilities immediately prior to such repayment; any repayment in excess of such amount shall be in integral multiples of the amounts required pursuant to Section 2.5 for multiples in excess of the minimum amounts for Drawdowns; and
- (f) except in the case of Letters of Credit and overdrafts under the Revolving Facility outstanding as Prime Rate Loans or US Base Rate Loans, the Borrower may not repay a portion only of an outstanding Loan under the Senior Credit Facilities pursuant to this Section 2.12 unless the unpaid portion is equal to or exceeds the minimum amount required pursuant to Section 2.5 for Drawdowns of the type of Loan under the Senior Credit Facilities proposed to be repaid.

(3) Subject to Article 8, any optional prepayment of the Loans under the Term Facility shall be applied *pro rata* against the remaining Term Instalments.

### 2.13 Mandatory Repayment of Credit Facilities

(1) Subject to Section 12.2 and Article 8, the Borrower shall repay or pay, as the case may be, to the Lender all Loans and other Obligations outstanding under the Senior Credit Facilities on or before the Maturity Date.

(2) In addition to and without limiting the foregoing, the Borrower shall repay the Lender, on the dates set forth below, or if any such date is not a Business Day, on the immediately preceding Business Day, a principal amount of the Term Facility (as the amount first advanced on the Closing Date, referred to as a “**Term Instalment**” and collectively, the “**Term Instalments**”) equal to the amount set forth below for such date (as adjusted from time to time pursuant to Section 2.12(3)):

Date	Amortization Percentage
December 31, 2022	2.50%
March 31, 2023	2.50%
June 30, 2023	2.50%
September 30, 2023	2.50%

(3) In addition to and without limiting the foregoing, the Borrower shall repay to the Lender an amount equal to:

- (a) during the period commencing on January 1, 2021 and ending on the second anniversary date of the Closing Date, no later than 60 days after the end of (i) each Fiscal Year and (ii) June 30 of each year, 85% of Excess Cash Flow of the Loan Parties for the immediate preceding six-month period (each an “**Excess Cash Flow Period**”);
- (b) within two (2) Business Days of the receipt by any Loan Party, the net cash proceeds of disposition of any property and assets sold, leased, transferred or otherwise disposed of by any Loan Party, other than Excluded Dispositions, unless such proceeds (and only to the extent such proceeds) are, within 180 days of the receipt of such proceeds, (A) used to purchase replacement property or assets having an aggregate fair market value of not less than the property or assets so disposed or (B) otherwise reinvested in the business and operations of the Loan Parties in a manner approved in writing by the Lender, acting reasonably, in each case within 180 days;
- (c) within two (2) Business Days of the receipt by any Loan Party, the net cash proceeds of insurance received by any Loan Party, pursuant to the insurance policies maintained by any Loan Party (other than those maintained by any Loan Party in its capacity of manager of property or assets which it does not own), and interest (if any) accrued and payable to such Loan Party pursuant to the investment of such proceeds in Approved Securities (as provided below), unless such proceeds (but only to the extent such proceeds) are, within 180 days of the receipt of such proceeds, expended to replace, repair or rebuild property or assets having an aggregate fair market value of not less than such lost or damaged property or assets (prior to the loss thereof or damage thereto);

- (d) 50% of the net cash proceeds of the issuance of any Equity Interests of the Loan Parties or the Borrower's other Subsidiaries (including any capital contribution from the Holdcos), within two Business Days following the receipt of such proceeds, other than (i) net cash proceeds received from issuances pursuant to management incentive plan or similar compensation plans, (ii) if such net cash proceeds are used in connection with the Acquisition or (iii) net cash proceeds in respect of capital contribution from the Holdcos if such net cash proceeds are used to finance working capital of the Loan Parties or Capital Expenditures or to provide liquidity for the Loan Parties; and
- (e) 100% of the net cash proceeds of the issuance of Debt for money borrowed by any of the Loan Parties (other than Permitted Debt) within two Business Days following the receipt of such proceeds,

to be applied against the remaining Term Instalments in inverse order of maturity thereof. For certainty, the Term Facility shall be permanently reduced by the principal amount of the Loan thereunder so repaid.

(4) In addition to and without limiting the foregoing, on any date that the Revolving Credit Utilization exceeds the Borrowing Base, the Borrower shall forthwith repay the then outstanding Loans under the Revolving Facility in such amount as may be necessary on such date in order that the Revolving Credit Utilization does not exceed the Borrowing Base.

(5) In addition to and without limiting the foregoing, on any date that fluctuations in exchange rates cause the Revolving Credit Utilization in US Dollars to exceed the maximum principal amount under Revolving Facility (for greater certainty, expressed in Dollars), the Borrower shall forthwith repay the then outstanding Loans under the Revolving Facility in such amount in US Dollars as may be necessary on such date in order that the Revolving Credit Utilization in US Dollars does not exceed the Revolving Facility expressed in Dollars.

(6) The Borrower shall comply with the provisions of Section 2.12 and Section 2.14 with respect to each repayment required pursuant to Section 2.13(2) and the provisions of Section 2.12 and Section 2.14 shall apply thereto, *mutatis mutandis*.

#### **2.14 Additional Repayment Terms**

(1) With respect to the funding of the repayment of unexpired Letters of Credit pursuant to Section 2.12(2)(d), Section 2.13 or otherwise hereunder, it is agreed that the Borrower shall provide for the funding in full of the repayment of unexpired Letters of Credit by paying to and depositing with the Lender cash collateral for each such unexpired Letter of Credit equal to the maximum amount thereof, in each case, in the respective currency in which the relevant Letter of Credit is denominated; such cash collateral deposited by the Borrower shall be held by the Lender in an interest bearing cash collateral account with interest to be credited to the Borrower at rates prevailing at the time of deposit for similar accounts with the Lender. Such cash collateral accounts shall be assigned to the Lender as security for the obligations of the Borrower in relation to such Letters of Credit and the Security Interest of the Lender thereby created in such cash collateral shall rank in priority to all other Security Interests and adverse claims against such cash collateral. Such cash collateral shall be applied to satisfy the obligations of the Borrower for such Letters of Credit as payments are made thereunder and the Lender is hereby irrevocably directed by the Borrower to so apply any such cash collateral. Amounts held in such cash collateral accounts may not be withdrawn by the Borrower without the consent of the Lender; however, interest on such deposited amounts shall be for the account of the Borrower and may be withdrawn by the Borrower so long as no Default or Event of Default is then continuing. If after expiry of any Letter of Credit for which such funds are held and application by the Lender of the amounts in such cash collateral accounts to satisfy the obligations of the



Borrower hereunder with respect to such expired Letter of Credit being repaid, any excess with respect to such expired Letter of Credit remains, such excess shall be promptly paid by the Lender to the Borrower so long as no Default or Event of Default is then continuing.

(2) With respect to the repayment of unmatured Bankers' Acceptances pursuant to Section 2.12(2)(c), Section 2.13 or otherwise hereunder, it is agreed that the Borrower shall provide for the funding in full of the unmatured Bankers' Acceptances to be repaid by paying to and depositing with the Lender cash collateral (the "**Cash Collateral**") for each such unmatured Bankers' Acceptances equal to the face amount payable at maturity thereof; such Cash Collateral deposited by the Borrower shall be invested by the Lender in Approved Securities as may be directed in writing by the Borrower from time to time (the "**Collateral Investments**"); provided that the Borrower shall direct said investments so that they mature in amounts sufficient to permit payment of the Obligations for maturing Bankers' Acceptances on the maturity dates thereof, with interest thereon to be credited to the Borrower. In the event that the Lender is not provided with instructions from the Borrower to make Collateral Investments as provided herein, the Lender shall hold such Cash Collateral in an interest bearing cash collateral account (the "**Cash Collateral Account**") at rates prevailing at the time of deposit for similar accounts with the Lender. The (a) Cash Collateral, (b) Cash Collateral Accounts, (c) Collateral Investments, (d) any accounts receivable, claims, instruments or securities evidencing or relating to the foregoing, and (e) any proceeds of any of the foregoing (collectively, the "**Outstanding BAs Collateral**") shall be assigned to the Lender as security for the obligations of the Borrower in relation to such Bankers' Acceptances and the Security Interest of the Lender thereby created in such Outstanding BAs Collateral shall rank in priority to all other Security Interests and adverse claims against such Outstanding BAs Collateral. Such Outstanding BAs Collateral shall be applied to satisfy the obligations of the Borrower for such Bankers' Acceptances as they mature and the Lender is hereby irrevocably directed by the Borrower to apply any such Outstanding BAs Collateral to such maturing Bankers' Acceptances. The Outstanding BAs Collateral created herein shall not be released to the Borrower without the consent of the Lender; however, interest on such deposited amounts shall be for the account of the Borrower and may be withdrawn by the Borrower so long as no Default or Event of Default is then continuing. If, after maturity of the Bankers' Acceptances for which such Outstanding BAs Collateral is held and application by the Lender of the Outstanding BAs Collateral to satisfy the obligations of the Borrower hereunder with respect to the Bankers' Acceptances being repaid, any interest or other proceeds of the Outstanding BAs Collateral remains, such interest or other proceeds shall be promptly paid and transferred by the Lender to the Borrower so long as no Default or Event of Default is then continuing.

## 2.15 LIBOR Replacement

If (i) the Lender determines that after the Closing Date that LIBOR has been discontinued, and such circumstances are unlikely to be temporary, or (ii) the supervisor for the administrator of LIBOR or a Governmental Authority having jurisdiction over the Lender has made a public statement identifying a specific date after which LIBOR shall no longer be used for determining interest rates for loans, or (iii) new commercial loans have broadly adopted a new benchmark interest rate instead of LIBOR, then the Lender and the Borrower shall endeavor, acting reasonably, to establish an alternate rate of interest to LIBOR (which may include Term SOFR) that gives due consideration to the then prevailing market convention for determining a rate of interest for syndicated loans in the United States or Canada at such time, and shall enter into an amendment to this Agreement to reflect such alternate rate of interest and such other related changes to this Agreement as may be applicable, provided that to the extent that the Lender determines that adoption of any portion of such market convention is not administratively feasible or that no market convention for the administration of such alternate rate of interest exists, the Lender shall administer such alternate rate of interest in a manner determined by the Lender in consultation with the Borrower. If a notice of an alternate rate of interest has been given and no such alternate rate of interest has been determined, and (x) the circumstances under clause (i) or (iii) above exist or (y) the specific date referred

to in clause (ii) has occurred (as applicable), US Base Rate shall apply without regard to clause (c) of the definition thereof; provided that, if such alternate rate of interest shall be less than zero (0), such rate shall be deemed to be zero (0) for the purposes of this Agreement.

**ARTICLE 3**  
**CONDITIONS PRECEDENT TO DRAWDOWNS**

**3.1 Conditions to All Drawdowns**

On or before each Drawdown hereunder the following conditions shall be satisfied:

- (a) the Lender shall have received a proper and timely Drawdown Notice from the Borrower requesting the Drawdown;
- (b) the representations and warranties set forth in Section 9.1 shall be true and accurate in all material respects on and as of the date of the requested Drawdown, except to the extent that such representations and warranties refer specifically to an earlier date, in which case such representations and warranties shall be true and accurate in all material respects as of such earlier date; provided that any representation or warranty that is qualified as to “materiality”, “Material Adverse Effect” or similar language shall be true and correct in all respects on and as of the date of the requested Drawdown or as of such earlier date, as the case may be;
- (c) no Default or Event of Default shall have occurred and be continuing on and as of the date of the requested Drawdown nor shall the Drawdown result in the occurrence of a Default or Event of Default;
- (d) no Material Adverse Effect shall have occurred on and as of the date of the requested Drawdown nor shall the Drawdown result in the occurrence of a Material Adverse Effect; and
- (e) after giving effect to the proposed Drawdown, the Outstanding Principal of all Loans under the relevant Senior Credit Facility shall not exceed the maximum amount of such Senior Credit Facility (and for greater certainty, with respect to the Revolving Facility, the Borrowing Base).

**3.2 Additional Conditions to the Drawdown under the Term Facility on the Closing Date**

In addition to the conditions set forth in Section 3.1, prior to or contemporaneously with the Drawdown under the Term Facility on the Closing Date, the following further conditions shall be satisfied:

- (a) the Security and other Loan Documents shall have been fully executed and delivered, each in form and substance satisfactory to the Lender (acting reasonably), together with (1) share or partnership unit certificates and blank stock or partnership powers of attorney for the Equity Interests in the General Partner, the Borrower and each Material Subsidiary of the Borrower and (2) promissory notes, other instruments or chattel paper held by any Subsidiary of the Borrower evidencing Debt owed by such Subsidiary to the Borrower, and (3) all registrations, filings and recordings necessary or desirable (as determined by the Lender’s Counsel, acting reasonably) in connection with the Security shall have been made and completed, or arrangements satisfactory to the Lender shall have been made to complete the same;

- (b) each Obligor shall have delivered to the Lender a current certificate of status, compliance or good standing, as the case may be, in respect of its jurisdiction of incorporation, formation or organization and certified copies of its constating documents, partnership agreement, by-laws, shareholders agreement (if any) and the resolutions authorizing the Loan Documents to which it is a party and transactions hereunder and an Officer's Certificate as to the incumbency of the officers signing the Loan Documents to which it is a party;
- (c) after giving effect to the Transactions, the financings incurred in connection therewith and the other transactions contemplated thereby, there shall be no conflict with, default under, prepayment event, or creation of any Security Interest under any agreement to which Obligor is party, unless such conflict, default, prepayment event or creation of any Security Interest has been resolved or otherwise addressed to the satisfaction of the Lender;
- (d) there shall be no material action, suit, investigation or proceeding pending in any court or before any arbitrator or Governmental Authority that would prohibit the extension of the Senior Credit Facilities or the funding of any requested Drawdown thereunder, and the Lender shall have received an Officer's Certificate from the Borrower certifying each of the same to the Lender;
- (e) the Lender shall have received a legal opinion from legal counsel to the Loan Party, in form and substance as may be required by the Lender or the Lender's Counsel;
- (f) the Lender shall have received current certificates of insurance, in form and substance satisfactory to the Lender (acting reasonably), evidencing the insurance required to be maintained by the Loan Parties pursuant to Section 10.1(o), listing the Lender as a first loss payee and additional insured, and containing a mortgage clause satisfactory to the Lender (acting reasonably);
- (g) the Holdcos shall have committed to lend Subordinated Debt to the Borrower on terms and conditions as are satisfactory to the Lender, acting reasonably, and an amount not less than \$300,000 shall have been incurred by the Borrower for the purposes of partially financing the Transactions;
- (h) immediately prior to or concurrently with giving effect to the Transactions, (i) the Lender will be issued US\$1,550,000 in preferred limited partnership units in the Borrower (non-voting and without a dividend entitlement), being 100% of the Borrower's issued and outstanding preferred limited partnership units, (ii) the class A units issued and outstanding in the capital of the Borrower as at the Closing Date shall be held by Clear North Holdco, Lui Holdco and Copithorne Holdco (as to 92.5% in aggregate, and with a 85%/10%/5% split in ownership among the three, with voting rights) and the Lender (as to 7.5% without voting rights), (iii) Clear North Holdco shall own, directly or indirectly, not less than 78.625% of the class A units issued and outstanding in the capital of the Borrower and 100% of the common shares issued and outstanding in the capital of the General Partner, (iv) Cody Church shall collectively own, directly or indirectly, not less than 100% of the voting power and economic interests represented by the issued and outstanding Equity Interests of Clear North Holdco, and (iv) the Borrower shall directly own 100% of the voting power and economic interests represented by the issued and outstanding Equity Interests of each of the Subsidiaries of the Borrower;

- (i) the Lender shall have received evidence reasonably satisfactory to it that the board of directors of the Borrower shall have authorized and approved the Transactions;
- (j) the Lender shall (i) have received, in form and substance satisfactory to the Lender (acting reasonably) (A) true and complete, officer certified copies of the Acquisition Agreement (including any amendments thereto and the structuring of the transactions contemplated thereby), the other material Acquisition Documents, and all schedules, exhibits, amendments and waivers thereto, which shall be in full force and effect, and (B) an Officer's Certificate detailing the shareholders and capital structure of the Loan Parties, both before and after the consummation of the Transactions, which shall not differ in any material respects from the structure chart annexed hereto as Schedule H and (ii) be satisfied, acting reasonably, with the terms, conditions and structure of the Acquisition set forth therein, in form and substance, including without limitation the capital structure of the Loan Parties after giving effect to the Transactions;
- (k) the Lender shall receive satisfactory evidence that the Acquisition will be consummated on the Closing Date in accordance with all Applicable Laws and the terms and provisions of the Acquisition Agreement, without any amendment or waiver of any material provision thereof (except as may have been agreed to in writing by the Lender);
- (l) the Lender shall be reasonably satisfied in all respects with the terms and conditions of the CCAA Vesting Order (and, unless waived by the Lender, any applicable appeal periods related to the CCAA Vesting Order shall have expired without any appeals commenced), and the documentation in connection therewith;
- (m) the Lender shall be satisfied that immediately prior to or concurrently with the effectiveness of the Transactions (i) all Debt and other obligations owing by Korite Target to the Lender under any existing credit facilities have been repaid in full, (ii) any commitment to make extensions of credit under such credit facilities has been terminated, (iii) all Security Interests upon the Acquired Assets shall have been released, extinguished or terminated to the satisfaction of the Lender (including by way of the CCAA Vesting Order), and (iv) all of the Acquired Assets shall be conveyed to the Borrower free and clear of all Security Interests other than Permitted Encumbrances;
- (n) after giving effect to the Transactions, and the transactions contemplated hereby, the Loan Parties shall have no Debt or preferred Equity Interests outstanding, other than the Loans under the Senior Credit Facilities, the Subordinated Debt, Purchase Money Obligations, capital leases and the preferred limited partnership units in the Borrower issued to the Lender;
- (o) the Lender shall have received management-prepared financial statements of Korite Target for the month ended September 30, 2020;
- (p) the Lender shall have received an opening Borrowing Base Report evidencing that the Borrowing Base, as at the Closing Date and on a *pro forma* basis giving effect to the Transactions, is not less than \$3,000,000.
- (q) such financial information as the Lender shall reasonably request in connection with the Transactions, including without limitation: (a) a consolidated balance sheet of the Loan Parties as of the Closing Date, prepared by Borrower on a *pro forma* basis, giving effect to the Transactions, and setting forth the assumptions on which such balance sheet was

prepared, which balance sheet shall be consistent in all material respects with the Sources and Uses Statement; and (b) projected consolidated financial statements of the Borrower (giving effect to the Transactions) for a period of at least three complete Fiscal Years after the Closing Date (for clarity, covering the Fiscal Years 2020 through 2023), prepared on a Fiscal Quarter basis, demonstrating that after incurring the Debt contemplated by this Agreement, the Borrower shall be solvent, be able to satisfy its obligations as they become due, and be adequately capitalized, and such otherwise satisfactory to the Lender in its discretion;

- (r) the sources of all funds used by the Borrower to consummate the Transactions and to pay all expenses incurred in connection therewith (including the fees, costs and expenses due and payable pursuant to paragraph (x) below) shall not have differed in any material respect from those set forth in the Sources and Uses Statement;
- (s) as of the Closing Date, (i) the representations and warranties set forth in Section 9.1 shall be true and accurate in all material respects, (ii) no Default or Event of Default shall have occurred and be continuing, and (iii) no event or circumstance that constitutes a Material Adverse Effect, prior to and after giving effect to the Transactions, shall have occurred, nor will any event have occurred or circumstance exist that would reasonably be expected to have a Material Adverse Effect, and the Borrower shall have delivered to the Lender an Officer's Certificate certifying each of the same to the Lender;
- (t) the Lender shall have received an executed Compliance Certificate, *inter alia*, evidencing that, *pro forma* after giving effect to the Transactions and based on operating results for the trailing twelve months ended September 30, 2020, the EBITDA of the Loan Parties is not less than negative \$2,500,000;
- (u) after giving effect to the Transactions, the financings incurred in connection therewith and the other transactions contemplated thereby, there shall be no conflict with or default under any Material Agreement (unless such conflict or default shall have been resolved or otherwise addressed to the satisfaction of the Lender, including by way of the CCAA Vesting Order);
- (v) there shall be no Applicable Laws that would, in the sole judgment of the Lender, restrain, prevent, or impose material adverse conditions upon any component of the Transactions or the financings thereof, including the effectiveness of the Senior Credit Facilities.
- (w) the Lender shall have completed a due diligence investigation on the Loan Parties (including, without limitation, business, financial, accounting, tax, legal, ownership, corporate governance and environmental due diligence) and shall be satisfied with the results of such investigation, including without limitation, (i) satisfactory review of any renegotiation plans with landlords and trade creditors conducted by the Borrower, (ii) satisfaction with the results of (A) the Lender's examination of the books and records of the Borrower, (B) the Lender's examination and investigation of the Collateral, (C) the Lender's examination on the Borrower's Collateral control system and reporting capability, and (iii) satisfactory review of the business due diligence on the Loan Parties and the Collateral including supplier and customer due diligence;
- (x) all Governmental Authorizations and material third party consents, and approvals necessary for the completion of the Transactions, and the establishment and utilization of the Senior Credit Facilities by the Loan Parties shall have been unconditionally obtained

and shall be in full force and effect, and the Lender shall have received an Officer's Certificate certifying the same to the Lender;

- (y) the Lender shall have received all applicable "know-your-client" and anti-money laundering rules and regulations information requested by the Lender; and
- (z) all fees and expenses agreed to in writing between the Borrower and the Lender (including the reasonable fees and expenses of Lender's Counsel and including the fees set forth in the Fee Letters) in connection with the Loan Documents shall have been paid by the Borrower to the Lender.

### 3.3 Waiver

The conditions set forth in Sections 3.1, and 3.2 are inserted for the sole benefit of the Lender and may be waived by the Lender, in whole or in part (with or without terms or conditions) without prejudicing the right of the Lender at any time to assert such waived conditions in respect of any subsequent Drawdown.

## ARTICLE 4 EVIDENCE OF DRAWDOWNS

### 4.1 Account of Record

The Lender shall open and maintain books of account evidencing all Loans and all other amounts owing by the Borrower to the Lender hereunder. The Lender shall enter in the foregoing accounts details of all amounts from time to time owing, paid or repaid by the Borrower hereunder. The information entered in the foregoing accounts shall, absent manifest error, constitute *prima facie* evidence of the obligations of the Borrower to the Lender hereunder with respect to all Loans and all other amounts owing by the Borrower to the Lender hereunder. After a request by the Borrower, the Lender shall promptly advise the Borrower of such entries made in the Lender's books of account.

## ARTICLE 5 PAYMENTS OF INTEREST AND FEES

### 5.1 Interest on Prime Rate Loans and US Base Rate under the Senior Credit Facilities

(1) During the first six (6) months following the Closing Date, interest shall accrue (but shall not be payable in cash) on each Prime Rate Loan and each US Base Rate Loan owing by the Borrower under the Senior Credit Facilities during each Interest Period applicable thereto in Dollars or US Dollars, as applicable, at a rate per annum equal to the Prime Rate or US Base Rate, as applicable, in effect from time to time during such Interest Period plus the Applicable Pricing Rate. Accrued interest during the aforementioned six (6) month period (which, for greater certainty, are not required to be paid in cash) shall be added to the principal amount owing under the Senior Credit Facilities on each Interest Payment Date. Each determination by the Lender of the Prime Rate or US Base Rate applicable from time to time during an Interest Period shall, in the absence of manifest error, be *prima facie* evidence thereof. During the aforementioned six (6) month period, such interest shall accrue daily and shall be added to the principal amount for such Loan on each Interest Payment Date for the period from and including the Drawdown Date to the expiry of the aforementioned six (6) month period, as the case may be, for such Loan and shall be calculated on the principal amount of the Prime Rate Loan or the US Base Rate Loan, as applicable, outstanding during such period and on the basis of the actual number of days elapsed in a year of 365 days or 366 days, as the case may be. Changes in the Prime Rate or the US Base Rate shall cause an immediate adjustment of the interest rate applicable to such Loans without the necessity of any notice to the Borrower.

Notwithstanding the foregoing, during the aforementioned six (6) month period, the Borrower may, by written notice from the Borrower to the Lender not less than one (1) Business Day before each Interest Payment Date, elect to pay all or any portion of the interest accrued prior to such Interest Payment Date in cash.

(2) Following the expiry of the aforementioned six (6) month period, the Borrower shall pay interest on each Prime Rate Loan and each US Base Rate Loan owing by it under the Senior Credit Facilities during each Interest Period applicable thereto in Dollars or US Dollars, as applicable, at a rate per annum equal to the Prime Rate or US Base Rate, as applicable, in effect from time to time during such Interest Period plus the Applicable Pricing Rate. Each determination by the Lender of the Prime Rate or US Base Rate applicable from time to time during an Interest Period shall, in the absence of manifest error, be *prima facie* evidence thereof. Following the expiry of the aforementioned six (6) month period, such interest shall accrue daily shall be payable in arrears on each Interest Payment Date for such Loan for the period from and including the Drawdown Date or the preceding Conversion Date or Interest Payment Date, as the case may be, for such Loan to and including the day preceding such Interest Payment Date and shall be calculated on the principal amount of the Prime Rate Loan or the US Base Rate Loan, as applicable, outstanding during such period and on the basis of the actual number of days elapsed in a year of 365 days or 366 days, as the case may be. Changes in the Prime Rate or the US Base Rate shall cause an immediate adjustment of the interest rate applicable to such Loans without the necessity of any notice to the Borrower.

## **5.2 Interest on LIBOR Loans under the Senior Credit Facilities**

The Borrower shall pay interest on each LIBOR Loan owing by it under the Senior Credit Facilities during each LIBOR Interest Period applicable therein in US Dollars at a rate per annum, calculated on the basis of a 360 day year, equal to LIBOR with respect to such LIBOR Interest Period plus the Applicable Pricing Rate. Each determination by the Lender of LIBOR applicable from time to time during a LIBOR Interest Period shall, in the absence of manifest error, be *prima facie* evidence thereof. Such interest shall accrue daily shall be payable in arrears on each Interest Payment Date for such Loan for the period from and including the Drawdown Date or the preceding Conversion Date or Interest Payment Date, as the case may be, for such Loan to and including the day preceding such Interest Payment Date and shall be calculated on the principal amount of the LIBOR Loan outstanding during such period and on the basis of the actual number of days elapsed divided by 360.

## **5.3 Interest Act (Canada); Conversion of 360 Day Rates**

(1) Whenever a rate of interest hereunder is calculated on the basis of a year (the “deemed year”) which contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest shall be expressed as a yearly rate for purposes of the *Interest Act* (Canada) by multiplying such rate of interest by the actual number of days in the calendar year of calculation and dividing it by the number of days in the deemed year.

(2) Whenever a rate of interest or other rate per annum hereunder is expressed or calculated on the basis of a year of 360 days, such rate of interest or other rate shall be expressed as a rate per annum, calculated on the basis of a 365 day or a 366 day year, by multiplying such rate of interest or other rate by 365 or 366, as applicable, and dividing it by 360.

## **5.4 Nominal Rates: No Deemed Reinvestment**

The principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement; all interest payments to be made hereunder shall be paid without allowance or deduction for deemed reinvestment or otherwise, before and after maturity, default and judgment. The rates of interest

specified in this Agreement are intended to be nominal rates and not effective rates. Interest calculated hereunder shall be calculated using the nominal rate method and not the effective rate method of calculation.

#### **5.5 Standby Fees**

(1) The Borrower shall pay to the Lender a standby fee in Dollars in respect of the Revolving Facility, calculated at a rate per annum equal to the Applicable Pricing Rate on the amount, if any, by which the amount of the Outstanding Principal under the Revolving Facility for each day in the period of determination is less than the maximum amount for each such day of the Revolving Facility. Fees determined in accordance with this Section shall accrue daily from and after the date hereof and be payable by the Borrower monthly in arrears and with respect to the standby fees in respect of the Revolving Facility, on the earlier of (i) cancellation in full of the Revolving Facility and (ii) the Maturity Date.

(2) As of: (i) the first day of each calendar month, (ii) the date of any cancellation in full of the Revolving Facility, and (iii) the Maturity Date, the Lender shall determine the standby fees under this Section in respect of the Revolving Facility, for the period from and including the date hereof or the date of the immediately preceding determination, as the case may be, to but excluding that date of determination and shall deliver to the Borrower a written request for payment of the standby fees so determined, as detailed therein. The Borrower shall pay to the Lender the standby fees referred to above within 2 Business Days after receipt of each such written request.

#### **5.6 Default Interest**

Notwithstanding any other provision hereof, upon the occurrence and during the continuance of a Default or an Event of Default, the Borrower shall pay interest on the Outstanding Principal of all outstanding Loans and any other Obligations payable hereunder (including, without limitation, interest on interest), if and to the fullest extent permitted by applicable law, from the date of such Default or Event of Default until such Default or Event of Default shall have been cured or waived, and such interest shall accrue daily, be calculated and compounded monthly and be payable on demand, after as well as before maturity, default and judgment, at a rate per annum that is equal to (a) in respect of amounts due in Dollars, the rate of interest rate then applicable to Prime Rate Loans plus 2.00% per annum (and with respect to any Bankers' Acceptance, the Lender shall effect an automatic Conversion into a Prime Rate Loan of the entire amount of such maturing Bankers' Acceptance at the end of the Interest Period thereof as if a Conversion Notice had been given by the Borrower to the Lender to that effect); or (b) in respect of amounts due in US Dollars, the rate of interest then payable on US Base Rate Loans plus 2.0% per annum (and with respect to any LIBOR Loan, the Lender may effect an automatic Conversion into an US Base Rate Loan of the entire amount of such maturing LIBOR Loan at the end of the LIBOR Interest Period as if a Conversion Notice had been given by the Borrower to the Lender to that effect).

#### **5.7 Waiver**

To the extent permitted by applicable law, the covenant of the Borrower to pay interest at the rates provided herein shall not merge in any judgment relating to any obligation of the Borrower to the Lender and any provision of the *Interest Act* (Canada) or *Judgment Interest Act* (Alberta) which restricts any rate of interest set forth herein shall be inapplicable to this Agreement and is hereby waived by the Borrower.

#### **5.8 Maximum Rate Permitted by Law**

No interest or fee to be paid hereunder shall be paid at a rate exceeding the maximum rate permitted by applicable law. In the event that such interest or fee exceeds such maximum rate, such interest or fees shall



be reduced or refunded, as the case may be, so as to be payable at the highest rate recoverable under applicable law.

**ARTICLE 6**  
**BANKERS' ACCEPTANCES**

**6.1 Bankers' Acceptances**

The Borrower may give the Lender notice that Bankers' Acceptances will be required under the Senior Credit Facilities pursuant to a Drawdown, Rollover or Conversion.

**6.2 Fees**

Upon the acceptance by the Lender of a Bankers' Acceptance, the Borrower shall pay to the Lender a fee in Dollars equal to the Applicable Pricing Rate calculated on the principal amount at maturity of such Bankers' Acceptance and for the period of time from and including the date of acceptance to but excluding the maturity date of such Bankers' Acceptance and calculated on the basis of the number of days elapsed in a year of 365 or 366 days, as the case may be.

**6.3 Form and Execution of Bankers' Acceptances**

The following provisions shall apply to each Bankers' Acceptance hereunder:

- (a) the face amount at maturity of each draft drawn by the Borrower to be accepted as a Bankers' Acceptance shall be in a minimum amount of \$500,000 and integral multiples of \$100,000 for amounts in excess of such minimum amounts;
- (b) the term to maturity of each draft drawn by the Borrower to be accepted as a Bankers' Acceptance shall, subject to market availability as determined by the Lender, be 1, 2, 3 or 6 months (or such other longer or shorter term as agreed by the Lender), as selected by the Borrower in the relevant Drawdown, Rollover or Conversion Notice, and each Bankers' Acceptance shall be payable and mature on the last day of the Interest Period selected by the Borrower for such Bankers' Acceptance (which, for certainty, pursuant to the definition of "Interest Period" shall be on or prior to the Maturity Date);
- (c) each draft drawn by the Borrower and presented for acceptance by the Lender shall be drawn on the standard form of the Lender in effect at the time;
- (d) subject to Section 6.3(e) below, Bankers' Acceptances shall be signed by duly authorized officers of the Borrower or, in the alternative, the signatures of such officers may be mechanically reproduced in facsimile thereon and Bankers' Acceptances bearing such facsimile signatures shall be binding on the Borrower as if they had been manually executed and delivered by such officers on behalf of the Borrower; notwithstanding that any person whose manual or facsimile signature appears on any Bankers' Acceptance may no longer be an authorized signatory for the Borrower on the date of issuance of a Bankers' Acceptance, such signature shall nevertheless be valid and sufficient for all purposes as if such authority had remained in force at the time of such issuance and any such Bankers' Acceptance shall be binding on the Borrower; and
- (e) in lieu of signing Bankers' Acceptances in accordance with Section 6.3(d) above, the Borrower may provide a Power of Attorney to the Lender; for so long as a Power of

Attorney is in force with respect to the Lender, the Lender shall execute and deliver Bankers' Acceptances on behalf of the Borrower in accordance with the provisions thereof and, for certainty, all references herein to drafts drawn by the Borrower, Bankers' Acceptances executed by the Borrower or similar expressions shall be deemed to include Bankers' Acceptances executed in accordance with a Power of Attorney, unless the context otherwise requires.

#### 6.4 **Power of Attorney; Provision of Bankers' Acceptances to Lender**

(1) Unless revoked with respect to the Lender in accordance herewith, the Borrower hereby appoints the Lender, acting by any authorized signatory of the Lender, the attorney of the Borrower:

- (a) to sign for and on behalf and in the name of the Borrower as drawer, drafts in the Lender's standard form which are depository bills as defined in the *Depository Bills and Notes Act* (Canada) (the "DBNA"), payable to a "clearing house" (as defined in the DBNA) including, without limitation, CDS Clearing and Depository Services Inc., or its nominee, CDS & Co. (the "clearing house");
- (b) for drafts which are not depository bills, to sign for and on behalf and in the name of the Borrower as drawer and to endorse on its behalf, Bankers' Acceptances drawn on the Lender payable to the order of the undersigned or payable to the order of the Lender;
- (c) to fill in the amount, date and maturity date of such Bankers' Acceptances; and
- (d) to deposit and/or deliver such Bankers' Acceptances which have been accepted by the Lender,

provided that such acts in each case are to be undertaken by the Lender strictly in accordance with instructions given to the Lender by the Borrower as provided in this Section. For certainty, signatures of any authorized signatory of the Lender may be mechanically reproduced in facsimile or other electronic means on Bankers' Acceptances in accordance herewith and such facsimile or other electronic signatures shall be binding and effective as if they had been manually executed by such authorized signatory of the Lender.

Instructions from the Borrower to the Lender relating to the execution, completion, endorsement, deposit and/or delivery by the Lender on behalf of the Borrower of Bankers' Acceptances which the Borrower wishes to submit to the Lender for acceptance by the Lender shall be communicated by the Borrower in writing to the Lender by delivery to the Lender of Drawdown Notices, Conversion Notices and Rollover Notices, as the case may be, in accordance with this Agreement.

The communication in writing by the Borrower to the Lender of the instructions set out in the Drawdown Notices, Conversion Notices and Rollover Notices referred to above shall constitute (a) the authorization and instruction of the Borrower to the Lender to sign for and on behalf and in the name of the Borrower as drawer the requested Bankers' Acceptances and to complete and/or endorse Bankers' Acceptances in accordance with such information as set out above and (b) the request of the Borrower to the Lender to accept such Bankers' Acceptances and deposit the same with the clearing house or deliver the same, as the case may be, in each case in accordance with this Agreement and such instructions. The Borrower acknowledges that the Lender shall not be obligated to accept any such Bankers' Acceptances except in accordance with the provisions of this Agreement.

The Lender shall be and it is hereby authorized to act on behalf of the Borrower upon and in compliance with instructions communicated to the Lender as provided herein if the Lender reasonably believes such instructions to be genuine. The Lender's actions in compliance with such instructions shall be conclusively deemed to have been in accordance with the instructions of the Borrower.

This power of attorney may be revoked by the Borrower at any time upon not less than 5 Business Days' prior written notice served upon the Lender, provided that no such revocation shall reduce, limit or otherwise affect the obligations of the Borrower in respect of any Bankers' Acceptance executed, completed, endorsed, deposited and/or delivered in accordance herewith prior to the time at which such revocation becomes effective.

(2) Unless the Borrower has provided a Power of Attorney to the Lender, to facilitate Drawdowns, Rollovers or Conversions of Bankers' Acceptances, the Borrower shall, upon execution of this Agreement and thereafter from time to time as required by the Lender, provide to the Lender drafts drawn in blank by the Borrower (pre-endorsed and otherwise in fully negotiable form, if applicable) in quantities sufficient for the Lender to fulfil its obligations hereunder. Any such pre-signed drafts which are delivered by the Borrower to the Lender shall be held in safekeeping by the Lender with the same degree of care as if they were the Lender's property, and shall only be dealt with by the Lender in accordance herewith. The Lender shall not be responsible or liable for its failure to make any Drawdown, Rollover or Conversion of Bankers' Acceptances required hereunder if the cause of such failure is, in whole or in part, due to the failure of the Borrower to provide such pre-signed drafts to the Lender on a timely basis.

(3) By 1:00 p.m. Standard Time, two Business Days prior to the applicable Drawdown Date, Conversion Date or Rollover Date, the Borrower shall (a) either deliver to the Lender in Toronto, Ontario, or, if previously delivered, be deemed to have authorized the Lender to complete and accept, or (b) where the Borrower has previously executed and delivered a Power of Attorney to the Lender, be deemed to have authorized the Lender to sign on behalf of the Borrower, complete and accept, drafts drawn by the Borrower on the Lender in a principal amount at maturity equal to the Bankers' Acceptances specified by the Borrower in the relevant Drawdown Notice, Conversion Notice or Rollover Notice, as the case may be.

## **6.5 Mechanics of Issuance**

(1) With respect to the issuance of Bankers' Acceptances hereunder from time to time, the Lender shall purchase such Bankers' Acceptances for its own account. On each Drawdown Date, Rollover Date or Conversion Date involving the issuance of Bankers' Acceptances being so purchased by the Lender:

- (a) before 12:00 p.m. Standard Time on such date, the Lender shall determine the Discount Rate then applicable to bankers' acceptances accepted by the Lender;
- (b) the Lender shall complete and accept, in accordance with the Drawdown Notice, Conversion Notice or Rollover Notice delivered by the Borrower in connection with such issue the Bankers' Acceptances to be issued on such date and shall purchase such Bankers' Acceptances for its own account at a purchase price which reflects such Discount Rate; and
- (c) in the case of a Drawdown, the Lender shall, for same day value on the Drawdown Date, remit the Discount Proceeds (net of the acceptance fee payable to the Lender pursuant to Section 6.2) to the Borrower.

(2) The Lender may at any time and from time to time hold, sell, rediscount or otherwise dispose of any or all Bankers' Acceptances accepted and purchased by it for its own account.

## **6.6 Rollover, Conversion or Payment on Maturity**

In anticipation of the maturity of Bankers' Acceptances, the Borrower shall, subject to and in accordance with the requirements hereof, do one or a combination of the following with respect to the aggregate face amount at maturity of all such Bankers' Acceptances:

- (a) (i) deliver to the Lender a Rollover Notice that the Borrower intends to draw and present for acceptance on the maturity date new Bankers' Acceptances in an aggregate face amount up to the aggregate amount of the maturing Bankers' Acceptances and (ii) on the maturity date pay to the Lender an additional amount equal to the difference between the aggregate face amount of the maturing Bankers' Acceptances and the Discount Proceeds of such new Bankers' Acceptances;
- (b) (i) deliver to the Lender a Conversion Notice requesting a Conversion of the maturing Bankers' Acceptances to a Prime Rate Loan under the relevant Senior Credit Facility and (ii) on the maturity date pay to the Lender an amount equal to the difference, if any, between the aggregate face amount of the maturing Bankers' Acceptances and the amount of the Prime Rate Loan into which Conversion is requested; or
- (c) on the maturity date of the maturing Bankers' Acceptances, pay to the Lender an amount equal to the aggregate face amount of such Bankers' Acceptances.

If the Borrower fails to so notify the Lender or make such payments on maturity, the Lender shall effect a Conversion into a Prime Rate Loan of the entire amount of such maturing Bankers' Acceptances as if a Conversion Notice had been given by the Borrower to the Lender to that effect.

## **6.7 Restriction on Rollovers and Conversions**

Subject to the other provisions hereof, Conversions and Rollovers of Bankers' Acceptances may only occur on the maturity date thereof.

## **6.8 Rollovers**

In order to satisfy the continuing liability of the Borrower to the Lender for the face amount of maturing Bankers' Acceptances accepted by the Lender, the Lender shall receive and retain for its own account the Discount Proceeds of new Bankers' Acceptances issued on a Rollover, and the Borrower shall on the maturity date of the Bankers' Acceptances being rolled over pay to the Lender an amount equal to the difference between the face amount of the maturing Bankers' Acceptances and the Discount Proceeds from the new Bankers' Acceptances, together with the acceptance fees to which the Lender is entitled pursuant to Section 6.2.

## **6.9 Conversion into Bankers' Acceptances**

In respect of Conversions into Bankers' Acceptances, in order to satisfy the continuing liability of the Borrower to the Lender for the amount of the converted Loan, the Lender shall receive and retain for its own account the Discount Proceeds of the Bankers' Acceptances issued upon such Conversion, and the Borrower shall on the Conversion Date pay to the Lender an amount equal to the difference between the principal amount of the converted Loan and the aggregate Discount Proceeds from the Bankers' Acceptances issued on such Conversion, together with the acceptance fees to which the Lender is entitled pursuant to Section 6.2.

**ARTICLE 7**  
**LETTERS OF CREDIT**

**7.1**            **Availability**

Subject to the provisions hereof, the Borrower may require that Letters of Credit be issued under the Revolving Facility, subject to a maximum LC Exposure of the LC Exposure Limit, in accordance with the Drawdown Notices and Rollover Notices of the Borrower. The issuance of Letters of Credit shall constitute Drawdowns or Rollovers (as applicable) hereunder and shall reduce the availability of the Revolving Facility by the aggregate Outstanding Principal of Letters of Credit under the Senior Credit Facilities.

**7.2**            **Currency, Type, Form and Expiry**

Letters of Credit issued pursuant hereto shall be denominated in Dollars, and amounts payable thereunder shall be paid in the currency in which the Letter of Credit is denominated. Letters of Credit shall be in a form satisfactory to the Lender and shall have an expiration date not in excess of one year from the date of issue or as otherwise agreed to in writing by the Lender. On the Maturity Date, the Borrower shall provide or cause to be provided to the Lender cash collateral in accordance with the provisions of Section 2.14(1) in an amount equal to or greater than the aggregate undrawn amount of all unexpired Letters of Credit outstanding under the Senior Credit Facilities; such cash collateral shall be held by the Lender and shall be applied in accordance with said Section 2.14(1) in satisfaction of and as security for the Obligations of the Borrower for such unexpired Letters of Credit.

**7.3**            **No Conversion**

Except as provided in Section 7.5, the Borrower may not effect a Conversion of a Letter of Credit.

**7.4**            **Records**

The Lender shall maintain records showing the undrawn and unexpired amount of each Letter of Credit outstanding hereunder and showing for each Letter of Credit issued hereunder:

- (a) the dates of issuance and expiration thereof;
- (b) the amount thereof; and
- (c) the date and amount of all payments made thereunder.

The Lender shall make copies of such records available to the Borrower upon its request.

**7.5**            **Reimbursement or Conversion on Presentation**

On presentation of a Letter of Credit and payment thereunder by the Lender, the Borrower shall forthwith pay to and reimburse the Lender for all amounts paid pursuant to such Letter of Credit, failing such payment and reimbursement, all such amounts paid by the Lender shall bear interest, from and after the date so paid by the Lender, at the rate set forth in Section 5.6 for amounts due hereunder.

**7.6**            **Fees and Expenses**

(1) The Borrower shall pay to Lender in respect of Letters of Credit issued hereunder an issuance fee (an "LC Issuance Fee"), payable in advance (in the currency in which such Letter of Credit is denominated) on the date each Letter of Credit is issued, calculated at a rate per annum equal to the

Applicable Pricing Rate and on the amount of each such Letter of Credit for the number of days such Letter of Credit will be outstanding in the year of 365 days or 366 days, as the case may be, in which such Letter of Credit is issued; provided that the minimum LC Issuance Fee for each such Letter of Credit shall be \$250.

(2) In addition, with respect to all Letters of Credit, the Borrower shall from time to time pay to the Lender its usual and customary fees and charges (at the then prevailing rates) for the amendment, delivery and administration of letters of credit such as the Letters of Credit and shall pay and reimburse the Lender for any reasonable out of pocket costs and expenses incurred in connection with any Letter of Credit, including in connection with any payment thereunder.

## 7.7 Additional Provisions

### (1) Indemnity and No Lender Liability

The Borrower shall indemnify and save harmless the Lender against all claims, losses, costs, expenses or damages to the Lender arising out of or in connection with any Letter of Credit, the issuance thereof, any payment thereunder or any action taken by the Lender or any other person in connection therewith, including all costs relating to any legal process or proceeding instituted by any party restraining or seeking to restrain the Lender from accepting or paying any Draft or any amount under any such Letter of Credit, except as a result of the Lender's gross negligence or wilful misconduct. The Borrower also agrees that the Lender shall have no liability to it for any reason in respect of or in connection with any Letter of Credit, the issuance thereof, any payment thereunder or any other action taken by the Lender or any other person in connection therewith, except as a result of the Lender's gross negligence or wilful misconduct.

### (2) No Obligation to Inquire

The Borrower hereby acknowledges and confirms to the Lender that the Lender shall not be obliged to make any inquiry or investigation as to the right of any beneficiary to make any claim or Draft or request any payment under a Letter of Credit and payment pursuant to a Letter of Credit shall not be withheld by reason of any matters in dispute between the beneficiary thereof and the Borrower. The sole obligation of the Lender with respect to Letters of Credit is to cause to be paid a Draft drawn or purporting to be drawn in accordance with the terms of the applicable Letter of Credit and for such purpose the Lender is only obliged to determine that the Draft purports to comply with the terms and conditions of the relevant Letter of Credit.

The Lender shall not have any responsibility or liability for or any duty to inquire into the form, sufficiency (other than to the extent provided in the last sentence of the immediately preceding paragraph and except with respect to its gross negligence or wilful misconduct or payment under a Letter of Credit other than in substantial compliance herewith), authorization, execution, signature, endorsement, correctness (other than to the extent provided in the last sentence of the immediately preceding paragraph and except with respect to its gross negligence or wilful misconduct or payment under a Letter of Credit other than in substantial compliance herewith), genuineness or legal effect of any Draft, certificate or other document presented to it pursuant to a Letter of Credit and the Borrower unconditionally assumes all risks with respect to the same. The Borrower agrees that it assumes all risks of the acts or omissions of the beneficiary of any Letter of Credit with respect to the use by such beneficiary of the relevant Letter of Credit. The Borrower further agrees (other than to the extent provided in the last sentence of the immediately preceding paragraph and except with respect to its gross negligence or wilful misconduct or payment under a Letter of Credit other than in substantial compliance herewith) that the Lender and any of its officers, directors or correspondents will not assume liability for, or be responsible for:

- (a) the validity, correctness, genuineness or legal effect of any document or instrument relating to any Letter of Credit, even if such document or instrument should in fact prove to be in any respect invalid, insufficient, inaccurate, fraudulent or forged;
- (b) the failure of any document or instrument to bear any reference or adequate reference to any Letter of Credit;
- (c) any failure to note the amount of any Draft on any Letter of Credit or on any related document or instrument;
- (d) any failure of the beneficiary of any Letter of Credit to meet the obligations of such beneficiary to the Borrower or any other person;
- (e) any errors, inaccuracies, omissions, interruptions or delays in transmission or delivery of any messages, directions or correspondence by mail, facsimile or otherwise, whether or not they are in cipher;
- (f) any inaccuracies in the translation of any messages, directions or correspondence or for errors in the interpretation of any technical terms; or
- (g) any failure by the Lender to make payment under any Letter of Credit as a result of any law, control or restriction rightfully or wrongfully exercised or imposed by any domestic or foreign court or government or Governmental Authority or as a result of any other cause beyond the control of the Lender, or its officers, directors or correspondents.

(3) Obligations Unconditional

The obligations of the Borrower hereunder with respect to all Letters of Credit shall be absolute, unconditional and irrevocable and shall not be reduced by any event, circumstance or occurrence, including any lack of validity or enforceability of a Letter of Credit, or any Draft paid or acted upon by the Lender or any of its correspondents being fraudulent, forged, invalid or insufficient in any respect (except with respect to their gross negligence or wilful misconduct), or any set off, defenses, rights or claims which the Borrower may have against any beneficiary or transferee of any Letter of Credit. The obligations of the Borrower hereunder shall remain in full force and effect and shall apply to any alteration to or extension of the expiration date of any Letter of Credit or any Letter of Credit issued to replace, extend or alter any Letter of Credit.

(4) Other Actions

Any action, inaction or omission taken or suffered by the Lender or by any of its correspondents under or in connection with a Letter of Credit or any Draft made thereunder, if in good faith and in conformity with foreign or domestic laws, regulations or customs applicable thereto shall be binding upon the Borrower and shall not place the Lender or any of its correspondents under any resulting liability to the Borrower (except with respect to their gross negligence or wilful misconduct). Without limiting the generality of the foregoing, the Lender and its correspondents may receive, accept or pay as complying with the terms of a Letter of Credit, any Draft thereunder, otherwise in order which may be signed by, or issued to, the administrator or any executor of, or the trustee in bankruptcy of, or the receiver for any property of, or any person or entity acting as a representative or in the place of, such beneficiary or its successors and assigns. The Borrower covenants that it will not take any steps, issue any instructions to the Lender or any of its correspondents or institute any proceedings intended to derogate from the right or ability of the Lender or its correspondents to honour and pay any Letter of Credit or any Drafts.

(5) Payment of Contingent Liabilities

The Borrower shall pay to the Lender an amount equal to the maximum amount available to be drawn under any unexpired Letter of Credit which becomes the subject of any order, judgment, injunction or other such determination (an “**Order**”), or any petition, proceeding or other application for any Order by the Borrower or any other party, restricting payment under and in accordance with such Letter of Credit or extending the Lender’s liability under such Letter of Credit beyond the expiration date stated therein; payment in respect of each such Letter of Credit shall be due forthwith upon demand in the currency in which such Letter of Credit is denominated.

Any amount paid to the Lender pursuant to the preceding paragraph shall be held by the Lender in interest bearing cash collateral accounts (with interest payable for the account of the Borrower at the rates and in accordance with the then prevailing practices of the Lender for accounts of such type) as continuing security for the Obligations under the Senior Credit Facilities and shall, prior to an Event of Default be applied by the Lender against the Obligations for, or (at the option of the Lender) be applied in payment of, such Letter of Credit if payment is required thereunder; after an Event of Default the Lender may apply such amounts, firstly, against any Obligations in respect of the relevant Letter of Credit, and, after satisfaction of such Obligations or expiry of such Letter of Credit, against any other Obligations as it sees fit.

The Lender shall release to the Borrower any amount remaining in the cash collateral accounts after applying the amounts necessary to discharge the Obligations relating to such Letter of Credit, upon the later of:

- (a) the date on which any final and non-appealable order, judgment or other determination has been rendered or issued either terminating any applicable Order or permanently enjoining the Lender, from paying under such Letter of Credit;
- (b) the earlier of:
  - (i) the date on which either the original counterpart of such Letter of Credit is returned to the Lender for cancellation or the Lender is released by the beneficiary thereof from any other obligation in respect of such Letter of Credit; and
  - (ii) the expiry of such Letter of Credit; and
- (c) if a Default or an Event of Default has occurred, the payment and satisfaction of all Obligations and the cancellation or termination of the Revolving Facility.

(6) No Consequential Damages

Notwithstanding any other provision of the Loan Documents to the contrary, the Lender shall not be liable to the Borrower for any consequential, indirect, punitive or exemplary damages with respect to action taken or omitted to be taken by it under or in respect of any Letter of Credit.

(7) Uniform Customs and Practice

The Uniform Customs and Practice for Documentary Credits as most recently published by the International Chamber of Commerce (the “**Uniform Customs**”) shall in all respects apply to each Letter of Credit unless expressly provided to the contrary therein and shall be deemed for such purpose to be a part of this Agreement as if fully incorporated herein. In the event of any conflict or inconsistency between the



Uniform Customs and the governing law of this Agreement, the Uniform Customs shall, to the extent permitted by applicable law, prevail to the extent necessary to remove the conflict or inconsistency.

**ARTICLE 8**  
**PLACE AND APPLICATIONS OF PAYMENTS**

**8.1 Place of Payment of Principal, Interest and Fees; Payments to Lender**

All payments of principal, interest, fees and other amounts to be made by the Borrower to the Lender pursuant to this Agreement shall be made to the Lender in the currency in which the Loan is outstanding for value on the day such amount is due, and if such day is not a Business Day on the Business Day next following, by deposit or transfer thereof to the accounts of the Lender maintained at the Lender's Branch and designated by the Lender for such purpose or at such other place as the Borrower and the Lender may from time to time agree.

**8.2 Funds**

Each amount advanced, disbursed or paid hereunder shall be advanced, disbursed or paid, as the case may be, in such form of funds as may from time to time be customarily used in Calgary, Alberta and Toronto, Ontario, as applicable, in the settlement of banking transactions similar to the banking transactions required to give effect to the provisions of this Agreement on the day such advance, disbursement or payment is to be made (for certainty, each such amount advanced, disbursed or paid hereunder shall be advanced, disbursed or paid, as the case may be, in immediately available funds to the extent possible in the relevant jurisdiction).

**8.3 Application of Payments**

Except as otherwise agreed in writing by the Lender, if any Event of Default shall occur and be continuing, all payments made by the Borrower to the Lender shall be applied in the following order:

- (a) to amounts due hereunder as fees, other than acceptance fees for Bankers' Acceptances, under the Senior Credit Facilities;
- (b) to amounts due hereunder as costs and expenses;
- (c) to amounts due hereunder as default interest under the Senior Credit Facilities;
- (d) to amounts due hereunder as interest or acceptance fees for Bankers' Acceptances under the Senior Credit Facilities;
- (e) to amounts due hereunder as principal (including reimbursement obligations in respect of Bankers' Acceptances and Letters of Credit) under the Senior Credit Facilities, and to any Lender Financial Instrument Obligations to the extent not then due and payable;
- (f) to amounts due hereunder as any other Obligation under the Senior Credit Facilities; and
- (g) to amounts due in accordance with Applicable Law.

**8.4 Payments Clear of Taxes**

(1) Any and all payments by the Borrower to the Lender hereunder shall be made free and clear of, and without deduction or withholding for or on account of, any and all present or future Taxes and

all liabilities with respect thereto imposed, levied, collected, withheld or assessed by any Governmental Authority or under the laws of any international tax authority imposed on the Lender, or by or on behalf of the foregoing (and, for greater certainty, nothing in this Section 8.4(1) shall make the Borrower liable for any taxes imposed on or measured by the Lender's overall net income, capital taxes or franchise taxes imposed on it (in lieu of net income taxes) by the jurisdiction (or any political subdivision thereof) under the laws of which the Lender is organized, in which its applicable lending office is maintained or in which its principal office is located or as a result of a present or former connection between the Lender and the jurisdiction imposing such tax (other than any such connection arising solely from the Lender having executed, delivered or performed its obligations or received a payment under this Agreement)). In addition, the Borrower agrees to pay any present or future stamp, transfer, registration, excise, issues, documentary or other taxes, charges or similar levies which arise from any payment made under this Agreement or the Loans or in respect of the execution, delivery or registration or the compliance with this Agreement or the other Loan Documents contemplated hereunder other than taxes imposed on or measured by the Lender's overall net income and franchise taxes imposed on it (in lieu of net income taxes) by the jurisdiction (or any political subdivision thereof) under the laws of which the Lender is organized, in which its applicable lending office is maintained or in which its principal office is located or as a result of a present or former connection between the Lender and the jurisdiction imposing such tax (other than any such connection arising solely from the Lender having executed, delivered or performed its obligations or received a payment under this Agreement). The Borrower shall indemnify and hold harmless the Lender for the full amount of any Taxes or other amounts paid or payable by the Lender and any liability (including penalties, interest, additions to tax and reasonable out-of-pocket expenses) resulting therefrom or with respect thereto which arise from any payment made under or pursuant to this Agreement or the Loans or in respect of the execution, delivery or registration of, or compliance with, this Agreement or the other Loan Documents other than taxes imposed on or measured by the Lender's overall net income, capital taxes and franchise taxes imposed on it (in lieu of net income taxes) by the jurisdiction (or any political subdivision thereof) under the laws of which the Lender is organized, in which its applicable lending office is maintained or in which its principal office is located or as a result of a present or former connection between the Lender and the jurisdiction imposing such tax (other than any such connection arising solely from the Lender having executed, delivered or performed its obligations or received a payment under this Agreement).

(2) If the Borrower shall be required by law to deduct or withhold any amount for which it is liable under Section 8.4(1) from any payment or other amount required to be paid to the Lender hereunder, or if any liability therefor shall be imposed or shall arise from or in respect of any sum payable hereunder, then the sum payable to the Lender hereunder shall be increased as may be necessary so that after making all required deductions, withholdings, and additional income tax payments attributable thereto (including deductions, withholdings or income tax payable for additional sums payable under this provision) the Lender receives an amount equal to the amount it would have received had no such deductions or withholdings been made or if such additional taxes had not been imposed; in addition, the Borrower shall pay the full amount deducted or withheld for such liabilities to the relevant taxation authority or other authority in accordance with applicable law, such payment to be made (if the liability is imposed on the Borrower) for its own account or (if the liability is imposed on the Lender) on behalf of and in the name of the Lender, as the case may be. If the liability is imposed on the Lender, the Borrower shall deliver to the Lender evidence satisfactory to the Lender, acting reasonably, of the payment to the relevant taxation authority or other authority of the full amount deducted or withheld.

## **8.5 Set Off**

(1) In addition to any rights now or hereafter granted under applicable law and not by way of limitation of any such rights, upon the occurrence of a Default or Event of Default which remains unremedied (whether or not the Loans have been accelerated hereunder), the Lender shall have the right (and is hereby authorized by the Borrower) at any time and from time to time to combine all or any of the

Borrower's accounts with the Lender and to set off and to appropriate and to apply any and all deposits (general or special, term or demand) including indebtedness evidenced by certificates of deposit whether matured or unmatured, and any other indebtedness at any time held by the Borrower or owing by the Lender to or for the credit or account of the Borrower against and towards the satisfaction of any Obligations owing by the Borrower, and may do so notwithstanding that the balances of such accounts and the liabilities are expressed in different currencies, and the Lender is hereby authorized to effect any necessary currency conversions at the noon spot rate of exchange announced by the Bank of Canada on the Business Day before the day of conversion.

(2) The Lender shall notify the Borrower of any such set off from the Borrower's accounts within a reasonable period of time thereafter, although the Lender shall not be liable to the Borrower for its failure to so notify.

#### **8.6 Adjustments for Margin Changes**

(1) For any Loans outstanding under the Senior Credit Facility as of the effective date of a change in an Applicable Pricing Rate:

- (a) in the case of increases in such rates per annum, the Borrower shall pay to the Lender such additional interest or fees, as the case may be, as may be required to give effect to the relevant increases in the interest or fees payable on or in respect of such Loans from and as of the effective date of the relevant increase in rates; and
- (b) in the case of decreases in such rates per annum, the Borrower shall receive a credit against subsequent interest payable on Loans under the Senior Credit Facilities or fees payable pursuant to Section 5.5, Section 6.2 or Section 7.6, as the case may be, to the extent necessary to give effect to the relevant decreases in the interest or fees payable on or in respect of such Loans from and as of the effective date of the relevant decrease in rates.

(2) The additional payments required by Section 8.6(1)(a) shall be made on the first Business Day of the calendar month immediately following the calendar month in which the changes in Applicable Pricing Rate are effective. The adjustments required by Section 8.6(1)(b) shall be accounted for in successive interest and fee payments by the Borrower until the amount of the credit therein contemplated has been fully applied; provided that, upon satisfaction in full of all Obligations and cancellation of the Senior Credit Facilities in accordance herewith, the Lender shall pay to the Borrower an amount equal to any such credit which remains outstanding.

### **ARTICLE 9 REPRESENTATIONS AND WARRANTIES**

#### **9.1 Representations and Warranties**

The Loan Parties jointly and severally represent and warrant as follows to the Lender and acknowledge and confirm that the Lender is relying upon such representations and warranties:

(a) **Existence and Good Standing**

Each Loan Party is validly existing and in good standing under the laws of its jurisdiction of incorporation, amalgamation or organization; each is duly registered in all other jurisdictions where the nature of its property or character of its business requires registration, except for jurisdictions where the failure to be so registered or qualified would

not have a Material Adverse Effect, and has all necessary power and authority to own its properties and carry on its business as presently carried on or as contemplated by the Loan Documents.

(b) Authority

Each Loan Party has full power, legal right and authority to enter into the Loan Documents to which it is a party and do all such acts and things as are required by such Loan Documents to be done, observed or performed, in accordance with the terms thereof.

(c) Valid Authorization and Execution

Each Loan Party has taken all necessary corporate, partnership and other action of its directors, shareholders, partners, trustees and other persons (as applicable) to authorize the execution, delivery and performance of the Loan Documents to which it is a party and to observe and perform the provisions thereof in accordance with the terms therein contained.

(d) Validity of Agreement; Non-Conflict

None of the authorization, execution or delivery of this Agreement or performance of any obligation pursuant thereto requires or will require, pursuant to Applicable Law now in effect, any approval or consent of any Governmental Authority having jurisdiction (except such as has already been obtained and are in full force and effect) nor is in conflict with or contravention of (i) any Loan Party's articles, partnership agreement, by-laws or other constating documents or any resolutions of directors or shareholders (or resolutions of persons with similar authority and responsibilities or rights and interests, as the case may be), unanimous shareholders agreement or the provisions of its partnership agreement or declaration of trust or trust indenture (as applicable) or (ii) the provisions of any other indenture, instrument, undertaking or other agreement to which any Loan Party is a party or by which they or their properties or assets are bound, the contravention of which would, in each case, have or would reasonably be expected to have a Material Adverse Effect. The Loan Documents when executed and delivered will constitute valid and legally binding obligations of each of the Loan Parties which is a party thereto, enforceable against each such party in accordance with their respective terms, subject to applicable bankruptcy, insolvency and other laws of general application limiting the enforceability of creditors' rights and to the fact that equitable remedies are only available in the discretion of the court.

(e) Ownership of Property

Except set out on Schedule 9.1(e), each Loan Party has good and marketable title to its real and personal property (including Mineral Rights and Mineral Leases) comprising the Collateral, as applicable, subject to Permitted Encumbrances which, individually and in the aggregate, do not materially affect the respective rights of ownership of such Loan Party to such property, the value thereof or their right or ability to utilize the same in the conduct of their business and affairs.

(f) Debt

Except as set forth on Schedule 9.1(f), no Loan Party has created, incurred, assumed, suffered to exist, nor entered into any contract, instrument or undertaking pursuant to which,

any Loan Party is now or may hereafter become liable for any Debt other than Permitted Debt.

(g) Encumbrances

Except as set forth on Schedule 9.1(g), no Loan Party has created, incurred, assumed, suffered to exist, or entered into any contract, instrument or undertaking pursuant to which, any person may have or be entitled to any Security Interest on or in respect of its property and assets or any part thereof except for Permitted Encumbrances.

(h) No Material Adverse Effect

Since the Closing Date, no event or circumstance has occurred or is continuing which has had or would reasonably be expected to have a Material Adverse Effect.

(i) Non-Default

No Default or Event of Default has occurred or is continuing or would occur following any Drawdown hereunder.

(j) Financial Condition

(i) The reviewed consolidated financial statements of the Loan Parties delivered to the Lender pursuant hereto present fairly, in all material respects, (A) the consolidated financial condition of the Loan Parties as at the date of such statements, and (B) the results of the consolidated operations of the Loan Parties for the fiscal period then ending, all in accordance with GAAP consistently applied.

(ii) No change in the Borrower's consolidated financial position (as disclosed or reflected in the Borrower's most recent consolidated financial statements delivered to the Lender) has occurred which would have or reasonably be expected to have a Material Adverse Effect.

(k) Information Provided

All information, materials and documents, including all cash flow projections, economic models, capital and operating budgets and other information and data:

(i) prepared and provided to the Lender by the Loan Parties in respect of the transactions contemplated by this Agreement, or as required by the terms of this Agreement, were, in the case of financial projections, prepared in good faith based upon reasonable assumptions at the date of preparation, and, in all other cases, true, complete and correct in all material respects as of the respective dates thereof; and

(ii) to the extent prepared by persons other than the Loan Parties and provided to the Lender by or on behalf of any Loan Party in respect of the transactions contemplated by this Agreement, or as required by the terms of this Agreement, were, to the best of the knowledge of the Borrower, after due inquiry, in the case of financial projections, prepared in good faith based upon reasonable

assumptions at the date of preparation, and, in all other cases, true, complete and correct in all material respects as of the respective dates thereof.

(l) Absence of Litigation

Except set forth on Schedule 9.1(l), there are no actions, suits or proceedings at law or in equity or by or before any Governmental Authority now pending or, to the knowledge of such Loan Party, threatened against or affecting such Loan Party or any business or property of any such Loan Party (including with respect to Environmental Laws) in respect of a claim equal to, or greater than, \$100,000, including without limitation, those that purports to affect the legality, validity or enforceability of any Loan Document or the Transactions.

(m) Compliance with Applicable Laws, Court Orders and Agreements

The Loan Parties and their respective property, businesses and operations are in compliance with all Applicable Laws (including, without limitation, all applicable Environmental Laws), all applicable directives, judgments, decrees, injunctions and orders rendered by any Governmental Authority or court of competent jurisdiction, its articles, by-laws and other constating documents, all agreements or instruments to which it is a party or by which its property or assets are bound, and any employee benefit plans, except to the extent that failure to so comply would not have and would not reasonably be expected to have a Material Adverse Effect.

(n) Required Permits in Effect

All Required Permits are in full force and effect, except to the extent that the failure to have or maintain the same in full force and effect would not, when taken in the aggregate, have or reasonably be expected to have a Material Adverse Effect.

(o) Remittances Up to Date

All of the material remittances required to be made by the Loan Parties to Governmental Authorities which are due and payable have been made, are currently up to date and there are no outstanding arrears, other than those which are being contested by Permitted Contest.

(p) Environmental

- (i) The Loan Parties and their respective properties, assets and undertakings taken as a whole comply in all respects and the businesses, activities and operations of same and the use of such properties, assets and undertakings and the processes and undertakings performed thereon comply in all respects with all Environmental Laws except to the extent that failure to so comply would not have and would not reasonably be expected to have a Material Adverse Effect; further, the Borrower does not know, nor has reasonable grounds to know, of any facts which result in or constitute or are likely to give rise to non-compliance with any Environmental Laws, which facts or non-compliance have or would reasonably be expected to have a Material Adverse Effect.
- (ii) The Borrower has not received written notice and, except as previously disclosed to the Lender in writing, has any knowledge after due inquiry, of any facts which

could give rise to any notice of non-compliance with any Environmental Laws, which non-compliance has or would reasonably be expected to have a Material Adverse Effect and has not received any notice that any Loan Party is a potentially responsible party for a federal, provincial, regional, municipal or local clean up or corrective action (or for a clean up or corrective action in or under the jurisdiction of any other Governmental Authority) in connection with their respective properties, assets and undertakings where such clean up or corrective action has or would reasonably be expected to have a Material Adverse Effect.

(q) Taxes

Each Loan Party has duly filed on a timely basis all tax returns required to be filed and have paid all material Taxes which are due and payable, and have paid all material assessments and reassessments, and all other material Taxes, governmental charges, governmental royalties, penalties, interest and fines claimed against them, other than those which are being contested by them by Permitted Contest; they have made adequate provision for, and all required instalment payments have been made in respect of, Taxes payable for the current period for which returns are not yet required to be filed; there are no agreements, waivers or other arrangements providing for an extension of time with respect to the filing of any tax return by them or the payment of any Taxes other than those which are being contested pursuant to a Permitted Contest; there are no actions or proceedings being taken by any taxation authority in any jurisdictions where each Loan Party carries on business to enforce the payment of any Taxes by them other than those which are being contested by them by Permitted Contest.

(r) Subsidiaries

Except set forth on Schedule 9.1(r), each Loan Party has no direct or indirect Subsidiaries. As of the Closing Date, the outstanding stock and/or Equity Interests of such Loan Party, as applicable, have been duly and validly issued and are fully paid and non-assessable by such Loan Party, and the number and owners of such shares of capital stock and/or Equity Interests of such Loan Party, as applicable, are set forth on Schedule 9.1(r). As of the Closing Date, except as set forth on Schedule 9.1(r), there are no securities, notes, bonds or other instruments convertible into or exchangeable for capital stock and/or Equity Interests of any such Loan Party.

(s) Intellectual Property

Each Loan Party has a valid, effective license or the legal right to use all Intellectual Property necessary for the operation and conduct of their business, affairs, operations and processes and, to the best of the knowledge of the Borrower, no person has asserted any claim or taken any step or proceedings to prohibit or limit the use of such Intellectual Property by the Loan Parties, except to the extent that the failure to have or maintain the right to use such Intellectual Property would not have or reasonably be expected to have a Material Adverse Effect. Schedule 9.1(s) lists all such Intellectual Property.

(t) Solvency

Both before and after giving effect to (a) the advance of any Loan or issuance of Letters of Credit on or prior to the date this representation and warranty is made or remade, (b) the consummation of the Acquisition and any transactions related thereto, and (c) the payment

and accrual of all transaction costs in connection with the foregoing, the Loan Parties, taken as a whole, are Solvent.

(u) Real Property

Schedule 9.1(u) sets forth as of the Closing Date all Real Property owned or leased by each Loan Party (including all Mineral Rights and Mineral Leases held by the Loan Parties). With respect to all real property described as being owned by such Loan Party, such Real Property is owned in fee simple by such owner. With respect to all material leasehold real property interests of such Loan Party, the lease agreements are described. Each Loan Party enjoys peaceful and undisturbed possession of all its Real Property (including Mineral Rights and Mineral Leases) and there is no pending or, to the knowledge of the Loan Parties, threatened condemnation or expropriation proceeding relating to its Real Property. All of each Loan Party's Real Property and the structures thereon and all of the other tangible assets owned, leased, or used by the Loan Parties in the conduct of its business are (i) insured to the extent necessary and in a manner customary in the industry in which the Borrower is engaged, (ii) structurally sound with no known material defects, (iii) in good operating condition and repair, subject to ordinary wear and tear and casualty, (iv) not in need of maintenance or repair except for ordinary, routine maintenance and repair, the cost of which would not be material or as a result of casualty, (v) sufficient for the operation of the business of the Loan Parties as presently conducted, and (vi) in conformity with all Applicable Law and other requirements (including applicable zoning, environmental, motor vehicle safety, occupational safety, and health laws and regulations), unless failure to so conform would not reasonably be expected to have a Material Adverse Effect.

(v) Office Location

The chief executive office and registered or head office of each Loan Party is located at the address or addresses set forth on Schedule 9.1(v).

(w) Equipment

All equipment is in good order and repair in all material respects, normal wear and tear excepted and usual ongoing operational repairs as required excepted. Set forth on Schedule 9.1(w) is the (i) address (including street, city and province) of each facility at which equipment (other than motor vehicles) is located, and (ii) if such facility is leased, the name of the landlord.

(x) Names

Except as otherwise disclosed on Schedule 9.1(x), no Loan Party has been known as or used any corporate or other organizational, or fictitious name other than the corporate or other organizational name of such Loan Party on the Closing Date. As of the Closing Date, all legal, corporate, organizational and trade names or styles under which any Loan Party sells inventory or equipment or creates receivables, or to which instruments in payment of receivables are made payable, are listed on Schedule 9.1(x).

(y) Material Serial Numbered Goods

The complete, accurate and appropriate serial number (as required by the regulations under the PPSA) for each item of Collateral that is serial numbered goods (within the meaning of



the regulations under the PPSA) and which has a fair market value in excess of \$100,000, in which it has any interest at the date of this Agreement is listed in Schedule 9.1(y) (and the Lender acknowledges that, in the absence of an Event of Default, it will not effect serial number registrations against serial numbered goods of the Loan Parties having a fair market value of less than \$100,000, provided that the Lender will not incur any liability for effecting any such registration in respect of serial numbered goods having a lower fair market value).

## **9.2 Deemed Repetition**

On the date of delivery by the Borrower of a Drawdown Notice to the Lender, and again on the date of any Drawdown hereunder made by the Borrower pursuant thereto:

- (a) each of the representations and warranties contained in Section 9.1 shall be deemed to be repeated; and
- (b) the Loan Parties shall be deemed to have represented to the Lender that, except as has otherwise been notified to the Lender and has been waived in writing in accordance herewith, no event has occurred and remains outstanding which would constitute a Default or an Event of Default nor will any such event occur as a result of the aforementioned Drawdown.

## **9.3 Other Documents**

All representations, warranties, certifications and statements of the Loan Parties contained in any other Loan Document delivered pursuant hereto or thereto shall be deemed to constitute representations and warranties made by the Loan Parties to the Lender under Section 9.1 of this Agreement.

## **9.4 Effective Time of Repetition**

All representations and warranties, when repeated or deemed to be repeated hereunder, shall be construed with reference to the facts and circumstances existing at the time of repetition, unless they are stated herein to be made as at the date hereof or as at another date.

## **9.5 Nature of Representations and Warranties**

The representations and warranties set out in this Agreement or deemed to be made pursuant hereto shall survive the execution and delivery of this Agreement and the making of any Drawdown of the Senior Credit Facilities hereunder, notwithstanding any investigations or examinations which may be made by the Lender or Lender's Counsel. Such representations and warranties shall survive until this Agreement has been terminated, provided that the representations and warranties relating to environmental matters shall survive the termination of this Agreement.

# **ARTICLE 10 GENERAL COVENANTS**

## **10.1 Affirmative Covenants of the Loan Parties**

So long as any Obligation is outstanding or any Senior Credit Facility is available hereunder, each of the Loan Parties covenants and agrees with the Lender that, unless the Lender otherwise consents in writing:

(a) Punctual Payment and Performance

The Borrower shall duly and punctually pay the principal of all Loans, all interest thereon and all fees and other amounts required to be paid by the Borrower hereunder in the manner specified hereunder and each Loan Party shall perform and observe all of its obligations under this Agreement and under any other Loan Document to which it is a party.

(b) Books and Records

Each Loan Party shall keep proper books of record and account in which complete and correct entries will be made of its transactions in accordance with GAAP.

(c) Maintenance and Operation

Each Loan Party shall do or cause to be done all things necessary or required to have all its respective properties, assets and operations owned, operated and maintained in accordance with diligent and prudent industry practice and Applicable Laws except to the extent that the failure to do or cause to be done the same would not have and would not reasonably be expected to have a Material Adverse Effect, and at all times cause the same to be owned, operated, maintained and used in compliance with all terms of any applicable insurance policy to the extent necessary to ensure that coverage under any such policy cannot be denied by the insurers thereunder.

(d) Maintain Existence; Compliance with Legislation Generally; Required Permits

Except as otherwise permitted by Section 10.2(c), each Loan Party shall preserve and maintain each Loan Party's corporate, partnership or trust existence (as the case may be) as a corporation, partnership or trust existing under the laws of its jurisdiction of incorporation or organization, as the case may be. The Loan Parties shall do or cause to be done all acts necessary or desirable to comply with all Applicable Laws, except where such failure to comply does not and would not reasonably be expected to have a Material Adverse Effect, and to preserve and keep in full force and effect all Required Permits and all other franchises, licences, rights, privileges, permits and Governmental Authorizations necessary to enable the Loan Parties of the Borrower to operate and conduct their respective businesses in accordance with prudent industry practice, except to the extent that the failure to have any of the same does not and would not reasonably be expected to have a Material Adverse Effect. The Borrower shall promptly advise the Lender of any proposed changes to or loss or sale of such franchises, licences, rights privileges and permits which would reasonably be expected to have a Material Adverse Effect.

(e) Budgets, Financial Statements and Other Information

The Loan Parties shall deliver to be delivered to the Lender:

- (i) Annual Operating Budgets – as soon as available and, in any event, no later than (A) 30 days prior to the end of each of the Borrower's Fiscal Years, a draft copy of the Borrower's annual consolidated operating budget for the upcoming Fiscal Year and (B) 30 days after the Borrower has received a draft copy of its annual consolidated financial statements, a final copy of the Borrower's annual consolidated operating budget for the upcoming Fiscal Year (approved by its board of directors), in each case, including a projected balance sheet, statement

of projected income, statement of projected cash flows and projected compliance with the financial covenants set forth in Section 10.3 hereof, in each case as at the end of and for such Fiscal Year and setting forth the material assumptions used for purposes of preparing such budget;

- (ii) Annual Financials - as soon as available and, in any event, within 120 days after the end of the Fiscal Year ended December 31, 2021 and each of its Fiscal Years thereafter, copies of (I) the Borrower's audited annual financial statements on a consolidated basis and (II) the Borrower's unaudited annual financial statements on an unconsolidated basis, in each case, consisting of a balance sheet, statement of income, statement of cash flows and statement of shareholders' equity for each such year, together with, for the Borrower's audited annual financial statements (1) the notes thereto, (2) a written statement of the Borrower's management setting forth a discussion of the Borrower's consolidated and consolidating financial condition, changes in financial condition and results of operations and (3) a detailed analysis of financed and Unfinanced Capital Expenditure, all prepared in accordance with GAAP consistently applied, together with a report and unqualified opinion of the Borrower's auditors thereon and including any management letters provided by the auditors in connection with such audit;
- (iii) Quarterly Financials - as soon as available and, in any event within 45 days after each of each Quarter End of each of its Fiscal Years, copies of the Borrower's unaudited quarterly financial statements on a consolidated basis for each such Fiscal Quarter and consisting of a balance sheet, statement of income, statement of cash flows and statement of shareholders' equity for such period in reasonable detail and stating in comparative form the figures for the corresponding date and period in the previous Fiscal Year, together with a written statement of the Borrower's management setting forth a discussion of the Borrower's consolidated and consolidating financial condition, changes in financial condition and results of operations;
- (iv) Compliance Certificates – concurrently with furnishing the financial statements pursuant to Section 10.1(e)(ii) and (iii), a Compliance Certificate stating that, *inter alia*, the representations and warranties in Section 9.1 are true and accurate in all respects (or, if applicable, specifying those representations and warranties that are not, with particulars thereof), that no Default or Event of Default has occurred and is continuing (or, if applicable, specifying those defaults or events notified in accordance with Section 10.1(h) below) and demonstrating compliance with the financial covenants set forth in Section 10.3 hereof;
- (v) Borrowing Base Reports – promptly upon the request of the Lender, and in any event no less frequently than the fifteen Business Day of each calendar month, (together with a copy of all or any part of the following reports requested by the Lender in writing after the Closing Date), a Borrowing Base Report, as of the last day of the immediately preceding calendar month that reflects the Accounts as at the last Business Day of such month, together with a report of Priority Payables as at such date, accompanied by such supporting detail and documentation as shall be requested by the Lender in its Permitted Discretion including:
  - (A) an accounts receivable aging (including both summary and detail format) showing Accounts outstanding, aged from invoice date as follows: 1 to

30 days past due, 31 to 60 days past due, 61 to 90 days past due, and 91 days or more past due, or, with respect to Special Payment Accounts, such other payment terms (which, for greater certainty, have been approved by the Lender), accompanied by such supporting detail and documentation as shall be requested by the Lender in its reasonable discretion, including the ledger for disputed/legal accounts;

- (B) a calculation of the Accounts which would not meet the criteria of an Eligible Account;
  - (C) a copy of the internally generated month end cash receipts and collections journal;
  - (D) an aged listing of the ten largest customer accounts for the month;
  - (E) a detailed, monthly, Inventory listing of the Borrower and each Loan Party by location, type and product group with a supporting perpetual Inventory report, in each case, accompanied by such supporting detail and documentation as shall be requested by the Lender in its Permitted Discretion; such summaries and reports shall include the dollar value thereof both at Standard Cost and at fair market value;
  - (F) a calculation and report as to the Inventory which does not meet the definition of Eligible Inventory;
  - (G) detailed monthly accounts payable aging;
  - (H) an aged listing of the ten largest accounts payable for the month;
  - (I) written confirmation that all rent payments under each lease of real property (under which a Loan Party is a tenant) have been paid; and
  - (J) written confirmation that all contribution payments required under the Pension Plans of each Loan Party have been paid; and
- (vi) Other - such other information, reports, certificates, projections of income and cash flow or other matters affecting the business, affairs, financial condition, property or assets of the Loan Parties as the Lender may reasonably request.

(f) Rights of Inspection

At any reasonable time and from time to time upon reasonable prior notice, the Borrower shall, and the Borrower shall cause each of the Loan Parties to, permit the Lender or any representative thereof to (i) examine and make copies of and abstracts from the records and books of account of any Loan Party, (ii) visit and inspect the premises and properties of any Loan Party in each case at the risk of the Borrower, except for the gross negligence or wilful misconduct of the inspecting party or the failure of any such inspecting party to comply with any Loan Party's health and safety requirements, as advised to such inspecting party, and (iii) discuss the affairs, operations, finances and accounts of any Loan Party with any of the officers or directors (or individuals with similar authority and responsibilities) of any Loan Party. Without limiting the foregoing, upon the request of the Lender, after

reasonable notice and during normal business hours, the Borrower shall permit the Lender or professionals (including, consultants, accountants, and/or appraisers) retained by the Lender to conduct appraisals, commercial finance examinations and other valuations including of (i) the Loan Parties' practices in the computation of the Borrowing Base, and (ii) the assets included in the Borrowing Base and financial information such as, but not limited to, sales, gross margins, payables, accruals and reserves, related to the calculation of the Borrowing Base. In connection with any inventory appraisal and commercial finance examination relating to the computation of the Borrowing Base, the Borrower shall make such adjustments to the calculation of the Borrowing Base as the Lender shall reasonably require in its Permitted Discretion based upon the terms of this Agreement and the results of such inventory appraisal and commercial finance examination. Any inventory appraisal or commercial finance examination requested by the Lender shall be scheduled at such time as the Lender, in consultation with the Borrower, may agree in order to minimize any disruption to the conduct of the Borrower's business. All reasonable costs of such inspections or audits by the Lender shall be at the Borrower's expense; provided that, so long as no Default or Event of Default has occurred and is continuing, the Borrower shall not be required to reimburse the Lender for such inspections, appraisals, finance examinations, valuations or audits more frequently than once each Fiscal Year.

(g) Notice of Material Litigation

Each Loan Party shall promptly give written notice to the Lender of any litigation, proceeding or dispute affecting any Loan Party in respect of a demand or claim in respect of which there is a reasonable possibility of an adverse determination and which, if adversely determined, would reasonably be expected to have a Material Adverse Effect, and shall from time to time furnish to the Lender all reasonable information requested by the Lender concerning the status of any such litigation, proceeding or dispute.

(h) Notice of Default or Event of Default

Each Loan Party shall deliver to the Lender, as soon as reasonably practicable and in any event no later than 2 Business Days after becoming aware of a Default or an Event of Default, an Officer's Certificate describing in detail such Default or such Event of Default and specifying the steps, if any, being taken to cure or remedy the same.

(i) Notice of Material Adverse Effect

Each Loan Party shall, as soon as reasonably practicable, promptly notify the Lender of any event, circumstance or condition that has had or is reasonably likely to have a Material Adverse Effect.

(j) Notice of Other Circumstances

Each Loan Party shall, as soon as reasonably practicable, promptly notify the Lender of:

- (i) any material amendment of any constating documents, partnership agreement, by-laws, shareholders agreement (if any), partnership agreement, declaration of trust or other agreements or instruments governing any Loan Party, which is adverse to the interests of the Lender hereunder;
- (ii) any change in the executive officers of any Loan Party; and

(iii) any material demands, notices of default or other material notices received or delivered by any Loan Party under or pursuant to the Transactions, including without limitation the Acquisition Agreement, or under any renewals, replacements, consolidations, substitutions and extensions of any of the foregoing.

(k) Payment of Taxes, Withholdings, etc.

Each Loan Party shall from time to time pay or cause to be paid all material Taxes, rents, rates, levies or assessments, ordinary or extraordinary, governmental fees or dues, and to make and remit all withholdings, lawfully levied, assessed or imposed upon any Loan Party, or any of the Collateral, as and when the same become due and payable, except when and so long as the validity of any such material Taxes, rents, rates, levies, assessments, fees, dues or withholdings is being contested by the applicable Loan Party by a Permitted Contest.

(l) Payment of Preferred Claims

Each Loan Party shall from time to time pay when due or cause to be paid when due all material amounts related to wages, workers' compensation obligations, government royalties or pension fund obligations and any other amount which may result in a lien, charge, Security Interest or similar encumbrance against the assets of any Loan Party arising under statute or regulation, except when and so long as the validity of any such material amounts or other obligations is being contested by such Loan Party by a Permitted Contest.

(m) Environmental Covenants and Mineral Rights and Mineral Leases

- (i) Without limiting the generality of Section 10.1(d) above, each Loan Party shall, and shall cause any other party acting under their direction to, conduct their business and operations so as to comply at all times in all material respects with all Environmental Laws.
- (ii) If any Loan Party shall:
- (A) receive or give any notice that a material violation of any Environmental Law has or may have been committed or is about to be committed by the same;
  - (B) receive any notice that a complaint, proceeding or order has been filed or is about to be filed against the same alleging a material violation of any Environmental Law; or
  - (C) receive any notice requiring any Loan Party, as the case may be, to take any material action in connection with the Release of Hazardous Materials into the environment or alleging that any Loan Party may be liable or responsible (for a material amount) for costs associated with a response to or to clean up a Release of Hazardous Materials into the environment or any damages caused thereby,

each Loan Party shall promptly provide the Lender with a copy of such notice and shall, or the Borrower shall cause such applicable Loan Party to, furnish to the Lender from time to time all reasonable information requested by the Lender relating to the same.

- (iii) Each of the Material Mineral Rights and Material Mineral Leases that are commercially viable to the Loan Parties will be maintained and defended by the Loan Parties in all material respects in accordance with Applicable Laws, and each Loan Party will take such actions as are commercially reasonable to obtain or maintain free and unrestricted access to the land covered by its Material Mineral Rights and Material Mineral Leases as is necessary to permit it to exploit its Material Mineral Rights and Material Mineral Leases, in all material respects, with respect to such land.

(n) Use of Loans; Anti-Hoarding

The Borrower shall use all Loans and the proceeds thereof solely for the purposes set forth in Section 2.3 hereof. The Borrower agrees not to drawdown Loans under any of the Senior Credit Facilities solely for the purpose of accumulating and/or maintaining cash in depository or investment accounts outside the ordinary course of business.

(o) Required Insurance

The Loan Parties shall maintain insurance with respect to their respective properties and business and against such casualties and contingencies and in such types and such amounts as shall be in accordance with prudent business practices for persons of the size and type of business and operations as the Loan Parties, in each case with financially sound and reputable insurers.

(p) Compliance With Material Agreements; Notice of Default or Termination

- (i) Each Loan Party shall comply in all material respects with their respective Material Agreements.
- (ii) Each Loan Party shall notify the Lender of (A) any material default or event of default under any Material Agreement, whether by or attributable to any Loan Party or (B) the termination, whether for convenience or otherwise, of any Material Agreement, except for the termination of any such agreement at its full maturity.

(q) Intellectual Property

Each Loan Party shall have and, or shall have the legal right to use, all Intellectual Property necessary for the operation and conduct of their business, affairs, operations and processes, except to the extent that the failure to have such legal right does not and would not reasonably be expected to have a Material Adverse Effect.

(r) Senior Debt

The Borrower shall maintain the Obligations, including, without limitation, those to pay principal of and interest (including post-petition interest) on the Loans under the Senior

Credit Facilities and fees and expenses in connection therewith, as “Senior Debt” (or similar term) under, and defined in any Subordinated Debt of the Borrower. The subordination and postponement terms of any Subordinated Debt of the Borrower shall be reasonably satisfactory to the Lender.

(s) Deposit Accounts

The Borrower shall cause all of its Deposit Accounts to be maintained with a branch of the Lender.

(t) Maintenance of Security

(i) Each Loan Party shall execute any and all further documents, financing statements, agreements and instruments, and take all further action that may be required under Applicable Law or which the Lender may reasonably request, in order to effectuate the transactions contemplated by the Loan Documents and in order to grant, preserve, protect and perfect the validity and priority of the Security Interests created or intended to be created by the Security.

(ii) From time to time, each Loan Party shall at the Borrower’s cost and expense, promptly secure the Obligations and the Lender Financial Instrument Obligations by pledging or creating, or causing to be pledged or created, perfected Security Interests with respect to (i) its present and future properties, assets and undertakings and (ii) all Equity Interests in such party. Such Security Interests will be created under the Security and other security agreements, mortgages, deeds of trust and other instruments and documents in form and substance reasonably satisfactory to the Lender, and each Loan Party shall deliver or cause to be delivered to the Lender all such instruments and documents (including customary legal opinions, title insurance policies or title opinions and lien searches) as the Lender shall reasonably request to evidence compliance with this clause (ii) each Loan Party agrees to provide such evidence as the Lender shall reasonably request as to the perfection and priority status of each such Security Interest.

(u) Landlord Agreements

The Borrower shall use commercially reasonable efforts to obtain a landlord waiver and consent from the lessor of each material leased property listed on Schedule 9.1(u), in form and substance satisfactory to the Lender, acting reasonably (in each case, a “**Landlord Consent**”). After the Closing Date, the Borrower shall obtain a Landlord Consent with respect to any material leasehold interest acquired by a Loan Party in real property, prior to or concurrent with entering into the lease agreement in respect thereof.

**10.2 Negative Covenants of the Loan Parties**

So long as any Obligation is outstanding or any Senior Credit Facility is available hereunder, each Loan Party covenants and agrees with the Lender that, unless the Lender otherwise consents in writing:



(a) Change of Business

The Borrower shall not, and shall not permit any other Loan Party to, change in any material respect the nature of its business or operations from the types of businesses and operations carried on by the Loan Parties on the date hereof.

(b) Negative Pledge; Ability to Grant Security Interests

No Loan Party shall, nor shall any Loan Party permit any other Loan Party to:

- (i) create, issue, incur, assume or permit to exist any Security Interests on any of the Collateral other than Permitted Encumbrances; or
- (ii) enter into, incur or permit to exist any agreement or other arrangement that prohibits, restricts or imposes any condition upon the ability of the Loan Parties to create, issue, incur, assume or permit to exist any Security Interest upon any of their property, undertaking or assets, except (A) to the extent imposed by any agreement relating to secured Permitted Debt, so long as such restrictions or conditions apply only to the property or assets securing such Permitted Debt or (B) under the Security.

(c) No Dissolution

No Loan Party shall, nor shall any Loan Party permit any of other Loan Party to, liquidate, dissolve or wind up or take any steps or proceedings in connection therewith except, in the case of any Material Subsidiary, where the successor thereto or transferee thereof is the Borrower or any Material Subsidiary.

(d) Limit on Sale of Assets

Except for Excluded Dispositions, no Loan Party shall, nor shall any Loan Party permit any other Loan Party to, sell, transfer or otherwise dispose of any of their respective property or assets, unless the net proceeds thereof, and interest (if any) accrued and payable to any Loan Party, as applicable, pursuant to the investment of such proceeds in Approved Securities (as provided below) are (i) applied to permanently repay and reduce the Outstanding Principal of the Loans outstanding under the Term Facility or (ii) reinvested, in each case in accordance with Section 2.13(3)(b).

Notwithstanding any other provision hereof to the contrary, except for Excluded Dispositions, no Loan Party shall, nor shall any Loan Party permit any of its Material Subsidiaries to, sell, transfer or otherwise dispose of any of their respective property or assets during the continuance of a Default or Event of Default.

(e) Limitation on Debt

No Loan Party shall have or incur any Debt other than Permitted Debt.

(f) Limit on Investment

No Loan Party shall make Investments other than:

- (i) Investments made pursuant to the Transactions;
- (ii) Investments by a Loan Party in any Person that is or will become immediately after such Investment a Subsidiary or that will merge, amalgamate or consolidate with the Borrower or a Subsidiary; provided that such merger, amalgamation or consolidation is permitted under Section 10.2(k);
- (iii) Investments by any Loan Party in another Loan Party;
- (iv) Investments in Approved Securities;
- (v) Investments acquired in connection with the settlement of delinquent accounts in the ordinary course of business of any Loan Party or in connection with the bankruptcy or reorganization of suppliers or customers;
- (vi) the maintenance of deposit accounts and securities accounts in the ordinary course of business of the Loan Parties so long as the applicable provisions of Article 11 have been complied with respect to such deposit accounts and securities accounts; and
- (vii) for certainty, Investments which would constitute Financial Assistance under Sections 10.2(h)(i), (ii) and (iii)(B) below.

(g) Limit on Restricted Payments

No Loan Party shall make any Restricted Payments other than Restricted Payments made by a Loan Party to another Loan Party; provided that, no such Restricted Payments shall be made or permitted to be made during, or if the same would or would reasonably be expected to result in, the occurrence or continuance of a Default or Event of Default.

(h) Limit on Financial Assistance

No Loan Party, provide any Financial Assistance to or in favour of any person except:

- (i) in favour of the Lender for or in respect of (A) the Obligations or Lender Financial Instrument Obligations (B) other Debt of any Loan Party owing to the Lender;
- (ii) in favour of another Loan Party; and
- (iii) for the avoidance of doubt, pursuant to (A) Investments which are not prohibited by Sections 10.2(f)(i) through (vi) above and (B) the incurrence of Permitted Debt.

(i) No Financial Instruments Other than Permitted Hedging

No Loan Party, enter into, transact or have outstanding any Financial Instruments or Financial Instrument Obligations other than Permitted Hedging.

(j) Non-Arm's Length Transactions

Except in respect of transactions between or among the Loan Parties, the Borrower shall not, nor shall the Borrower permit any other Loan Party or any of its Subsidiaries to, enter into any contract, agreement or transaction whatsoever, including for the sale, purchase, lease or other dealing in any property or the provision of any services, with any Related Party except:

- (i) such transaction is upon fair and reasonable terms, which terms are not less favourable to the Borrower, General Partner or such Subsidiary than it would obtain in an arm's length transaction and, if applicable, for consideration which equals the fair market value of such property or other than at a fair market rental as regards leased property;
- (ii) to the extent necessary to consummate the Transactions; and
- (iii) the fees and other compensation permitted to be paid pursuant to Section 10.2(o).

(k) No Merger, Amalgamation, etc.

No Loan Party shall, nor shall any Loan Party permit any other Loan Party to, enter into any (i) transaction whereby all or substantially all of its undertaking, property and assets would become the property of any other Person whether by way of reconstruction, reorganization, recapitalization, consolidation, amalgamation, merger, transfer, sale or otherwise, except, in the case of any Loan Party, where the successor thereto or transferee thereof is the Borrower or a Material Subsidiary thereof, or (ii) joint venture or partnership with any other Person.

(l) Limit on Capital Expenditures

No Loan Party shall incur Capital Expenditures in any Fiscal Year of the Borrower in an aggregate amount in excess of \$250,000.

(m) Limit on Sale-Leasebacks

No Loan Party shall enter into any Sale-Leaseback, synthetic lease or similar transaction involving any of its property or assets.

(n) Limit on Creation of Material Subsidiaries

No Loan Party shall, nor shall any Loan Party permit any other Loan Party to, establish, create, acquire or suffer to exist any Material Subsidiary, except that any Borrower or any Material Subsidiary may establish, create or acquire one or more Wholly-Owned Subsidiaries and transfer assets to such newly established or created Material Subsidiaries so long as (i) the creation, establishment, acquisition, or existence of any such new Material Subsidiary is in compliance with Section 10.2(f) (with the transfer of any assets constituting an Investment under Section 10.2(f)) and (ii) upon the creation, establishment or acquisition of any such new Material Subsidiary, such Material Subsidiary executes the Security required to be executed by it in accordance with Article 11.

(o) Limit on Management Fees and Consulting Fee

No Loan Party shall pay any management, consulting or other similar consulting fees to any person, except payment of:

- (i) reasonable compensation to officers and employees for actual services rendered to any Loan Party in the ordinary course of business of such party;
- (ii) reasonable compensation to directors, officers and employees of the Loan Parties in the form of benefits under any stock option or stock incentive plan; and
- (iii) the Consulting Fee, provided that:
  - (A) no Consulting Fee shall be paid during the first six months following the Closing Date or during any period that the Lender is not receiving payment of interest on the Loans hereunder in cash after the first six months following the Closing Date;
  - (B) no Default or Event of Default exists at the time of such payment or would arise from the making of such payment;
  - (C) during the period commencing from the Closing Date and ending on the second anniversary date of the Closing Date, the Consulting Fee may only be paid twice per Fiscal Year immediately following receipt by the Lender of the mandatory prepayment required under Section 2.13(3)(a) for the applicable Excess Cash Flow Period (each, a “**Consulting Fee Payment Date**”);
  - (D) the maximum amount of the Consulting Fee permitted to be paid shall not exceed the lesser of (I) Excess Cash Flow of the Loan Parties for the applicable Excess Cash Flow Period less the amounts required to be paid to the Lender under Section 2.13(3)(a) for such Excess Cash Flow Period and (II) the greater of \$10,000 per calendar month in such Excess Cash Flow Period and 5% of EBITDA of the Loan Parties generated in such Excess Cash Flow Period.

Notwithstanding the foregoing, if the Borrower is prohibited from paying Clear North Holdco all or any portion of the Consulting Fee in respect of any Excess Cash Flow Period in an amount equal to the greater of \$10,000 per calendar month in such Excess Cash Flow Period and 5% of EBITDA of the Loan Parties generated in such Excess Cash Flow Period (collectively, the “**Earned Consulting Fees**”), the Earned Consulting Fees that are not paid will accrue and be payable by the Borrower: (A) on the first Consulting Fee Payment Date after (x) the circumstances described in Sections 10.2(o)(iii)(A) and/or 10.2(o)(iii)(B) no longer exist, provided that Excess Cash Flow is first applied to pay amounts required to be paid to the Lender under Section 2.13(3)(a) on such Consulting Fee Payment Date; and (B) immediately upon the occurrence of an Event of Default specified in Sections 12.1(f), 12.1(g) and 12.1(h).

(p) Material Agreements and Mineral Rights and Mineral Leases

No Loan Party shall, nor shall they take any steps to, nor shall the Borrower permit any of its Material Subsidiaries to, nor take any steps to:

- (i) terminate (without replacement), forfeit, cancel or surrender any Material Agreement, Material Mineral Rights or Material Mineral Leases (or provide any waiver or consent to like effect), except a termination at its full maturity;
- (ii) amend, supplement or modify any Material Agreement, Material Mineral Right or any Material Mineral Lease (or provide any waiver or consent to like effect) or waive any failure of any counterparty thereto to perform its obligations thereunder, if:
  - (A) any of the foregoing would have or reasonably be expected to have a Material Adverse Effect; or
  - (B) the amendment, supplement, modification, waiver or consent relates to the assignment provisions of such agreement, except to the extent necessary to effect an assignment of any Material Agreement by the counterparty thereto which, pursuant to the terms of such Material Agreement, does not require the consent of any Loan Party.

(q) Changes in Accounting and Fiscal Year-End

Subject to Section 1.4, no Loan Party to (i) make any significant change in accounting treatment or reporting practices, except as required or permitted by GAAP consistently applied or (ii) change its Fiscal Year or method for determining its Fiscal Quarters.

(r) Limitation on Operating Leases

Enter into leases treated as operating leases in accordance with GAAP, other than leases in respect of real property, except that the Loan Parties may enter into such leases with payment obligations that do not in any twelve month period exceed in the aggregate \$500,000.

**10.3 Financial Covenants**

So long as any Obligation is outstanding hereunder, the Borrower covenant and agree with the Lender that, unless the Lender otherwise consents in writing:

(a) Minimum EBITDA

Following the Closing Date, Borrower shall maintain a minimum cumulative EBITDA of not less than the amounts and for such periods as set out in Schedule J.

**10.4 Lender May Perform Covenants**

If any Loan Party fails to perform any covenants on its part herein contained, subject to any consents or notice or cure periods required by Section 12.1, the Lender may give notice to such Loan Party of such

failure and if such covenant remains unperformed, the Lender may, in its discretion but need not, perform any such covenant capable of being performed by the Lender and if the covenant requires the payment or expenditure of money, the Lender may make such payments or expenditure and all sums so expended shall be forthwith payable by the Loan Parties to the Lender and shall bear interest at the applicable interest rate provided in Section 5.6. No such performance, payment or expenditure by the Lender shall be deemed to relieve the Borrower of any default hereunder or under the other Loan Documents.

## **ARTICLE 11** **SECURITY**

### **11.1        Security on all Assets**

(1) The Obligations under the Senior Credit Facilities, the Lender Financial Instrument Obligations and all other obligations, indebtedness and liabilities (present or future, absolute or contingent, matured or not) of the Loan Parties of the Borrower under the Senior Credit Facilities to the Lender shall be: (a) secured, equally and rateably, by first priority, perfected Security Interests on, to and against all present and future property, assets and undertaking of each Loan Party, including without limitation, pursuant to a pledge of all of the Equity Interests and securities in the capital of the Borrower, the General Partner, and the Borrower's Material Subsidiaries, including those held by the Holdcos, and (b) guaranteed by each Holdco (on a limited recourse basis) and each of the General Partner and the Borrower's Material Subsidiaries (on an unlimited basis), each such guarantee to be secured, equally and rateably, by first priority, perfected Security Interests on, to and against (i) all present and future property, assets and undertaking of each Guarantor and (ii) all of each Holdco's Equity Interests in the capital of the Borrower and the General Partner.

(2) Each Obligor shall execute and deliver Security in form and content may be required by the Lender and the Lender's Counsel, acting reasonably, except that in no event shall the Lender require that the foregoing be effected if the result thereof would be to grant the Lender greater rights than is otherwise contemplated in Section 11.1(1).

(3) Each Loan Party shall promptly, and in any event within 15 Business Days of the acquisition, creation or existence of each Material Subsidiary created, acquired or designated after the date hereof, cause each such new Material Subsidiary to execute and deliver to the Lender the Security contemplated hereby (together with a certified copy of its constituting documents and a legal opinion in form and substance satisfactory to the Lender, acting reasonably).

(4) In addition to the Security described in subsections (1) through (3) of this Section 11.1, each Loan Party shall execute and deliver, or shall cause to be executed and delivered by other Obligors, all such guarantees and mortgages, floating charge debentures, pledge agreements, assignments and other security agreements as may be required by the Lender, acting reasonably (each in form and substance satisfactory to the Lender, acting reasonably) in order to, or to more effectively, charge in favour of the Lender or grant Security Interests in favour of the Lender on and against, in the case of the Loan Parties, all of the undertaking, assets and property (real or personal, tangible or intangible, present or future and of whatsoever nature and kind) of the Loan Parties and, in the case of the Holdcos, all Equity Interests and securities in the capital of the Borrower and the General Partner as held by the Holdcos as continuing collateral security for the payment and performance by the Borrower of all Obligations, Lender Financial Instrument Obligations and all other obligations, indebtedness and liabilities (present or future, absolute or contingent, matured or not) of the Loan Parties to the Lender.

## **11.2            Registration; Certain Notices**

(1) Each Loan Party, and where applicable for and on behalf of the Holdcos, at the Borrower's expense, register, file or record the Security in all offices where such registration, filing or recording is necessary or of advantage to the creation, perfection and preserving of the security applicable to it. Each Loan Party shall amend and renew such registrations, filings and recordings from time to time as and when required to keep them in full force and effect or to preserve the priority established by any prior registration, filing or recording thereof.

(2) The Loan Parties shall give at least 30 days prior written notice to the Lender of each of the following:

- (a) any change of name of any Loan Party; and
- (b) any change of the Loan Parties' chief executive office, registered or head office, or the location of the office where it keeps its records respecting its receivables.

## **11.3            Forms**

Except as the Lender may otherwise require or agree, the forms of Security shall have been or be prepared based upon the laws of the Province of Alberta and the federal laws of Canada applicable therein in effect at the date hereof. The Lender shall have the right to require that:

- (a) any such Security be amended to reflect any changes in such laws, whether arising as a result of statutory amendments, court decisions or otherwise, in order to confer upon the Lender the Security Interests intended to be created thereby, and
- (b) each Loan Party execute and deliver to the Lender such other and further debentures, mortgages, trust deeds, assignments and security agreements as may be reasonably required to ensure the Lender holds, subject to Permitted Encumbrances, with respect to the Obligations under the Senior Credit Facilities, first priority, perfected Security Interests on and against, in the case of the Loan Parties, all of the property and assets of the Loan Parties and, in the case of the Holdcos, all of the Equity Interests and securities in the capital of the Borrower and the General Partner held by the Holdcos.

except that in no event shall the Lender require that the foregoing be effected if the result thereof would be to grant the Lender greater rights than is otherwise contemplated in Section 11.1(1).

## **11.4            Continuing Security**

Each item or part of the Security 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 or any other security now held or hereafter acquired by the Lender. No item or part of the Security shall be merged or be deemed to have been merged in or by this Agreement 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 security, instrument or agreement shall be independent of and not create a merger with any other right available to the Lender under any security, instruments or agreements held by it or at law or in equity.

### 11.5 Dealing with Security

The Lender may grant extensions of time or other indulgences, take and give up securities (including the Security or any part or parts thereof), accept compositions, grant releases and discharges and otherwise deal with Obligors and other parties and with security (including without limitation, the Security and each part thereof) as the Lender may see fit, without prejudice to or in any way limiting the liability of the Loan Parties under this Agreement or of any Obligor under the other Loan Documents or under any of the Security or any other collateral security to which it is party.

### 11.6 Effectiveness

The Security and the Security Interests created by any other Loan Document constituted or required to be created shall be effective, and the undertakings as to the Security herein or in any other Loan Document shall be continuing, whether any Loans are then outstanding or any amounts thereby secured or any part thereof shall be owing before or after, or at the same time as, the creation of such Security Interests or before or after or upon the date of execution of any amendments to this Agreement.

### 11.7 Release and Discharge of Security

(1) Subject to Sections 11.7(2), none of the Obligors shall be discharged from the Security or any part thereof except by a written release and discharge signed by the Lender. To the extent that such Security applies to an Excluded Disposition, the Lender shall provide a release or no interest letter, in respect of the property and assets subject to such Excluded Disposition, promptly upon the request of the Holdcos or the Borrower.

(2) If all of the Obligations under the Senior Credit Facilities and Lender Financial Instrument Obligations have been repaid, paid, satisfied and discharged, as the case may be, in full and the Senior Credit Facilities have been fully cancelled, then the Lender shall cause its interest in the Security with respect to the Senior Credit Facilities to be promptly released and discharged at the expense of the Borrower.

## **ARTICLE 12** **EVENTS OF DEFAULT AND ACCELERATION**

### 12.1 Events of Default

The occurrence of any one or more of the following events (each such event being herein referred to as an “**Event of Default**”) shall constitute a default under this Agreement:

- (a) Principal Default: if the Borrower fails to pay the principal of any Loan hereunder when due and payable;
- (b) Other Payment Default: if the Borrower fails to pay:
  - (i) any interest (including, if applicable, default interest) accrued on any Loan; or
  - (ii) any other amount not specifically referred to in paragraph (a) above or in this paragraph (b) payable by the Borrower hereunder;

in each case when due and payable, and such default is not remedied within three (3) Business Days;



- (c) Certain Covenant Defaults of the Borrower: if any Loan Party fails to observe or perform any covenant in Sections 10.1(e)(v), 10.2(b) to (h), inclusive, Section 10.2(k), Section 10.2(m), and Section 10.3;
- (d) Breach of Other Covenants: if any Loan Party fails to observe or perform any covenant or obligation herein or in any other Loan Document required on its part to be observed or performed (other than a covenant or condition whose breach or default in performance is specifically dealt with elsewhere in this Section) and, after notice has been given by the Lender to such Loan Party specifying such default and requiring such Loan Party to remedy or cure the same, such Loan Party shall fail to remedy such default within a period of thirty (30) days after the giving of such notice;
- (e) Incorrect Representations: if any representation or warranty made by any Loan Party herein or in any other Loan Document shall prove to have been incorrect or misleading in any material respect on and as of the date made and the facts or circumstances which make such representation or warranty materially incorrect or misleading are not remedied and the representation or warranty in question remains materially incorrect or misleading more than ten (10) days after the Borrower becomes aware of such representation or warranty has become incorrect or misleading in any material respect;
- (f) Involuntary Insolvency: if a decree or order of a court of competent jurisdiction is entered adjudging any Obligor a bankrupt or insolvent under the *Companies' Creditors Arrangement Act* (Canada), the *Bankruptcy and Insolvency Act* (Canada), the *Winding-up and Restructuring Act* (Canada) or any other bankruptcy, insolvency or analogous laws or ordering the winding up or liquidation of its affairs;
- (g) Idem: if any case, proceeding or other action shall be instituted in any court of competent jurisdiction against any Obligor, seeking in respect of it an adjudication in bankruptcy, reorganization, dissolution, winding up, liquidation, a composition, proposal or arrangement with creditors, a readjustment of debts, the appointment of trustee in bankruptcy, receiver, receiver and manager, interim receiver, custodian, sequestrator or other person with similar powers with respect to any Obligor or of all or any substantial part of its assets, or any other like relief in respect of any Obligor under any bankruptcy or insolvency law and:
  - (i) such case, proceeding or other action results in an entry of an order for such relief or any such adjudication or appointment, or
  - (ii) such case, proceeding or other action shall continue undismissed, or unstayed and in effect, for any period of 15 consecutive days;
- (h) Voluntary Insolvency: if any Obligor 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 and Restructuring Act* (Canada) or any other bankruptcy, insolvency or analogous laws, files a petition or proposal to take advantage of any act of insolvency, consents to or acquiesces in the appointment of a trustee in bankruptcy, 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 assignment, proposal, relief, petition, proposal, appointment or proceeding;

- (i) Dissolution: except as permitted by Section 10.2(c), if proceedings are commenced for the dissolution, liquidation or winding up of any Loan Party unless such proceedings are being actively and diligently contested in good faith to the satisfaction of the Lender;
- (j) Security Realization: if creditors of any Obligor having a Security Interest against or in respect of the Collateral, or any part thereof, realize upon or enforce any such security against such Collateral or any part thereof having an aggregate fair market value in excess of \$250,000 and such realization or enforcement shall continue in effect and not be released, discharged or stayed within the lesser of 30 days and the period of time prescribed under Applicable Laws for the completion of the sale of or realization against the assets subject to such seizure or attachment;
- (k) Seizure: if the Collateral or any part thereof having an aggregate fair market value in excess of \$250,000 are seized or otherwise attached by anyone pursuant to any legal process or other means, including, without limitation, distress, execution or any other step or proceeding with similar effect and such attachment, step or other proceeding shall continue in effect and not be released, discharged or stayed within the lesser of 30 days and the period of time prescribed under Applicable Laws for the completion of the sale of or realization against the assets subject to such seizure or attachment;
- (l) Judgment: if one or more final judgments, decrees or orders, after available appeals have been exhausted, shall be awarded against any Loan Party for an aggregate amount in excess of \$250,000 and such Loan Party has not provided security for any of such judgments, decrees or orders within 30 days of such judgment, decree or order being awarded;
- (m) Payment Cross-Default: if any Loan Party (or any combination thereof) defaults in the payment when due (whether at maturity, upon acceleration, or otherwise) of Debt or Financial Instrument Obligations thereof in aggregate in excess of \$250,000 and such default has resulted in such Debt or Financial Instrument Obligations becoming, or becoming capable at such time of being declared, due and payable thereunder before the same would otherwise have been due and payable (whether or not so declared), unless the default has been remedied or waived in accordance with the provisions of the relevant indentures, credit agreements, agreements or other instruments and, if applicable, the acceleration of Debt or Financial Instrument Obligations resulting therefrom has been rescinded;
- (n) Event Cross-Default: if a default, event of default or other similar condition or event (however described) in respect of any Loan Party (or any combination thereof) occurs or exists under any indentures, credit agreements, agreements or other instruments evidencing or relating to Debt or Financial Instrument Obligations thereof (individually or collectively) in an aggregate amount in excess of \$250,000 and such default, event or condition has resulted in such Debt or Financial Instrument Obligations becoming, or becoming capable at such time of being declared, due and payable thereunder before it would otherwise have been due and payable (whether or not it is so declared), unless the default, event or condition has been remedied or waived in accordance with the provisions of the relevant indentures, credit agreements, agreements or other instruments and, if applicable, the

acceleration of Debt or Financial Instrument Obligations resulting therefrom has been rescinded;

- (o) Cease to Carry on Business: if any Loan Party ceases to carry on business;
- (p) Change of Control: if there is a Change of Control without the prior written consent of the Lender;
- (q) Lender Financial Instruments: if a Financial Instrument Demand for Payment has been delivered to a Loan Party, and such person fails to make payment thereunder within the time otherwise required for payment thereunder;
- (r) Loss and Priority of Security: except for Permitted Encumbrances, if any of the Security shall cease to be a valid first priority Security Interest against the Collateral with respect to the Obligations under the Senior Credit Facilities as against third parties (and the same is not forthwith effectively rectified or replaced by the applicable Obligor upon becoming aware thereof);
- (s) Invalidity: if any of this Agreement, any Security, any material provision of any of the foregoing, or the subordination and postponement provisions of any document or instrument evidencing any Subordinated Debt, shall at any time for any reason (i) cease to be in full force and effect, (ii) be declared to be void or voidable (and the same is not forthwith effectively rectified or replaced by the applicable Obligor upon becoming aware thereof) or shall be repudiated, (iii) the validity or enforceability thereof shall at any time be contested by any Obligor or any counterparty thereto, or (iv) any Obligor or any counterparty thereto shall deny that it has any or any further liability or obligation thereunder, or at any time it shall be unlawful or impossible for them to perform any of their respective obligations hereunder or thereunder;
- (t) Material Agreements and Mineral Rights and Mineral Leases: any Material Agreement, Material Mineral Right or Material Mineral Lease is terminated, expires or ceases to be in full force and effect, and is not replaced or renewed by the Loan Parties to the satisfaction of the Lender, acting reasonably, within a period of 15 days after the date of such termination, expiry or ceasing to be in full force and effect or if any Loan Party is in default of its obligations that is continuing under any such Material Agreement, Material Mineral Right or Material Mineral Lease and such default is cured within the time permitted under the Material Agreement, Material Mineral Right or Material Mineral Lease; and
- (u) Material Adverse Effect: if any event or circumstance has occurred and is continuing which, in the opinion of the Lender, acting reasonably and in good faith, has had or would reasonably be expected to have a Material Adverse Effect.

## 12.2 Acceleration

If any Event of Default shall occur and for so long as it is continuing, the Lender, in its sole discretion, may without notice to the Borrower, reduce the Borrowing Base in whole or in part and:

- (a) the entire principal amount of all Loans then outstanding under the Senior Credit Facilities from the Borrower and all accrued and unpaid interest thereon;

- (b) an amount equal to the face amount at maturity of all Bankers' Acceptances and LIBOR Loans issued by the Borrower under the Senior Credit Facilities which are unmatured;
- (c) an amount equal to the maximum amount then available to be drawn under all unexpired Letters of Credit; and
- (d) all other Obligations outstanding under the Senior Credit Facilities,

shall, at the option of the Lender, become immediately due and payable upon written notice to that effect from the Lender to the Borrower, all without any other notice and without presentment, protest, demand, notice of dishonour or any other demand whatsoever (all of which are hereby expressly waived by the Borrower); provided that upon the occurrence of an Event of Default specified in Sections 12.1(f), 12.1(g) and 12.1(h), all of the indebtedness, liabilities and other Obligations specified in Sections 12.2(a) through 12.2(d), inclusive, above shall automatically become due and payable, in each case, without any requirement that notice be given to the Loan Parties and without any further act of the Lender whatsoever. In any such event and if any Loan Party does not immediately pay all such amounts upon receipt of such notice, the Lender may, in its discretion, exercise any right or recourse and/or proceed by any action, suit, remedy or proceeding against any such Loan Party authorized or permitted by law for the recovery of all the indebtedness and liabilities of the Loan Parties to the Lender and proceed to exercise any and all rights hereunder and under the other Loan Documents and no such remedy for the enforcement of the rights of the Lender shall be exclusive of or dependent on any other remedy but any one or more of such remedies may from time to time be exercised independently or in combination.

### **12.3 Remedies Cumulative and Waivers**

For greater certainty, it is expressly understood and agreed that the rights and remedies of the Lender hereunder or under any other Loan Document are cumulative and are in addition to and not in substitution for any rights or remedies provided by law or by equity; and any single or partial exercise by the Lender of any right or remedy for a default or breach of any term, covenant, condition or agreement contained in this Agreement or other Loan Document shall not be deemed to be a waiver of or to alter, affect or prejudice any other right or remedy or other rights or remedies to which the Lender may be lawfully entitled for such default or breach. Any waiver by the Lender of the strict observance, performance or compliance with any term, covenant, condition or other matter contained herein and any indulgence granted, either expressly or by course of conduct, by the Lender shall be effective only in the specific instance and for the purpose for which it was given and shall be deemed not to be a waiver of any rights and remedies of the Lender under this Agreement or any other Loan Document as a result of any other default or breach hereunder or thereunder.

### **12.4 Termination of Lender's Obligations**

The occurrence of a Default or Event of Default shall relieve the Lender of all obligations to provide any further Drawdowns, Rollovers or Conversions to the Borrower hereunder; provided that the foregoing shall not prevent the Lender from disbursing money or effecting any Conversion which, by the terms hereof, it is entitled to effect, or any Conversion or Rollover requested by the Borrower and acceptable to the Lender.

### **12.5 Acceleration of All Lender Obligations**

- (1) If:

- (a) a Termination Event has occurred or a Financial Instrument Demand for Payment has been delivered to the Loan Parties by the Lender and the cure period provided in Section 12.1(q) has expired; or
- (b) an Acceleration Notice has been delivered to the Borrower,

then, to the extent that it is not already the case, all Obligations and all Financial Instrument Obligations under Lender Financial Instruments shall be immediately due and payable and the Lender shall (and shall be entitled to) promptly, and in any event within 3 Business Days of receipt of notice of the foregoing, deliver such other demands for payment and notices as may be necessary to ensure that all Obligations and Financial Instrument Obligations under Lender Financial Instruments are thereafter due and payable under this Agreement and the Lender Financial Instruments, as applicable.

(2) Each agreement, indenture, instrument or other document evidencing or relating to a Lender Financial Instrument shall, notwithstanding any provision thereof to the contrary, be deemed to be hereby amended to allow and permit the Lender which is a party thereto to comply with the provisions of this Section 12.5.

### **ARTICLE 13** **CHANGE OF CIRCUMSTANCES**

#### **13.1 Market Disruption Respecting Bankers' Acceptances**

If the Lender (acting reasonably) makes a determination, which determination shall be conclusive and binding upon the Borrower, and notifies the Borrower, that there no longer exists an active market for bankers' acceptances accepted by the Lender, then:

- (a) the right of the Borrower to request Bankers' Acceptances from the Lender shall be suspended until the Lender determines that the circumstances causing such suspension no longer exist, and so notifies the Borrower;
- (b) any outstanding Drawdown Notice requesting a Loan by way of Bankers' Acceptances shall be deemed to be a Drawdown Notice requesting a Loan by way of Prime Rate Loans in the amount specified in the original Drawdown Notice; and
- (c) any outstanding Rollover Notice requesting a Rollover of a Loan by way of Bankers' Acceptances, shall be deemed to be a Conversion Notice requesting a Conversion of such Loans into a Loan by way of Prime Rate Loans.

The Lender shall promptly notify the Borrower of any suspension of the Borrower's right to request the Bankers' Acceptances and of any termination of any such suspension.

#### **13.2 Change in Law**

(1) If the adoption of any applicable law, regulation, treaty or official directive (whether or not having the force of law) or any change therein or in the interpretation or application thereof by any court or by any Governmental Authority or any other entity charged with the interpretation or administration thereof or compliance by the Lender with any request or direction (whether or not having the force of law) of any such authority or entity in each case after the date hereof, or, with respect to the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith, and all requests, rules, regulations, guidelines or directives promulgated by the

Bank for International Settlements, the Basel Committee on Banking Regulations and Supervisory Practices (or any successor or similar authority) or any Governmental Authority with respect to the implementation of the Basel III Accord, regardless of the date adopted or so changed:

- (a) subjects the Lender to, or causes the withdrawal or termination of a previously granted exemption with respect to, any Taxes (other than Taxes on the Lender's overall net income, capital taxes or franchise taxes imposed on it (in lieu of taxes on net income)), or changes the basis of taxation of payments due to the Lender (other than Taxes on the Lender's overall net income, capital taxes or franchise taxes imposed on it (in lieu of taxes on net income)), or increases any existing Taxes (other than Taxes on the Lender's overall net income, capital taxes or franchise taxes imposed on it (in lieu of taxes on net income)) on payments of principal, interest or other amounts payable by the Borrower to the Lender under this Agreement;
- (b) imposes, modifies or deems applicable any reserve, liquidity, special deposit, regulatory or similar requirement against assets or liabilities held by, or deposits in or for the account of, or loans by the Lender, or any acquisition of funds for loans or commitments to fund loans or obligations in respect of undrawn, committed lines of credit;
- (c) imposes on the Lender or requires there to be maintained by the Lender any capital adequacy or additional capital requirements (including, without limitation, a requirement which affects the Lender's allocation of capital resources to its obligations) in respect of any Loan or obligation of the Lender hereunder, or any other condition with respect to this Agreement; or
- (d) directly or indirectly affects the cost to the Lender of making available, funding or maintaining any Loan or otherwise imposes on the Lender any other condition or requirement affecting this Agreement or any Loan or any obligation of the Lender hereunder;

and the result of (a), (b), (c) or (d) above, in the sole determination of the Lender acting in good faith, is:

- (e) to increase the cost to the Lender of performing its obligations hereunder with respect to any Loan;
- (f) to reduce any amount received or receivable by the Lender hereunder or its effective return hereunder or on its capital in respect of any Loan or the Senior Credit Facilities; or
- (g) to cause the Lender to make any payment with respect to or to forego any return on or calculated by reference to, any amount received or receivable by the Lender hereunder with respect to any Loan or the Senior Credit Facilities;

the Lender shall determine that amount of money which shall compensate the Lender for such increase in cost, payments to be made or reduction in income or return or interest foregone (herein referred to as "**Additional Compensation**"). Upon the Lender having determined that it is entitled to Additional Compensation in accordance with the provisions of this Section, the Lender shall promptly so notify the Borrower. The Lender shall provide the Borrower with a photocopy of the relevant law, rule, guideline, regulation, treaty or official directive (or, if it is impracticable to provide a photocopy, a written summary of the same) and a certificate of a duly authorized officer of the Lender setting forth the Additional Compensation and the basis of calculation therefor, which shall be conclusive evidence of such Additional Compensation in the absence of manifest error. The Borrower shall pay to the Lender within 10 Business

Days of the giving of such notice the Lender's Additional Compensation. The Lender shall be entitled to be paid such Additional Compensation from time to time to the extent that the provisions of this Section are then applicable notwithstanding that the Lender has previously been paid any Additional Compensation.

(2) The Lender agrees that it will not claim Additional Compensation from the Borrower under Section 13.2(1) if it is not claiming similar compensation from its other customers in similar circumstances or in respect of any period greater than 9 months prior to the delivery of notice in respect thereof by the Lender, unless, in the latter case, the adoption, change or other event or circumstance giving rise to the claim for Additional Compensation is retroactive or is retroactive in effect.

### **13.3 Illegality**

If the Lender determines, in good faith, that the adoption of any applicable law, regulation, treaty or official directive (whether or not having the force of law) or any change therein or in the interpretation or application thereof by any court or by any Governmental Authority or any other entity charged with the interpretation or administration thereof or compliance by the Lender with any request or direction (whether or not having the force of law) of any such authority or entity, now or hereafter makes it unlawful or impossible for the Lender to make, fund or maintain a Loan under any Senior Credit Facility or to give effect to its obligations in respect of such a Loan, the Lender may, by written notice thereof to the Borrower declare its obligations under this Agreement in respect of such Loan to be terminated whereupon the same shall forthwith terminate, and the Borrower shall, within the time required by such law (or at the end of such longer period as the Lender at its discretion has agreed), either effect a Conversion of such Loan in accordance with the provisions hereof (if such Conversion would resolve the unlawfulness or impossibility) or prepay the principal of such Loan together with accrued interest, such Additional Compensation as may be applicable with respect to such Loan to the date of such payment and all costs, losses and expenses incurred by the Lender by reason of the liquidation or re deployment of deposits or other funds or for any other reason whatsoever resulting from the repayment of such Loan or any part thereof on other than the last day of the applicable Interest Period or LIBOR Interest Period. If any such change shall only affect a portion of the Lender's obligations under this Agreement which is, in the opinion of the Lender, severable from the remainder of this Agreement so that the remainder of this Agreement may be continued in full force and effect without otherwise affecting any of the obligations of the Lender or the Borrower hereunder, the Lender shall only declare its obligations under that portion so terminated.

## **ARTICLE 14 COSTS, EXPENSES AND INDEMNIFICATION**

### **14.1 Costs and Expenses**

The Borrower shall pay promptly upon notice from the Lender all reasonable out-of-pocket costs and expenses of the Lender in connection with the Loan Documents and the establishment of the Senior Credit Facilities, including in connection with preparation, printing, execution and delivery of this Agreement and the other Loan Documents whether or not any Drawdown has been made hereunder, and also including, without limitation, the reasonable fees and out-of-pocket costs and expenses of Lender's Counsel with respect thereto and with respect to advising the Lender as to its rights and responsibilities under this Agreement and the other Loan Documents. Except for ordinary expenses of the Lender relating to the day to day administration of this Agreement, the Borrower further agrees to pay within 10 days of demand by the Lender all reasonable out-of-pocket costs and expenses in connection with the preparation or review of waivers, consents and amendments pertaining to this Agreement, and in connection with the establishment of the validity and enforceability of this Agreement and the preservation or enforcement of rights of the Lender under this Agreement and other Loan Documents, including, without limitation, all reasonable out-of-pocket costs and expenses sustained by the Lender as a result of any failure by the Borrower to perform

or observe any of its obligations hereunder or in connection with any action, suit or proceeding (whether or not an Indemnified Party is a party or subject thereto), together with interest thereon from and after such 10<sup>th</sup> day if such payment is not made by such time.

#### **14.2 General Indemnity**

In addition to any liability of the Borrower to the Lender under any other provision hereof, the Borrower shall indemnify each Indemnified Party and hold each Indemnified Party harmless against any losses, claims, costs, damages or liabilities (including, without limitation, any expense or cost incurred in the liquidation and re deployment of funds acquired to fund or maintain any portion of a Loan and reasonable out-of-pocket expenses and reasonable legal fees on a solicitor and his own client basis) incurred by the same as a result of or in connection with the Senior Credit Facilities or the Loan Documents (including any use of the proceeds of any Loan), including as a result of or in connection with:

- (a) any cost or expense incurred by reason of the liquidation or re deployment in whole or in part of deposits or other funds required by the Lender to fund any Bankers' Acceptance or to fund or maintain any Loan as a result of the Borrower's failure to complete a Drawdown or to make any payment, repayment or prepayment on the date required hereunder or specified by it in any notice given hereunder;
- (b) subject to permitted or deemed Rollovers and Conversions, the Borrower's failure to provide for the payment to the Lender of the full principal amount of each Bankers' Acceptance or LIBOR Loan on its maturity date;
- (c) the Borrower's failure to pay any other amount, including without limitation any interest or fee, due hereunder on its due date after the expiration of any applicable grace or notice periods (subject, however, to the interest obligations of the Borrower hereunder for overdue amounts);
- (d) the repayment or prepayment of any outstanding Bankers' Acceptance or LIBOR Loans before the maturity date of such Bankers' Acceptance or LIBOR Loan;
- (e) the Borrower's failure to give any notice required to be given by it to the Lender hereunder;
- (f) the failure of the Borrower to make any other payment due hereunder;
- (g) any inaccuracy or incompleteness of the Borrower's representations and warranties contained in Article 9;
- (h) any failure of the Borrower to observe or fulfil its obligations under Article 10;
- (i) any failure of the Borrower to observe or fulfil any other obligation not specifically referred to above; or
- (j) the occurrence of any Default or Event of Default in respect of any Obligor or any of them,

provided that this Section shall not apply to any losses, claims, costs, damages or liabilities that arise by reason of the gross negligence or wilful misconduct of the Indemnified Party claiming indemnity hereunder. The provisions of this Section shall survive repayment of the Obligations.



### 14.3 Environmental Indemnity

The Borrower shall indemnify and hold harmless the Indemnified Parties forthwith on demand by the Lender from and against any and all claims, suits, actions, debts, damages, costs, losses, liabilities, penalties, obligations, judgments, charges, expenses and disbursements (including without limitation, all reasonable legal fees and disbursements on a solicitor and his own client basis) of any nature whatsoever, suffered or incurred by the Indemnified Parties or any of them in connection with the Senior Credit Facilities, whether as beneficiaries under the Loan Documents, as successors in interest of the Loan Parties or any of them, or voluntary transfer in lieu of foreclosure, or otherwise howsoever, with respect to any Environmental Claims relating to the property of any Obligor arising under any Environmental Laws as a result of the past, present or future operations of any Loan Party (or any predecessor in interest to any Loan Party) relating to the property of any Loan Party, or the past, present or future condition of any part of the property of any Loan Party owned, operated or leased by any Loan Party (or any such predecessor in interest), including any liabilities arising as a result of any indemnity covering Environmental Claims given to any person by the Lender or a receiver, receiver manager or similar person appointed hereunder or under applicable law (collectively, the “**Indemnified Third Party**”); but excluding any Environmental Claims or liabilities relating thereto to the extent that such Environmental Claims or liabilities arise by reason of the gross negligence or wilful misconduct of the Indemnified Party or the Indemnified Third Party claiming indemnity hereunder. The provisions of this Section shall survive the repayment of the Obligations.

### 14.4 Judgment Currency

(1) If for the purpose of obtaining or enforcing judgment against the Borrower in any court in any jurisdiction, it becomes necessary to convert into any other currency (such other currency being hereinafter in this Section referred to as the “**Judgment Currency**”) an amount due in Dollars under this Agreement, the conversion shall be made at the rate of exchange prevailing on the Business Day immediately preceding:

- (a) the date of actual payment of the amount due, in the case of any proceeding in the courts of any jurisdiction that will give effect to such conversion being made on such date; or
- (b) the date on which the judgment is given, in the case of any proceeding in the courts of any other jurisdiction (the date as of which such conversion is made pursuant to this Section being hereinafter in this Section referred to as the “**Judgment Conversion Date**”).

(2) If, in the case of any proceeding in the court of any jurisdiction referred to in Section 14.4(1)(b), there is a change in the rate of exchange prevailing between the Judgment Conversion Date and the date of actual payment of the amount due, the Borrower shall pay such additional amount (if any) as may be necessary to ensure that the amount paid in the Judgment Currency, when converted at the rate of exchange prevailing on the date of payment, will produce the amount of Dollars that could have been purchased with the amount of Judgment Currency stipulated in the judgment or judicial order at the rate of exchange prevailing on the Judgment Conversion Date.

(3) Any amount due from the Borrower under the provisions of Section 14.4(2) shall be due as a separate debt and shall not be affected by judgment being obtained for any other amounts due under or in respect of this Agreement.

(4) The term “rate of exchange” in this Section 14.4 means the noon rate of exchange for Canadian interbank transactions in Dollars in the Judgment Currency published by the Bank of Canada for the day in question, or if such rate is not so published by the Bank of Canada, at the spot rate quoted for

wholesale transactions by the Lender at approximately noon Standard Time on that date in accordance with its normal practice.

#### **14.5 Limits on Liability of Indemnified Parties**

No Indemnified Party shall have any liability to any Obligor or any person asserting claims on behalf of, or in right of, such Obligor in connection with or as a result of the Senior Credit Facilities, this Agreement or any other Loan Document or any transaction contemplated hereby or thereby, except to the extent (and only to the extent) that any losses, claims, damages, liabilities or expenses incurred by such Obligor or such person are determined by a final non-appealable judgment of a court of competent jurisdiction to have resulted solely by reason of the gross negligence or wilful misconduct of such Indemnified Party. In any event, and notwithstanding the foregoing or any other provision hereof or of any other Loan Document to the contrary, no Indemnified Party shall be liable for any special, indirect, consequential or punitive damages in connection with or as a result of the Senior Credit Facilities, this Agreement or any other Loan Document or any transaction contemplated hereby or thereby.

### **ARTICLE 15** **GENERAL**

#### **15.1 Exchange and Confidentiality of Information**

(1) The Loan Parties agree that the Lender may provide any assignee or participant or any *bona fide* prospective assignee or participant pursuant to Sections 15.5 or 15.6 with any information concerning the financial condition of the Loan Parties and with respect to the Collateral provided such party agrees in writing with the Lender for the benefit of the Borrower to be bound by a like duty of confidentiality to that contained in this Section.

(2) The Lender acknowledges the confidential nature of the financial, operational and other information and data provided and to be provided to it by the Obligors pursuant hereto (the “**Information**”) and agrees to use all reasonable efforts to maintain the confidentiality and prevent the disclosure thereof (including password protecting confidential Information and other materials sent through electronic mailing transmissions; provided, however, that neither the Lender nor any other Indemnified Party shall have any liability to any Obligor for the failure to do so) provided, however, that:

- (a) the Lender may disclose all or any part of the Information if, in its reasonable opinion, such disclosure is required: (i) by its auditors or (ii) in connection with any actual or threatened judicial, administrative or governmental proceedings including, without limitation, proceedings initiated under or in respect of this Agreement or upon the request of its independent auditors or a Governmental Authority having jurisdiction over it;
- (b) the Lender shall incur no liability in respect of any Information required to be disclosed by any applicable law, or by applicable order, policy or directive having the force of law, to the extent of such requirement;
- (c) the Lender may provide Lender’s Counsel and its other agents and professional advisors with any Information; provided that such persons shall be under a like duty of confidentiality to that contained in this Section;
- (d) the Lender shall incur no liability in respect of any Information: (i) which is or becomes readily available to the public (other than by a breach hereof) or which has been made readily available to the public by the Obligors, (ii) which the Lender can show was, prior

to receipt thereof from the Obligors, lawfully in the Lender's possession and not then subject to any obligation on its part to the Borrower to maintain confidentiality, or (iii) which the Lender received from a third party who was not, to the knowledge of the Lender, under a duty of confidentiality to the Obligors at the time the Information was so received;

- (e) the Lender may disclose the Information to other financial institutions and other persons in connection with the assignment by the Lender of the Senior Credit Facilities and the Loans (or any portion thereof) or the granting by the Lender of a participation in the Senior Credit Facilities and the Loans where such financial institution or other person agrees to be under a like duty of confidentiality to that contained in this Section; and
- (f) the Lender may disclose all or any part of the Information so as to enable the Lender to initiate any lawsuit against any Obligor or to defend any lawsuit commenced by any Obligor the issues of which touch on the Information, but only to the extent such disclosure is necessary to the initiation or defense of such lawsuit.

## 15.2 Notices

Any demand, notice or communication to be made or given hereunder shall be in writing and may be made or given by personal delivery or by transmittal by facsimile transmission or other electronic means of communication addressed to the respective parties as follows:

To the Borrower:

Korite International Limited Partnership  
Suite 1700, 715 – 5th Avenue S.W.  
Calgary, Alberta T2P 0N2

Attention: Cody Church and Hazel Da Costa  
Email: cchurch@clearnorthcapital.com and hazel.dacosta@korite.com

To the Lender:

Canadian Imperial Bank of Commerce  
595 Bay Street, 5<sup>th</sup> Floor  
Toronto, Ontario  
M5G 2C2

Attention: Flordeliza Centeno  
Facsimile: (416) 980-7221

or to such other address or facsimile number as any party may from time to time notify the others in accordance with this Section. Any demand, notice or communication made or given by personal delivery or by facsimile transmission or other electronic means of communication during normal business hours at the place of receipt on a Business Day shall be conclusively deemed to have been made or given at the time of actual delivery or transmittal, as the case may be, on such Business Day. Any demand, notice or communication made or given by personal delivery or by facsimile transmission or other electronic means of communication after normal business hours at the place of receipt or otherwise than on a Business Day

shall be conclusively deemed to have been made or given at 9:00 a.m. Standard Time on the first Business Day following actual delivery or transmittal, as the case may be.

### **15.3 Governing Law**

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 therein, without prejudice to or limitation of any other rights or remedies available under the laws of any jurisdiction where property or assets of the Obligors may be found.

### **15.4 Benefit of the Agreement**

This Agreement shall enure to the benefit of and be binding upon the Borrower and the Lender and their respective successors and permitted assigns.

### **15.5 Assignment**

(1) The Lender may, without consent during the continuance of an Event of Default and at all other times with the prior written consent of the Borrower, which consent shall not be unreasonably withheld or delayed, sell, assign, transfer or grant an interest in the Senior Credit Facilities, the Loans and its rights under this Agreement and the other Loan Documents. Upon any such sale, assignment, transfer or grant, the Lender shall have no further obligation hereunder with respect to such interest.

(2) Prior to or concurrently with the Lender's transfer of any interest in any Senior Credit Facility, the Loans thereunder, and its rights under this Agreement and the other Loan Documents, (a) each of the Lender, the transferee of such interest or rights, the Borrower shall enter into an intercreditor agreement, in form and substance satisfactory to the Lender (acting reasonably), which shall set forth the respective rights, obligations and remedies of the Lender and such transferee with respect to the property, assets and undertakings of the Obligors that secures the Obligations under the Senior Credit Facilities and the Lender Financial Instrument Obligations and (b) each of the Lender, the transferee of such interest or rights, and the Borrower shall, and the Borrower shall cause the Obligors to, enter into an amendment to this Agreement and any other modifications, assignments and amendments to the Loan Documents as necessary to provide for multiple lenders, including, for example, designation of an administrative agent for the lenders and, in each case, all reasonable costs and expenses of the Lender and any transferees in respect of such agreements, amendments, modifications and assignments shall be for the sole account of the Borrower.

(3) No Loan Party shall assign any of its rights or obligations hereunder without the prior written consent of the Lender.

### **15.6 Participations**

The Lender may, without the consent of the Loan Parties, grant one or more participations in the Loans to other persons (not being a competitor of any Loan Party or an Affiliate of any such competitor), provided that the granting of such a participation: (a) shall be at the Lender's own cost and (b) shall not affect the obligations of the Lender hereunder nor shall it increase the costs to the Borrower hereunder or under any of the other Loan Documents.

**15.7**            **Severability**

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall not invalidate the remaining provisions hereof and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

**15.8**            **Whole Agreement**

This Agreement and the other Loan Documents constitute the whole and entire agreement between the parties hereto regarding the subject matter hereof and thereof and cancel and supersede any prior agreements (including, without limitation, any commitment letters), undertakings, declarations, commitments, representations, written or oral, in respect thereof.

**15.9**            **Amendments and Waivers**

Any provision of this Agreement may be amended only if the Borrower and the Lender so agree in writing and may be waived only if the Lender agrees in writing. Any such waiver and any consent by the Lender under any provision of this Agreement must be in writing and may be given subject to any conditions thought fit by Lender. Any waiver or consent shall be effective only in the instance and for the purpose for which it is given.

**15.10**           **Further Assurances**

The Loan Parties and the Lender shall promptly cure any default by it in the execution and delivery of this Agreement, the other Loan Documents or any of the agreements provided for hereunder to which it is a party. The Loan Parties, at the Borrower's expense, shall promptly execute and deliver to the Lender, or cause any other Loan Party to promptly execute and deliver to the Lender, upon request by the Lender (acting reasonably), all such other and further deeds, agreements, opinions, certificates, instruments, affidavits, registration materials and other documents reasonably necessary for the Loan Parties' compliance with, or accomplishment of the covenants and agreements of the Loan Parties hereunder or more fully to state the obligations of the Loan Parties as set out herein or to make any registration, recording, file any notice or obtain any consent, all as may be reasonably necessary or appropriate in connection therewith.

**15.11**           **Attornment**

The parties hereto each hereby attorn and submit to the jurisdiction of the courts of the Province of Alberta in regard to legal proceedings relating to the Loan Documents. For the purpose of all such legal proceedings, this Agreement shall be deemed to have been performed in the Province of Alberta and the courts of the Province of Alberta shall have jurisdiction to entertain any action arising under this Agreement. Notwithstanding the foregoing, nothing in this Section shall be construed nor operate to limit the right of any party hereto to commence any action relating hereto in any other jurisdiction, nor to limit the right of the courts of any other jurisdiction to take jurisdiction over any action or matter relating hereto.

**15.12**           **Time of the Essence**

Time shall be of the essence of this Agreement.

**15.13      Credit Agreement Governs**

In the event of any conflict or inconsistency between the provisions of this Agreement and the provisions of any other Loan Document, the provisions of this Agreement, to the extent of the conflict or inconsistency, shall govern and prevail.

**15.14      Execution and Counterparts**

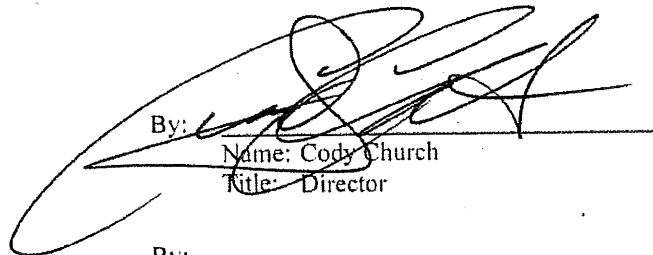
This Agreement may be executed by any manner of electronic signature, mechanical signature, or by facsimile or any other electronic method, and in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or other electronic transmission or by sending a scanned copy by electronic mail shall be effective as delivery of a manually executed counterpart of this Agreement.

**[The remainder of this page has been intentionally left blank.]**

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

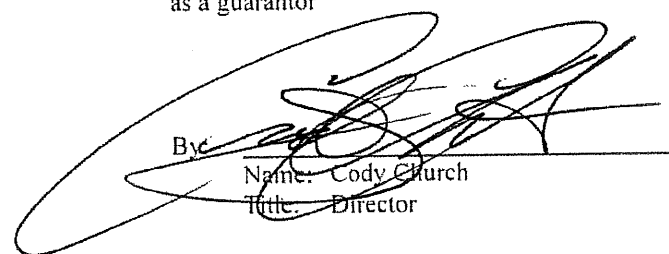
**KORITE INTERNATIONAL LIMITED PARTNERSHIP,**

as the Borrower, by its general partner,  
**KORITE INTERNATIONAL GP INC.**

By:   
Name: Cody Church  
Title: Director

By: \_\_\_\_\_  
Name:  
Title:

**KORITE INTERNATIONAL GP INC.,**  
as a guarantor

By:   
Name: Cody Church  
Title: Director

By: \_\_\_\_\_  
Name:  
Title:

**CANADIAN IMPERIAL BANK OF  
COMMERCE,**  
as the Lender

By: MO'Connell  
Name: Matthew O'Connell  
Title: Senior Director

By: \_\_\_\_\_  
Name:  
Title:



## SCHEDULE A

FORM OF BORROWING BASE REPORT**Canadian Imperial Bank of Commerce**595 Bay Street, 5<sup>th</sup> Floor

Toronto, Ontario

M5G 2C2

Attention: Flordeliza Centeno

Facsimile: (416) 980-7221

The undersigned, the [Title] of Korite International GP Inc., the general partner of Korite International Limited Partnership, in my capacity as an officer and without personal liability, gives this certificate to Canadian Imperial Bank of Commerce, as Lender, in accordance with the Credit Agreement dated for reference December 18, 2020, among Korite International Limited Partnership, as borrower, the other loan parties from time to time party thereto (the "Loan Parties"), and Canadian Imperial Bank of Commerce (the "Lender") (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"). Capitalized terms used in this Certificate, unless otherwise defined herein, shall have the meanings ascribed to them in the Credit Agreement.

I hereby certify, in my capacity as an officer and without personal liability, that, as of \_\_\_\_\_, the Borrowing Base was \$ \_\_\_\_\_, calculated as follows.

Accounts

Total Accounts		\$ _____	
Less:	ineligible Accounts	\$ _____	
	Special Payment Accounts (to the extent	\$ _____	
Add:	ineligible solely due to payment terms)	_____	
Less:	Claims owed to suppliers on receivable list	\$ _____	
Net Accounts			\$ _____
<b>(A) Eligible Accounts @ 75%</b>			<b>\$ _____</b>

Inventory

Total Inventory (raw materials and work-in-process not to exceed \$2,500,000)		\$ _____	
Less:	ineligible Inventory	\$ _____	
	30 Days Goods (to the extent not subtracted	\$ _____	
Less:	above)	_____	
Net Inventory			\$ _____
<b>Eligible Inventory @ 50% (of lesser of Standard Cost or fair market value)</b>			<b>\$ _____</b>

Priority Payables

S. 81.3/4 Super Priority (WEPPA)		\$ _____	
Claims having priority to CIBC		\$ _____	
•		\$ _____	
<b>(B) Total Priority Payables</b>			<b>\$ _____</b>

Other Availability Reserves

	\$ _____	
	\$ _____	
<b>(C) Total Availability Reserves</b>		\$ _____
<b>Net Borrowing Base Value (A) + (B) – (C) – (D)</b>		\$ _____
<b>Maximum Credit Limit</b>		<b>\$ 3,000,000</b>
<b>Borrowing Base</b> (the lesser of Net Borrowing Base Value and Maximum Credit Limit)		\$ _____

IN WITNESS WHEREOF, the undersigned has executed this Certificate on behalf of the Borrower.

DATED THIS \_\_\_\_ DAY OF \_\_\_\_\_, 20\_\_.

**KORITE INTERNATIONAL LIMITED  
PARTNERSHIP,**  
by its general partner,  
**KORITE INTERNATIONAL GP INC.**

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

Title: \_\_\_\_\_

## SCHEDULE B

FORM OF CONVERSION NOTICE**Canadian Imperial Bank of Commerce**595 Bay Street, 5<sup>th</sup> Floor

Toronto, Ontario

M5G 2C2

Attention: Flordeliza Centeno

Facsimile: (416) 980-7221

Ladies and Gentlemen:

The undersigned refers to the Credit Agreement dated for reference December \_\_, 2020 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"; the terms defined therein being used herein as therein defined) among the undersigned, the other loan parties from time to time party thereto (the "Loan Parties"), and Canadian Imperial Bank of Commerce, and hereby irrevocably gives you notice, pursuant to Section 2.6 of the Credit Agreement, that the undersigned hereby requests the following under the Credit Agreement, and in that connection sets forth below the information relating to such request (the "Proposed Conversion") that:

on [date], convert \$[ ] of the aggregate outstanding principal amount of the Loans under the [Term Facility/Revolving Facility] that is a [Bankers' Acceptance/Prime Rate Loan/LIBOR Loan/US Base Rate Loan], into a(n) [ ] Loan [and, in the case of a Bankers' Acceptance / LIBOR Loan, having an [Interest Period/LIBOR Interest Period] of [ ] month(s)].

The undersigned hereby certifies that on the date hereof, and on the date of the Proposed Conversion requested herein, no event has occurred and is continuing, or would result from such Proposed Conversion or from the application of the proceeds therefrom, that constitutes a Default or an Event of Default.

Very truly yours,

**KORITE INTERNATIONAL LIMITED PARTNERSHIP,**  
by its general partner,  
**KORITE INTERNATIONAL GP INC.**

By: \_\_\_\_\_

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

Title: \_\_\_\_\_

## SCHEDULE C

FORM OF DRAWDOWN NOTICE**Canadian Imperial Bank of Commerce**595 Bay Street, 5<sup>th</sup> Floor

Toronto, Ontario

M5G 2C2

Attention: Flordeliza Centeno

Facsimile: (416) 980-7221

Ladies and Gentlemen:

The undersigned refers to the Credit Agreement dated for reference December \_\_, 2020 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"; the terms defined therein being used herein as therein defined) among the undersigned, the other loan parties from time to time party thereto (the "Loan Parties"), and Canadian Imperial Bank of Commerce, and hereby irrevocably gives you notice, pursuant to Section 2.6 of the Credit Agreement, that the undersigned hereby requests a Loan under the Credit Agreement, and in that connection sets forth below the information relating to such Loan (the "Proposed Borrowing"):

- (i) The Business Day of the Proposed Borrowing is \_\_\_\_\_, \_\_\_\_.
- (ii) The Proposed Borrowing is to be drawn from the **[Term Facility / Revolving Facility]**.
- (iii) The type of Loan comprising the Proposed Borrowing is a **[Prime Rate Loan] [Bankers' Acceptance] [US Base Rate Loan] [LIBOR Loan]**.
- (iv) The amount of the Proposed Borrowing is \$\_\_\_\_\_.
- [(v) The initial [Interest Period/LIBOR Interest Period] for each [Bankers' Acceptance] [LIBOR Loan] made as part of the Proposed Borrowing is \_\_\_\_\_ month[s].]**

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Proposed Borrowing:

(A) the representations and warranties contained in Section 9.1 of the Credit Agreement will be true and correct in all material respects on and as of the date of the Proposed Borrowing, except to the extent that such representations and warranties refer specifically to an earlier date, before and after giving effect to the Proposed Borrowing and to the application of the proceeds therefrom, as though made on and as of such date (other than any such representations or warranties that, by their terms, refer to a specific date other than the date of the Proposed Borrowing, in which case, as of such specific date); **[provided that, for purposes of ensuring that the various Schedules to the Credit Agreement which are referred to in the above-mentioned representations and warranties remain current and correct in all material respects, attached (as contemplated by Section 1.7(2) of the Credit Agreement) are certain revised/updated Schedules to the Credit Agreement;]**

(B) no event has occurred and is continuing, or would result from such Proposed Borrowing or from the application of the proceeds therefrom, that constitutes a Default or an Event of Default;

(C) no Material Adverse Effect shall have occurred on and as of the date of such Proposed Borrowing nor shall the Proposed Borrowing result in the occurrence of a Material Adverse Effect; and

(D) the Loans outstanding in connection with Revolving Facility does not exceed the the Borrowing Base in effect from time to time after giving effect to the Proposed Borrowing.

The undersigned hereby irrevocably authorizes and directs the Lender to deposit the proceeds of the Proposed Borrowing to the following account of **[Loan Party]: [insert account details]**.

Very truly yours,

**KORITE INTERNATIONAL LIMITED  
PARTNERSHIP,**  
by its general partner,  
**KORITE INTERNATIONAL GP INC.**

By: \_\_\_\_\_

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

Title:

## SCHEDULE D

FORM OF REPAYMENT NOTICE**Canadian Imperial Bank of Commerce**595 Bay Street, 5<sup>th</sup> Floor

Toronto, Ontario

M5G 2C2

Attention: Flordeliza Centeno

Facsimile: (416) 980-7221

Ladies and Gentlemen:

The undersigned refers to the Credit Agreement dated for reference December \_\_, 2020 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"; the terms defined therein being used herein as therein defined) among the undersigned, the other loan parties from time to time party thereto (the "Loan Parties"), and Canadian Imperial Bank of Commerce, and hereby irrevocably gives you notice, pursuant to Section [2.12/2.13] of the Credit Agreement, of our repayment of the Loans (the "Repayment"), subject to and in accordance with the terms and provisions of the Credit Agreement, in the amount of:

**(a) Repayment Amount:**

Prime Rate Loan:	\$ _____
Bankers' Acceptances	\$ _____
US Base Rate Loan	\$ _____
LIBOR Loan	\$ _____

**(b) Repayment Date**

\_\_\_\_\_

Proceeds of the Repayment are to be debited from the undersigned's account with Canadian Imperial Bank of Commerce as follows:

Bank Name:	Canadian Imperial Bank of Commerce
Account Name:	[•]
Transit No.	[•]
Account Number:	[•]

The herein mentioned Repayment does not constitute, nor shall it be construed as, a termination or partial termination of the Credit Agreement or the Loans.

Very truly yours,

**KORITE INTERNATIONAL LIMITED  
PARTNERSHIP,**  
by its general partner,  
**KORITE INTERNATIONAL GP INC.**

By: \_\_\_\_\_

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

Title: \_\_\_\_\_

## SCHEDULE E

FORM OF ROLLOVER NOTICE**Canadian Imperial Bank of Commerce**595 Bay Street, 5<sup>th</sup> Floor

Toronto, Ontario

MSG 2C2

Attention: Flordeliza Centeno

Facsimile: (416) 980-7221

Ladies and Gentlemen:

The undersigned refers to the Credit Agreement dated for reference December \_\_, 2020 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"; the terms defined therein being used herein as therein defined) among the undersigned, the other loan parties from time to time party thereto (the "Loan Parties"), and Canadian Imperial Bank of Commerce, and hereby irrevocably gives you notice, pursuant to Section 2.6 of the Credit Agreement, that the undersigned hereby requests the following under the Credit Agreement, and in that connection sets forth below the information relating to such request (the "Proposed Rollover") that:

on [date] rollover \$[ ] of the aggregate outstanding principal amount of the Loans in the form of Bankers' Acceptances, maturing on \_\_\_\_\_, as Bankers' Acceptances having an Interest Period of [ ] month(s)] [./; and]

on [date] rollover \$[ ] of the aggregate outstanding principal amount of the Loans in the form of LIBOR Loans, maturing on \_\_\_\_\_, as LIBOR Loans having a LIBOR Interest Period of [ ] month(s)].

*[Choose one of the above or both, as applicable]*

The undersigned hereby certifies that on the date hereof, and on the date of the Proposed Rollover requested herein, no event has occurred and is continuing, or would result from such Proposed Rollover or from the application of the proceeds therefrom, that constitutes a Default or an Event of Default.

Very truly yours,

**KORITE INTERNATIONAL LIMITED PARTNERSHIP,**  
by its general partner,  
**KORITE INTERNATIONAL GP INC.**

By: \_\_\_\_\_

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

Title: \_\_\_\_\_



## SCHEDULE F

FORM OF COMPLIANCE CERTIFICATE**Canadian Imperial Bank of Commerce**595 Bay Street, 5<sup>th</sup> Floor

Toronto, Ontario

M5G 2C2

Attention: Flordeliza Centeno

Facsimile: (416) 980-7221

The undersigned, the [Title] of Korite International GP Inc., the general partner of Korite International Limited Partnership, in my capacity as an officer and without personal liability, gives this certificate to Canadian Imperial Bank of Commerce, as Lender, in accordance with the Credit Agreement dated for reference December \_\_, 2020, among Korite International Limited Partnership, as borrower, the other loan parties from time to time party thereto (the "Loan Parties"), and Canadian Imperial Bank of Commerce (the "Lender") (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"). Capitalized terms used in this Certificate, unless otherwise defined herein, shall have the meanings ascribed to them in the Credit Agreement.

(1) Based on an examination sufficient to enable me to make an informed statement:

- (a) no Default or Event of Default exists on the date hereof; and
- (b) the representations and warranties in Section 9.1 of the Credit Agreement are true and accurate in all material respects on the date hereof (other than any such representations or warranties that, by their terms, refer to a specific date other than the date of the Proposed Borrowing, in which case, as of such specific date);

(2) Based upon a review of the financial statements of the Loan Parties for the period ending [\_\_\_\_], I hereby certify, in my capacity as an officer and without personal liability, that, as of [\_\_\_\_]:

The cumulative EBITDA of the Borrower is \$[\_\_\_\_]. The minimum EBITDA for [insert period] as required by Section 10.3(a) and Schedule K of the Credit Agreement is \$[\_\_\_\_].

The Total Leverage Ratio for the immediately preceding four Fiscal Quarters is [\_\_\_\_] to 1.00.

Capital Expenditures for the Fiscal Year to date period ending [\_\_\_\_] are \$[\_\_\_\_]. Pursuant to the Credit Agreement, the maximum Capital Expenditures for such Fiscal Year are \$250,000, subject to the exceptions set forth in the Credit Agreement.

***[(for the Compliance Certificate delivered on the Closing Date only) The EBITDA of the Loan Parties, based on operating results for the trailing twelve***

months ended September 30, 2020, and on a *pro forma* basis after giving effect to the Transactions, is \$[\_\_\_\_\_]<sup>1</sup>].

Attached hereto as Schedule A are complete and correct calculations of such financial covenants.

(3) Attached as Schedule B is a true and correct summary of the Loan Parties' cash position and outstanding Loans under the Revolving Facility after giving effect to the Transactions.

---

<sup>1</sup> To be not less than negative \$2,500,000

IN WITNESS WHEREOF, the undersigned has executed this Certificate on behalf of the Borrower.

DATED THIS \_\_\_\_ DAY OF \_\_\_\_\_, 20\_\_.

**KORITE INTERNATIONAL LIMITED  
PARTNERSHIP,**  
by its general partner,  
**KORITE INTERNATIONAL GP INC.**

\_\_\_\_\_

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

Title: \_\_\_\_\_

**SCHEDULE A TO COMPLIANCE CERTIFICATE****FINANCIAL COVENANT CALCULATIONS****Section 10.2(l) – Capital Expenditures***Capital Expenditures*

Capital Expenditures	\$ _____
Maximum Capital Expenditures for such Fiscal Year	\$250,000
Compliance?	[Yes/No]

**Section 10.3(a) – minimum cumulative EBITDA****EBITDA of the Borrower and its Material Subsidiaries**

	net income (adjusted as provided in the “EBITDA” definition provisos)	\$ _____
<i>less**</i>	Calculated Net Income definition clause (a) re Subsidiaries	\$ _____
<i>less</i>	Calculated Net Income definition clause (b) re non-wholly-owned Subsidiaries	\$ _____
<i>less</i>	Calculated Net Income definition clause (c) re extraordinary losses and non-recurring expenses as mutually agreed to between the Borrower and the Lender	\$ _____
<i>less</i>	Calculated Net Income definition clause (d) re non-ordinary-course dispositions	\$ _____
<i>less</i>	Calculated Net Income definition clause (e) re insurance proceeds	\$ _____
<i>less</i>	Calculated Net Income definition clause (f) re asset writeups	\$ _____
<i>less</i>	Calculated Net Income definition clause (g) re any other approved non-cash items	\$ _____
	<i>Calculated Net Income (adjusted as provided in the “EBITDA” definition provisos)</i>	\$ _____

---

\*\* each “less” item to be as adjusted as provided in the “EBITDA” definition provisos.

<i>plus**</i>	federal, provincial, state, local and foreign taxes	\$ _____
<i>plus</i>	Interest Expense	\$ _____
<i>plus</i>	depreciation and amortization expense	\$ _____
<i>plus</i>	non-cash amortization of deferred financing fees related to the Transactions	\$ _____
<i>plus</i>	fees and expenses related to the Transactions as reasonably approved by the Lender	\$ _____
<i>plus</i>	dispositions of certain Inventory of the Loan Parties as reasonably approved by the Lender	\$ _____
	<i>EBITDA (adjusted as provided in the "EBITDA" definition provisos)</i>	\$ _____ (b)

**Total Leverage Ratio**

(a)	<u>Debt</u>	
	Debt	\$ _____
<i>less</i>	Subordinated Debt	\$ _____
	<i>Total Leverage Ratio Numerator</i>	\$ _____ (a)
(b)	<u>EBITDA</u>	
	<i>EBITDA (same amount as set out above)</i>	\$ _____ (b)

(c) Total Leverage Ratio

**Ratio of Total Leverage Ratio Numerator calculated in (a) to EBITDA calculated in (b)** \_\_\_\_\_

---

\*\* each "plus" item to be added only to the extent deducted from Net Income, in each case adjusted as provided in the "EBITDA" definition provisos.

**SCHEDULE B TO COMPLIANCE CERTIFICATE**

**LOAN PARTIES' CASH POSITION AND OUTSTANDING REVOLVING LOANS  
(after giving effect to the Transactions)**

## SCHEDULE G

SOURCES AND USES STATEMENT

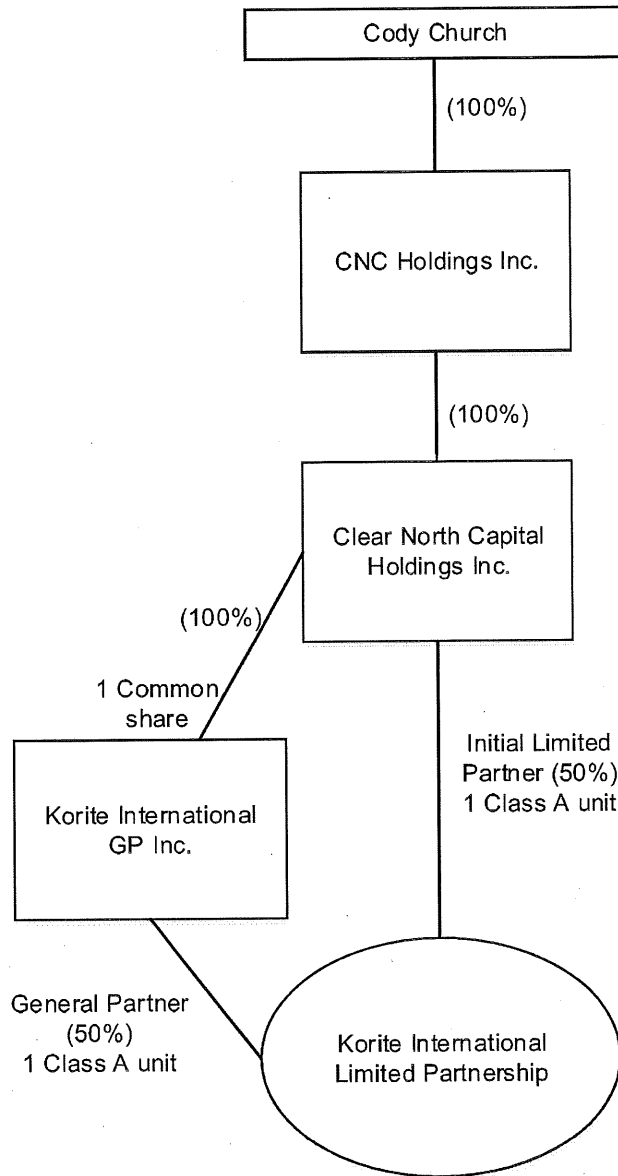
Sources	CAD	USD	Total (CAD)	Uses	CAD
Cash	-	-		Purchase of Assets	9,032,196
Clear North Unsecured Line of Credit	300,000	-		Closing Costs	556,670
New CIBC CAD \$3MM Revolver	2,982,195	-		Assumed Liabilities	781,016
New CIBC US Term Loan	-	3,309,238			
Assumption of Subordinated Debt	-	1,550,000			
Assumed Liabilities	781,016				
<b>Total</b>	<b>4,063,211</b>	<b>4,859,238</b>	<b>10,369,882</b>	<b>Total</b>	<b>10,369,882</b>

**SCHEDULE H**  
**STRUCTURE CHART**

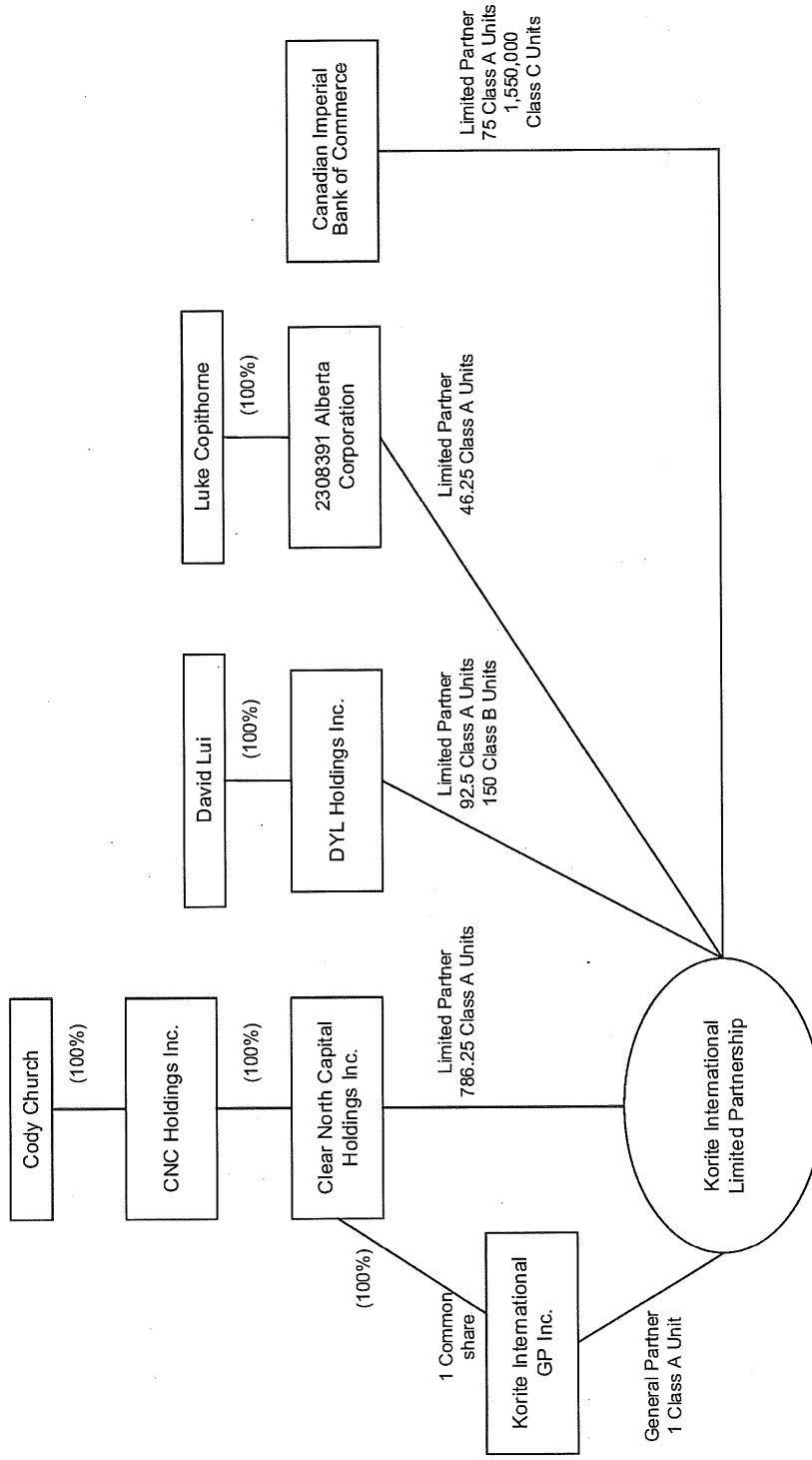
Please see attached.



Korite Interational Limited Partnership  
Pre-Closing Structure



KORITE INTERNATIONAL LIMITED PARTNERSHIP  
POST-CLOSING STRUCTURE



- Notes:
- Does not yet reflect the issuance of the remainder of the Class B Units to other employees

## SCHEDULE I

**MATERIAL MINERAL LEASES AND MATERIAL MINERAL RIGHTS**

All Mineral Rights arising from, in connection with, or pursuant to the agreements and permits referenced below are collectively, the “**Material Mineral Rights**”.

All Mineral Leases referenced below are collectively, the “**Material Mineral Leases**”.

Agreement Name.	Surface Title Legal Land Description
<p>Mineral Lease Agreement dated December 1, 2012 between Twogee Developments Ltd, as lessor, and Korite Minerals Ltd., as lessee, as conveyed by Korite International Inc. (successor by amalgamation to Korite Minerals Ltd.) to Korite International Limited Partnership pursuant to or in accordance the approval and vesting order pronounced on December 11, 2020 by Honourable Mr. Justice D.B. Nixon of the Court of Queen’s Bench of Alberta in court file number 2001-07942</p>	<p><u>Surface Titles</u></p> <p>FIRST</p> <p>MERIDIAN 4 RANGE 21 TOWNSHIP 7 SECTION 18 THOSE PORTIONS OF THE NORTH WEST QUARTER WHICH LIE TO THE EAST OF THE ST. MARY’S RIVER AS SHOWN ON THE TOWNSHIP PLAN DATED ON THE 27TH DAY OF JUNE 1893 CONTAINING 8.50 HECTARES (21 ACRES) MORE OR LESS EXCEPTING THEREOUT ALL MINES AND MINERALS AND THE RIGHT TO WORK THE SAME</p> <p>SECOND</p> <p>MERIDIAN 4 RANGE 21 TOWNSHIP 7 SECTION 18 ALL THAT PORTION OF THE NORTH EAST QUARTER WHICH LIES TO THE EAST OF THE ST. MARY’S RIVER AS SHOWN ON THE TOWNSHIP PLAN DATED 27 JUNE 1893. CONTAINING 57.9 HECTARES (143 ACRES) MORE OR LESS. EXCEPTING THEREOUT THE POTHOLE RIVER AS SHOWN ON SAID TOWNSHIP PLAN. EXCEPTING THEREOUT ALL MINES AND MINERALS AND THE RIGHT TO WORK THE SAME</p> <p>THIRD</p> <p>MERIDIAN 4 RANGE 21 TOWNSHIP 7 SECTION 18 ALL THAT PORTION OF THE SOUTH WEST QUARTER WHICH LIES TO THE EAST OF THE ST. MARY’S RIVER AS SHOWN ON THE TOWNSHIP PLAN DATED 27 JUNE 1893. CONTAINING 7.892 HECTARES (19.50 ACRES) MORE OR LESS. EXCEPTING THEREOUT ALL MINES AND MINERALS AND THE RIGHT TO WORK THE SAME</p> <p>FOURTH</p> <p>MERIDIAN 4 RANGE 21 TOWNSHIP 7 SECTION 18 ALL THAT PORTION OF THE SOUTH EAST QUARTER WHICH LIES TO THE EAST OF THE ST. MARY’S RIVER AS SHOWN ON THE TOWNSHIP PLAN DATED 27 JUNE 1893. CONTAINING 52.802 HECTARES (130.50 ACRES) MORE OR LESS.</p>

Agreement Name.	Surface Title Legal Land Description
	<p>EXCEPTING THEREOUT ALL MINES AND MINERALS AND THE RIGHT TO WORK THE SAME</p> <p><u>Mineral Titles</u></p> <p>FIRST</p> <p>ALL MINES AND MINERALS WITHIN, UPON OR UNDER:</p> <p>MERIDIAN 4 RANGE 21 TOWNSHIP 7 SECTION 18 THAT PORTION OF THE NORTH EAST QUARTER BOUNDED ON THE WEST BY THE RIGHT BANK OF ST. MARY'S RIVER AND BY THE EAST BOUNDARY OF THE WEST HALF OF SAID SECTION, AND ON THE NORTH BY THE LEFT BANK OF THE POT HOLE RIVER, AS SHOWN ON THE TOWNSHIP PLAN APPROVED 27 JUNE 1893 CONTAINING 52.44 HECTARES (129.60 ACRES) MORE OR LESS AND THE RIGHT TO WORK THE SAME</p> <p>SECOND</p> <p>ALL MINES AND MINERALS WITHIN, UPON OR UNDER:</p> <p>MERIDIAN 4 RANGE 21 TOWNSHIP 7 SECTION 18 THAT PORTION OF THE SOUTH EAST QUARTER DESCRIBED AS FOLLOWS: COMMENCING AT THE NORTH EAST CORNER OF SAID QUARTER SECTION, THENCE SOUTH ALONG THE EAST BOUNDARY THEREOF TO A POINT THEREON 990 FEET NORTH FROM THE SOUTH EAST CORNER THEREOF, THENCE WEST PARALLEL WITH THE SOUTH BOUNDARY THEREOF TO ITS INTERSECTION WITH THE RIGHT BANK OF SAID ST. MARY'S RIVER, THENCE NORTHERLY AND WESTERLY FOLLOWING THE SINUOSITIES OF THE RIGHT BANK OF SAID RIVER TO ITS INTERSECTION WITH THE WEST BOUNDARY OF SAID QUARTER SECTION, THENCE NORTH ALONG SAID WEST BOUNDARY TO ITS INTERSECTION WITH THE NORTH BOUNDARY THEREOF, THENCE EAST ALONG SAID NORTH BOUNDARY TO THE PLACE OF COMMENCEMENT, AS SHOWN ON THE TOWNSHIP PLAN APPROVED 27 JUNE 1893 CONTAINING 36.55 HECTARES (90.38 ACRES) MORE OR LESS AND THE RIGHT TO WORK THE SAME</p> <p>THIRD</p> <p>ALL MINES AND MINERALS WITHIN, UPON OR UNDER:</p> <p>MERIDIAN 4 RANGE 21 TOWNSHIP 7 SECTION 18 THAT PORTION OF THE WEST HALF WHICH IS BOUNDED ON THE NORTH WEST, WEST, AND SOUTH WEST BY THE RIGHT BANK OF ST. MARY'S RIVER, AS SHOWN ON THE TOWNSHIP PLAN APPROVED 27 JUNE 1893 CONTAINING 16.40 HECTARES (40.50 ACRES) MORE OR LESS AND THE RIGHT TO WORK THE SAME</p>

Agreement Name.	Surface Title Legal Land Description
<p>Deerfield Surface Lease Agreement dated February 6, 2012 between Deerfield Hutterian Brethren (a Hutterite colony), as lessor, and Korite Minerals Ltd., as lessee, as amended by an assignment and novation agreement dated December 18, 2020 among Korite International Inc. (successor by amalgamation to Korite Minerals Ltd.), as assignor, Korite International Limited Partnership, as assignee, and Deerfield Hutterian Brethren, as third party</p>	<p>MERIDIAN 4 RANGE 22 TOWNSHIP 7 SECTION 2 PORTION OF THE NORTH EAST QUARTER WHICH LIES TO THE SOUTH OF THE ST. MARY'S RIVER AS SHOWN ON THE TOWNSHIP PLAN DATED 6 MAY 1889 CONTAINING 26.3 HECTARES (65 ACRES) MORE OR LESS EXCEPTING THEREOUT ALL MINES AND MINERALS</p> <p>and</p> <p>MERIDIAN 4 RANGE 22 TOWNSHIP 7 SECTION 11 PORTION OF THE SOUTH EAST QUARTER WHICH LIES TO THE SOUTH OF THE ST. MARY'S RIVER AS SHOWN ON THE TOWNSHIP PLAN DATED 6 MAY 1889 CONTAINING 12.74 HECTARES (31.6 ACRES) MORE OR LESS EXCEPTING THEREOUT ALL MINES AND MINERALS</p> <p>and</p> <p>MERIDIAN 4 RANGE 22 TOWNSHIP 7 SECTION 1 QUARTER NORTH WEST EXCEPTING THEREOUT ALL MINES AND MINERALS AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS</p> <p>and</p> <p>MERIDIAN 4 RANGE 22 TOWNSHIP 7 SECTION 12 PORTIONS IN THE SOUTH WEST QUARTER WHICH LIE TO THE SOUTH OF THE ST. MARY'S RIVER AS SHOWN ON THE TOWNSHIP PLAN DATED 6 MAY 1889 CONTAINING 46.9 HECTARES (116 ACRES) MORE OR LESS EXCEPTING THEREOUT ALL MINES AND MINERALS</p>
<p>Deerfield Surface Lease Agreement #1 dated April 18, 2012 between Deerfield Hutterian Brethren (a Hutterite colony), as lessor, and Korite Minerals Ltd., as lessee, as amended by an assignment and novation agreement dated December 18, 2020 among Korite International Inc. (successor by amalgamation to Korite Minerals Ltd.), as assignor, Korite International Limited Partnership, as assignee, and Deerfield Hutterian Brethren, as third party</p>	<p>FIRST MERIDIAN 4 RANGE 22 TOWNSHIP 7 SECTION 3 THAT PORTION OF THE NORTH WEST QUARTER WHICH LIES TO THE SOUTH OF THE ST. MARY'S RIVER AS SHOWN ON THE TOWNSHIP PLAN DATED 6 MAY 1889 CONTAINING 8.78 HECTARES (21.7 ACRES) MORE OR LESS EXCEPTING THEREOUT ALL MINES AND MINERALS</p> <p>SECOND MERIDIAN 4 RANGE 22 TOWNSHIP 7 SECTION 3 THAT PORTION OF THE SOUTH WEST QUARTER WHICH LIES TO THE SOUTH OF THE ST. MARY'S RIVER AS SHOWN ON THE TOWNSHIP PLAN DATED 6 MAY 1889 CONTAINING 31.1 HECTARES (76.8 ACRES) MORE OR LESS EXCEPTING THEREOUT ALL MINES AND MINERALS</p>

Agreement Name.	Surface Title Legal Land Description
	<p>and</p> <p>MERIDIAN 4 RANGE 22 TOWNSHIP 6 SECTION 34 THOSE PORTION OF THE NORTH HALF WHICH LIES TO THE SOUTH AND EAST OF ST. MARY'S RIVER AS SHOWN ON THE TOWNSHIP PLAN APPROVED AT OTTAWA 1 OCTOBER, 1887 CONTAINING 118.1 HECTARES (292 ACRES) MORE OR LESS EXCEPTING THEREOUT: PLAN NUMBER HECTARES ACRES MORE OR LESS ROAD 0713805 0.246 0.608 EXCEPTING THEREOUT ALL MINES AND MINERALS</p>

## SCHEDULE J

MINIMUM EBITDA

Period	<u>Minimum Cumulative EBITDA Covenant (in CS)</u>
Q1 2021 (Quarter Ended Mar 31)	(313,507)
Q2 2021 (Quarter Ended Jun 31)	(420,468)
Q3 2021 (Quarter Ended Sep 30)	(546,765)
Q4 2021 (Quarter Ended Dec 31)	(554,239)
Q1 2022 (Quarter Ended Mar 31)	(488,388)
Q2 2022 (Quarter Ended Jun 31)	(455,170)
Q3 2022 (Quarter Ended Sep 30)	(311,559)
Q4 2022 (Quarter Ended Dec 31)	(60,074)
Q1 2023 (Quarter Ended Mar 31)	336,164
Q2 2023 (Quarter Ended Jun 31)	577,448
Q3 2023 (Quarter Ended Sep 30)	841,472
Q4 2023 (Quarter Ended Dec 31)	1,086,094

SCHEDULE 9.1(E)

CERTAIN TITLE MATTERS

None.



**SCHEDULE 9.1 (F)**

**DEBT**

None.

**SCHEDULE 9.1 (G)**

**ENCUMBRANCES**

None.

**SCHEDULE 9.1 (L)**

**LITIGATION**

None.

## SCHEDULE 9.1(R)

SUBSIDIARIESKorite International Limited Partnership:

1. Subsidiaries: Korite USA Inc.
2. Limited Partners:

Shareholder	Number	Class
Korite International GP Inc.	1	Class A
Clear North Capital Holdings Inc.	786.25	Class A
DYL Holdings Inc.	92.50	Class A
Canadian Imperial Bank of Commerce	75	Class A
2306391 Alberta Corporation	46.25	Class A
DYL Holdings Inc.	150	Class B
Canadian Imperial Bank of Commerce	1,550,000	Class C

Korite International GP Inc.:

1. Subsidiaries: Korite International Limited Partnership
2. Shareholders:

Shareholder	Number	Class
Clear North Capital Holdings Inc.	1	Common

## SCHEDULES 9.1(S)

INTELLECTUAL PROPERTY

Trademark Name	Registration Date	Expiry Date	Country of Registration	Registration Number
KORITE AMMOLITE	7-Oct-15	7-Oct-25	Australia	1726192
AMMOLITE INTERNATIONAL	11-Jun-04	27-Apr-24	Aruba	22940
KORITE	23-Nov-79	23-Nov-24	Canada	237414
KORITE & SHELL DESIGN	18-Oct-96	18-Oct-26	Canada	464408
KORITE INTERNATIONAL SHELL DESIGN	17-May-00	17-May-30	Canada	527968
THE AMMOLITE MINE	23-Sep-99	23-Sep-29	Canada	516887
KORITE IS THE MOST TRUSTED NAME IN AMMOLITE	22-Aug-17	22-Aug-32	Canada	TMA979,077
THE DEFINITIVE GUIDE TO AMMOLITE	28-Sep-09	28-Sep-24	Canada	748769
KORITE AMMOLITE	25-Apr-16	25-Apr-31	Canada	935969
KORITE INTERNATIONAL	26-Apr-16	26-Apr-31	Canada	936125
BRING OUT YOUR TRUE COLOURS	22-Feb-17	22-Feb-32	Canada	963630
THE LARGEST, MOST TRUSTED SOURCE OF THE WORLD'S FINEST AMMOLITE	1-Aug-17	1-Aug-32	Canada	977334
KORITE	23-Aug-94	23-Aug-24	Switzerland	421705
CHINESE CHARACTERS DESIGN (AMMOLITE)	14-Jun-02	13-Jun-22	China	1785505

Trademark Name	Registration Date	Expiry Date	Country of Registration	Registration Number
KORITE INTERNATIONAL	14-Mar-16	13-Mar-26	China	16131574
KORITE INTERNATIONAL & DEVICE	7-Nov-16	7-Nov-26	China	16131572
KORITE INTERNATIONAL	14-Mar-16	13-Mar-26	China	16131573
KORITE INTERNATIONAL & DEVICE	14-Mar-16	13-Mar-26	China	16131571
AMMOLITE INTERNATIONAL	n/a	20-Apr-24	Curacao	1055
KORITE	23-Jan-95	31-Aug-24	Germany	2900368
KORITE AMMOLITE	4-Mar-16	10-Jun-25	EU	14653638
KORITE AMMOLITE CANADA'S GEMSTONE	8-Jun-19	24-Jan-29	EU	018014353
KORITE		23-Aug-24	France	94533052
KORITE	25-Jul-96	2-Sep-24	Italy	684599
KORITE	20-Feb-18	29-Aug-27	India	1785458
KORITE	22-Jun-10	21-Sep-30	Japan	2266913
AMMOLITE	31-May-95	31-May-25	Japan	2707074
KORITE AMMOLITE	15-Apr-16	15-Apr-26	Japan	5842552
AMMOLITE INTERNATIONAL	1-Apr-04	1-Apr-24	Mexico	834333
AMMOLITE INTERNATIONAL	10-Jun-04	20-Apr-24	St. Maarten	9096
KORITE	23-Oct-84	23-Oct-24	USA	1301530
AMMOLITE INTERNATIONAL	12-Jul-05	12-Jul-25	USA	2968941
KORITE AMMOLITE	15-Aug-17	25-Apr-31	USA	5263236
KORITE INTERNATIONAL	13-Dec-16	13-Dec-26	USA	5098289

<b>Trademark Name</b>	<b>Registration Date</b>	<b>Expiry Date</b>	<b>Country of Registration</b>	<b>Registration Number</b>
KORITE INTERNATIONAL	3-Jan-17	3-Jan-27	USA	5112005
BRING OUT YOUR TRUE COLORS	26-Dec-17	26-Dec-27	USA	5362325
KORITE IS THE MOST TRUSTED NAME IN AMMOLITE	2-Jan-18	22-Aug-32	USA	5367412

## SCHEDULE 9.1(U)

REAL PROPERTIESOwned Real Property:

None.

Leased Real Property:

<b>Lease 1</b>	
<b>Landlord:</b>	Hyatt Auto Sales Ltd.
<b>Tenant:</b>	Korite International Limited Partnership, by its general partner, Korite International GP Inc.
<b>Date:</b>	April 10, 2018
<b>Term:</b>	8 years, commencing on September 1, 2018
<b>Civic Address (if any):</b>	Bay #167 - 3953 112 Avenue SE, Calgary, Alberta (the "Calgary Head Office")
<b>Legal Description:</b>	PLAN 0412421 BLOCK 6 LOT 1 EXCEPTING THEREOUT ALL MINES AND MINERALS

<b>Lease 2:</b>	
<b>Landlord:</b>	Vandervalk Farms Ltd., Aaron Nauta Ltd. and 1362179 Alberta Ltd.
<b>Tenant:</b>	Korite International Limited Partnership, by its general partner, Korite International GP Inc.
<b>Date:</b>	January 1, 2018
<b>Term:</b>	5 years, commencing January 1, 2018
<b>Civic Address (if any):</b>	224010 Twp Rd 64, Cardston County, Alberta ("Kormos Farm")
<b>Legal Description:</b>	Descriptive Plan 1411260, Block 2, Lot 2

Mineral Rights:

<b>Counterparty</b>	<b>Description</b>	<b>Agreement Date</b>	<b>Total Consideration</b>	<b>Details</b>
<b>PrairieSky Royalty Ltd. (formerly Encana Corporation)</b>	Ammonite Work Permit	18-Jul-11	\$16,856.60	Paid at signing for 10 year permit



<b>Counterparty</b>	<b>Description</b>	<b>Agreement Date</b>	<b>Total Consideration</b>	<b>Details</b>
<b>Deerfield Hutterian Brethren</b>	Deerfield Surface Lease Agreement	06-Feb-12		\$1,500 per year for access to the lands Make one-time payments at \$15,000 /acre for new mining area and reclaim behind as we mine \$500 per trench excavated To review compensation on 5th Anniversary 10 year agreement Allows for early termination at the option of Korite
	Deerfield Surface Lease Agreement #1	18-Apr-12	\$3,000	\$3,000 per year; expires April 18, 2017 with renewal for 5 years Allows for early termination at the option of Korite
<b>Philip Hubbard</b>	Hubbard Surface Lease	24-Apr-13	\$1,600	\$1,600 per year; Expires April 24, 2018 with renewal for 5 years Allows for early termination at the option of Korite
<b>Kormos Resources Ltd.</b>	Memorandum of Mineral Lease, as amended	08-Sep-04	\$25,000	Yearly rental of \$25,000
<b>Twogee Developments Ltd.</b>	Mineral Lease Agreement, as amended	01-Dec-12	\$3,750,855	20 year agreement for Mineral rights Excavation fee of \$15,000 per year (subject to inflation adjustment), can commence mining on one year's notice.
<b>Vandervalk Farms Ltd., Aaron Nauta Ltd. and 1362179 Alberta Ltd.</b>	Kormos Farm Surface Lease Agreement, as amended	31-August-2015	\$4,500	\$4,500 per year for access to lands, \$500 per Trench excavated, and \$10,000 per acre as we mine. Expires September 8, 2024

Shell Agreements:

Agreement Number	HRA Exemption Reference Number	Aggregate Area (Ha)	Crown Mineral Area (Ha)	Freehold Land (Ha)	Expiry Date
9112090490	17-020	42.7	0.1	42.6	2022-09-03
9112080499	17-008	64.0	0.0	64.0	2022-08-27
9112080498	17-012	64.0	0.0	64.0	2022-08-27
Freehold	17-004	75.1	0.0	75.1	2022-07-18
9117040298	17-016	33.3	11.0	22.3	2022-04-30
9117050293	17-015	62.3	60.1	2.2	2022-05-14
9117070314	17-005	17.5	8.7	8.8	2022-07-18
9117070315	17-006	33.4	33.4	0.0	2022-07-20
9117070316	17-011	32.0	30.2	1.8	2022-07-20
9117070317	17-010	140.9	108.8	32.1	2022-07-20
9117070318	17-002	64.0	64.0	0.0	2022-07-18
9117070319	17-007	50.7	50.7	0.0	2022-07-20
9117070320	17-022	21.0	21.0	0.0	2022-07-20
9117070321	17-017	6.3	2.7	3.6	2022-07-20
9117080360	17-009	46.2	46.2	0.0	2022-08-19
9117080361	17-018	58.5	8.1	50.4	2022-08-26
9117080362	17-019	33.1	2.9	30.2	2022-08-26
9119080276	19-004	132.3	132.3	0.0	2024-08-01
9119080277	19-005	39.9	39.9	0.0	2024-08-22
9120050157	15-005	5.5	5.5	0.0	2025-05-23
9120050158	20-003	219.1	219.1	0.0	2025-05-23
9120070089	20-004	4.1	4.1	0.0	2025-07-10

**SCHEDULE 9.1(V)****CHIEF EXECUTIVE OFFICE****Korite International Limited Partnership:**

Bay #167 - 3953 112 Avenue SE, Calgary, Alberta T2C 0J4

**Korite International GP Inc.:**

Bay #167 - 3953 112 Avenue SE, Calgary, Alberta T2C 0J4

**SCHEDULE 9.1(W)****EQUIPMENT****Facility 1:**

Address: Bay #167 - 3953 112 Avenue SE, Calgary, Alberta T2C 0J4

Landlord: Hyatt Auto Sales Ltd.

**Mine Site:****Legal Descriptions:**

NE ¼ of Section 2 Township 7 Range 22 W.4M.

SE ¼ of Section 11 Township 7 Range 22 W.4M.

NW ¼ of Section 1 Township 7 Range 22 W.4M.

SW ¼ of Section 12 Township 7 Range 22 W.4M.

W1/2 of Section 3 Township 7 Range 22 W.4M

NW ¼ of Section 34 Township 6 Range 22 W.4M

Lessor: Deerfield Hutterian Brethren

**SCHEDULE 9.1(X)****NAMES****Korite International Limited Partnership:**

Prior Names: None

**Korite International GP Inc.:**

Prior Names: None

**Tradenames under which Sold Inventory or Created Receivables:**

<b>Trademark Name</b>	<b>Registration Date</b>	<b>Expiry Date</b>	<b>Country of Registration</b>	<b>Registration Number</b>
KORITE AMMOLITE	7-Oct-15	7-Oct-25	Australia	1726192
AMMOLITE INTERNATIONAL	11-Jun-04	27-Apr-24	Aruba	22940
KORITE	23-Nov-79	23-Nov-24	Canada	237414
KORITE & SHELL DESIGN	18-Oct-96	18-Oct-26	Canada	464408
KORITE INTERNATIONAL SHELL DESIGN	17-May-00	17-May-30	Canada	527968
THE AMMOLITE MINE	23-Sep-99	23-Sep-29	Canada	516887
KORITE IS THE MOST TRUSTED NAME IN AMMOLITE	22-Aug-17	22-Aug-32	Canada	TMA979,077
THE DEFINITIVE GUIDE TO AMMOLITE	28-Sep-09	28-Sep-24	Canada	748769
KORITE AMMOLITE	25-Apr-16	25-Apr-31	Canada	935969
KORITE INTERNATIONAL	26-Apr-16	26-Apr-31	Canada	936125
BRING OUT YOUR TRUE COLOURS	22-Feb-17	22-Feb-32	Canada	963630
THE LARGEST, MOST TRUSTED SOURCE OF THE	1-Aug-17	1-Aug-32	Canada	977334

Trademark Name	Registration Date	Expiry Date	Country of Registration	Registration Number
WORLD'S FINEST AMMOLITE				
KORITE	23-Aug-94	23-Aug-24	Switzerland	421705
CHINESE CHARACTERS DESIGN (AMMOLITE)	14-Jun-02	13-Jun-22	China	1785505
KORITE INTERNATIONAL	14-Mar-16	13-Mar-26	China	16131574
KORITE INTERNATIONAL & DEVICE	7-Nov-16	7-Nov-26	China	16131572
KORITE INTERNATIONAL	14-Mar-16	13-Mar-26	China	16131573
KORITE INTERNATIONAL & DEVICE	14-Mar-16	13-Mar-26	China	16131571
AMMOLITE INTERNATIONAL	n/a	20-Apr-24	Curacao	1055
KORITE	23-Jan-95	31-Aug-24	Germany	2900368
KORITE AMMOLITE	4-Mar-16	10-Jun-25	EU	14653638
KORITE AMMOLITE CANADA'S GEMSTONE	8-Jun-19	24-Jan-29	EU	018014353
KORITE		23-Aug-24	France	94533052
KORITE	25-Jul-96	2-Sep-24	Italy	684599
KORITE	20-Feb-18	29-Aug-27	India	1785458
KORITE	22-Jun-10	21-Sep-30	Japan	2266913
AMMOLITE	31-May-95	31-May-25	Japan	2707074
KORITE AMMOLITE	15-Apr-16	15-Apr-26	Japan	5842552
AMMOLITE INTERNATIONAL	1-Apr-04	1-Apr-24	Mexico	834333
AMMOLITE INTERNATIONAL	10-Jun-04	20-Apr-24	St. Maarten	9096
KORITE	23-Oct-84	23-Oct-24	USA	1301530

<b>Trademark Name</b>	<b>Registration Date</b>	<b>Expiry Date</b>	<b>Country of Registration</b>	<b>Registration Number</b>
AMMOLITE INTERNATIONAL	12-Jul-05	12-Jul-25	USA	2968941
KORITE AMMOLITE	15-Aug-17	25-Apr-31	USA	5263236
KORITE INTERNATIONAL	13-Dec-16	13-Dec-26	USA	5098289
KORITE INTERNATIONAL	3-Jan-17	3-Jan-27	USA	5112005
BRING OUT YOUR TRUE COLORS	26-Dec-17	26-Dec-27	USA	5362325
KORITE IS THE MOST TRUSTED NAME IN AMMOLITE	2-Jan-18	22-Aug-32	USA	5367412

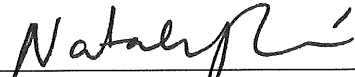
SCHEDULE 9.1(Y)

MATERIAL SERIAL NUMBERED GOODS

None.

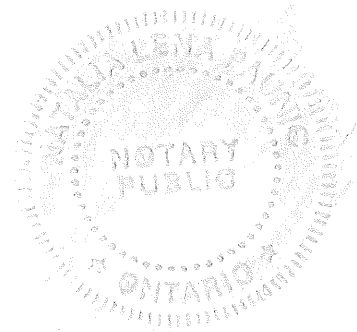


This is **Exhibit "D"** referred to in **Affidavit #1**  
of Kadir Carter made before me  
on August 26, 2024



Commissioner for Taking Affidavits

LSO # 85641A



**FIRST AMENDING AGREEMENT**

THIS FIRST AMENDING AGREEMENT (this “**Agreement**”) made as of the 28<sup>th</sup> day of January, 2021,

AMONG:

**KORITE INTERNATIONAL LIMITED PARTNERSHIP**  
(the “**Borrower**”)

AND:

**KORITE INTERNATIONAL GP INC.**  
(the “**General Partner**”)

AND:

**EACH OF HOLDCOS PARTY HERETO**

AND:

**CANADIAN IMPERIAL BANK OF COMMERCE**, as lender  
(the “**Lender**”)

WHEREAS:

A. The Borrower, as borrowers, the General Partner, as guarantor, and the Lender, as lender are parties to a credit agreement dated as of December 18, 2020 (the “**Credit Agreement**”) pursuant to which the Lender made certain credit facilities available to the Borrower;

B. As a result of the unexpected economic impacts of the novel coronavirus disease known as Covid-19, the Business Development Bank of Canada (“**BDC**”) has established its \$20 Billion loan participation program (the “**BDC BCAP Program**”) to assist Canadian businesses. The Lender is an approved lender under the BDC BCAP Program. The Borrower has applied for, and CIBC is pleased to provide, in accordance with the terms and conditions of the Credit Agreement, a non-revolving demand term loan under the BDC BCAP Program (the “**BCAP Facility**”) in accordance with the terms and conditions of the Credit Agreement as amended by this Agreement;

C. The Borrower, the General Partner, and the Lender have agreed to amend the terms of the Credit Agreement as herein provided.

D. Each of the Borrower, the General Partner, and the Holdcos has agreed to confirm and reaffirm their obligations under each of the Loan Documents to which each is a party.

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged by the parties hereto), the parties agree each with the other as follows:

1. Definitions. All capitalized terms used herein shall have the meanings ascribed to them in the Credit Agreement unless otherwise specified.
2. Amendments. The Credit Agreement is hereby amended as follows:
  - 2.1 The first recital to the Credit Agreement is hereby deleted in its entirety and replaced with the following:

“WHEREAS the Borrower has requested, and the Lender has agreed to make available to the Borrower (a) a senior secured revolving credit facility (including a letter of credit sub facility and a credit card sub facility) in an aggregate principal amount at any time outstanding not in excess of the lesser of \$3,000,000 plus the accrued interest on the such principal amount during the first six (6) months following the Closing Date and the Borrowing Base in effect from time to time (the “**Revolving Facility**”), (b) a senior secured term loan facility in an aggregate principal amount not to exceed US\$3,309,238 plus the accrued interest on the such principal amount during the first six (6) months following the Closing Date (the “**Term Facility**”), and (c) a secured demand term loan facility under the BDC BCAP Program in an aggregate principal amount equal to \$1,000,000 (the “**BCAP Facility**” and together with the Revolving Facility, the “**Senior Credit Facilities**” and each, a “**Senior Credit Facility**”), on the terms and conditions hereinafter set forth;”.

2.2 Section 1.1 is hereby amended by inserting the following as a defined term:

“**BCAP Representations**” means the Annex I – Borrower’s Representations and Warranties executed and delivered by the Borrower to the Lender on the First Amending Date.”

2.3 Section 1.1 is hereby amended by inserting the following as a defined term:

“**BCAP Facility**” has the meaning set out in the recitals hereto.”

2.4 Section 1.1 is hereby amended by inserting the following as a defined term:

“**BCAP Term Repayment Amount**” is defined in Section 2.13(3).”

2.5 Section 1.1 is hereby amended by inserting the following as a defined term:

“**BCAP Term Repayment Date**” is defined in Section 2.13(3).”

2.6 Section 1.1 is hereby amended by inserting the following as a defined term:

“**BDC**” means the Business Development Bank of Canada, and its successors.”

2.7 Section 1.1 is hereby amended by inserting the following as a defined term:

“**BDC BCAP Program**” means the \$20 Billion loan participation program established by BDC to assist Canadian businesses affected by the unexpected economic impacts of the novel coronavirus disease known as Covid-19.”

2.8 Section 1.1 is hereby amended by inserting the following as a defined term:

“**CIBC Credit Card Documents**” shall mean, collectively, (i) any “CIBC Business Credit Card Agreement (Business Liability)” that is applicable from time to time, including (A) any “Summary of Rates and Fees”, “Enrolment Form” and “Program Descriptions” referenced in Section 2(a) therein, (B) any “CIBC Debit Card Agreement” referenced in Section 2(b) therein, and (C) any terms of use of the “Mobile Payment App” referenced in Section 2(c) therein; (ii) any “Business Credit Card Enrolment” executed by the Borrower from time to time, including without limitation, the “Business Credit Card Enrolment”; (iii) any “Existing Business Plus Credit Card Accounts Material Change Requests” executed

by the Borrower from time to time, including without limitation, any such document which increases or decreases the initial credit limit set in the document referenced in paragraph (ii) above; and (iv) any other agreement, instrument, certificate or other document governing any VISA business/commercial/corporate credit cards or charge cards issued by the Lender to the Borrower under any business, commercial, or corporate credit card program carried on by the Lender from time to time.”

- 2.9 Section 1.1 is hereby amended by inserting the following as a defined term:

“**CIBC Credit Card Limit**” shall mean the maximum credit limit established from time to time for all VISA business/commercial/corporate credit cards or charge cards issued by the Lender to the Borrower under the CIBC Credit Card Documents.”

- 2.10 Section 1.1 is hereby amended by inserting the following as a defined term:

“**First Amending Date**” means January \_\_, 2021.”

- 2.11 The definition of “**Loan Documents**” in Section 1.1 is hereby amended by inserting the words “the CIBC Credit Card Documents,” immediately following the words “the Fee Letter.”

- 2.12 The definition of “**Obligations**” in Section 1.1 is hereby deleted in its entirety and replaced with the following:

“**Obligations**” means at any time and from time to time, (A) all of the obligations, indebtedness and liabilities (present or future, absolute or contingent, matured or not) of the Loan Parties to the Lender under, pursuant or relating to (i) the Loan Documents (in respect of the Senior Credit Facilities), (ii) the Senior Credit Facilities and whether the same are from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and including the principal amount of all Loans under the Senior Credit Facilities and all interest, fees, legal and other costs, charges and expenses, and other amounts payable under the Senior Credit Facilities by the Borrower under this Agreement, and (B) the due and punctual payment and performance of all obligations of each Loan Party to a Lender or an Affiliate of a Lender in respect of cash management services, corporate credit cards and other banking services, including obligations in respect of overdrafts, temporary advances, interest and fees, in each case that are incurred or for which such services are provided prior to the date the (w) the principal of and interest on each Loan and all fees payable hereunder have been paid in full, (x) the Lender has no further commitment to lend hereunder, (y) the LC Exposure has been reduced to zero, and (z) the Fronting Agent has no further obligation to issue Letters of Credit.”

- 2.13 The definition of “**Revolving Credit Utilization**” in Section 1.1 is hereby amended by inserting the words “and the maximum CIBC Credit Card Limit in effect from time to time,” immediately following the words “any LC Exposure at such time”.

- 2.14 Section 2.2(1) is hereby amended by (i) deleting the word “and” at the end of paragraph (a) thereof, (ii) deleting the period at the end of paragraph (b) thereof and replacing it with a “; and”, and (iii) inserting the following as a new paragraph (c):

“(c) under the BCAP Facility, Prime Rate Loans only.”

2.15 Section 2.3 is hereby amended by inserting the following as a new paragraph (3):

“(3) The BCAP Facility and the loan proceeds therefrom are to be used to exclusively fund the operational cash flow needs of the Loan Parties (including without limitation, (a) the repayment of the Loans under the Revolving Facility so long as such repayment does not reduce the commitment available to the Borrower under the Revolving Facility, and (b) to satisfy ordinary course of business lease (including scheduled payments on financing leases), equipment or supplier financing payments). For certainty, the proceeds of any Loan under the BCAP Facility may not be used to (directly or indirectly) finance a Hostile Acquisition or to provide funds to any of its Subsidiaries, Affiliates or any other person to finance a Hostile Acquisition or for any other purpose, including to make principal repayments under existing credit facilities of the Loan Parties which have been accelerated after March 1, 2020, to permanently repay or refinance existing debt obligations of the Loan Parties, to pay dividends or other distributions to shareholders, to make shareholder contributions or shareholder loans, to buy back shares, issue equity incentives or pay any bonuses or increase executive compensation.”

2.16 Section 2.4 is hereby amended by inserting the following as a new paragraph (3):

“(3) Subject to the terms and conditions hereof, the Borrower may make one Drawdown only under the BCAP Facility on the First Amending Date and no further Drawdowns under the BCAP Facility. Any unutilized portion of the BCAP Facility after the first and only Drawdown thereunder shall be cancelled and the BCAP Facility shall be non-revolving: that is, the amounts of any Loans under the BCAP Facility which are thereafter repaid may not be re-borrowed or utilized again and the Borrower shall not be entitled to make further Drawdowns in respect of such amounts. For greater certainty, the BCAP Facility is a demand facility.”

2.17 Section 2.5 is hereby amended by inserting the following as a new paragraph (3):

“(3) The sole Drawdown under the BCAP Facility by way of a Prime Rate Loan shall be in the principal amount of \$1,000,000.”

2.18 Section 2.6 is hereby amended by inserting the following as a new paragraph (3):

“(3) Subject to the provisions hereof, the Borrower may make a Drawdown under the BCAP Facility by delivering a Drawdown Notice (executed in accordance with the definition of Officer’s Certificate), with respect to a Prime Rate Loan to the Lender not later than 1:00 p.m. Standard Time, one Business Day prior to the proposed Drawdown Date for the sole Drawdown under the BCAP Facility.”

2.19 Section 2.12(2) is hereby amended by deleting the words “under the Senior Credit Facilities” and replacing them with the words “under the Term Facility and the Revolving Facility”.

2.20 Section 2.12(3) is hereby deleted in its entirety and replaced with the following:

“(3) Subject to Article 8, any optional prepayment of the Loans under the Term Facility shall be applied *pro rata* against the remaining Term Instalments. The Borrower may only exercise an optional prepayment of the Loans under the BCAP Facility with the prior

written consent of the Lender, in its sole discretion, and such prepayment shall be applied in such manner satisfactory to the Lender.”

- 2.21 Section 2.13(1) is hereby amended by inserting the following sentence immediately following the end thereof:

“Notwithstanding the foregoing, the BCAP Facility and all obligations thereunder shall also be repayable on demand.

- 2.22 Section 2.13 is hereby amended by inserting the following as a new paragraph (3) and the existing paragraphs (3), (4), (5), and (6) are renumbered as paragraphs (4), (5), (6), and (7), respectively:

“(3) In addition to and without limiting the foregoing or the ability of the Lender to demand repayment in its sole discretion, the Borrower shall repay the Lender, on the first day of the month following the first anniversary of the First Amending Date and on the first day of each month thereafter, or if any such date is not a Business Day, on the immediately preceding Business Day, a principal amount of the BCAP Facility (each, a “**BCAP Instalment**” and collectively, the “**BCAP Instalments**”) equal to \$5,000, with a balloon payment of the unpaid balance of the BCAP Facility on the Maturity Date.”

- 2.23 Section 2.13(4) (following the renumbering set out above) is hereby amended by deleting the words “to be applied against the remaining Term Instalments in inverse order of maturity thereof. For certainty, the Term Facility shall be permanently reduced by the principal amount of the Loan thereunder so repaid.” and replacing them with the following:

“to be applied, first, against the remaining Term Instalments in inverse order of maturity thereof, second, against the outstanding Loans under the Revolving Facility, and third, against the BCAP Instalments in inverse order of maturity thereof. For certainty, the Term Facility and the BCAP Facility shall be permanently reduced by the principal amount of the Loan thereunder so repaid.”

- 2.24 Article 2 is hereby amended by inserting the following as a new Section 2.16:

“**2.16 BCAP Facility Acknowledgments.** Each of the Loan Parties acknowledges and agrees that BDC will be purchasing an 80% participation in the BCAP Facility and further acknowledges and agrees as follows:

(a) notwithstanding the participation of BDC, the Loan Parties will deal solely with the Lender as if the Lender owned 100% of the BCAP Facility;

(b) without limiting any of the provisions of this Agreement with respect to confidentiality, each of the Loan Parties acknowledges and agrees that the Lender may disclose to Her Majesty the Queen in Right of Canada, BDC and their respective auditors and advisors, all confidential information relating to the Senior Credit Facilities (including the BCAP Facility), any of the Loan Parties and their respective property, assets, business and prospects from time to time, as may be required or requested from time to time from any of such parties or as the Lender may determine to be necessary or desirable;

(c) pursuant to a master participation agreement between BDC and the Lender, the Loan Parties acknowledge that:

- (i) in connection with any demand for payment of the Senior Credit Facilities or realization under the Security, the payment of all principal and interest owing under the Senior Credit Facilities and certain other obligations owing to the Lender from time to time will generally rank ahead of the payment of the principal and interest owing under the BCAP Facility; and
- (ii) the consent of BDC will be required for certain amendments to, or waiver of, the current terms and conditions applicable to the BCAP Facility and the other Senior Credit Facilities (including increases in the commitments thereunder, deferral of certain principal or interest payments, extension of the maturity date and releases of certain collateral from, or releases or subordination of certain of, the Security)."

2.25 Section 3.1 is hereby amended by (i) deleting the word "and" at the end of paragraph (d) thereof, (ii) deleting the period at the end of paragraph (e) thereof and replacing it with a "; and", and (iii) inserting the following as a new paragraph (f):

"(f) with respect to the Drawdown under the BCAP Facility only, the representations, warranties and covenants set out in the BCAP Representations are incorporated into this Agreement as if set out in full herein and are deemed to be repeated as of the First Amending Date and as of the date of Drawdown under the BCAP Facility by the Lender."

2.26 Section 8.3 is hereby deleted in its entirety and replaced with the following:

**"8.3 Application of Payments**

Except as otherwise agreed in writing by the Lender, if any Event of Default shall occur and be continuing, all payments made by the Borrower to the Lender shall be applied in the following order:

- (a) to amounts due hereunder as fees, other than acceptance fees for Bankers' Acceptances, under the Term Facility and the Revolving Facility;
- (b) to amounts due hereunder as costs and expenses;
- (c) to amounts due hereunder as default interest under the Term Facility and the Revolving Facility;
- (d) to amounts due hereunder as interest or acceptance fees for Bankers' Acceptances under the Term Facility and the Revolving Facility;
- (e) to amounts due hereunder as principal (including reimbursement obligations in respect of Bankers' Acceptances and Letters of Credit) under the Term Facility and the Revolving Facility, and to any Lender Financial Instrument Obligations to the extent not then due and payable;
- (f) to amounts due hereunder as any other Obligation under the Term Facility and the Revolving Facility;
- (g) to amounts due hereunder as fees, under the BCAP Facility;

- (h) to amounts due hereunder as default interest under the BCAP Facility;
- (i) to amounts due hereunder as principal under the BCAP Facility;
- (j) to amounts due hereunder as any other Obligations under the BCAP Facility; and
- (h) to amounts due in accordance with Applicable Law.”

2.27 Section 9.1 is hereby amended by inserting the following as a new paragraph (z):

“(z) BCAP Representations

The BCAP Representations are hereby incorporated into this Agreement and are deemed to have been made by the Borrower hereunder.”

2.28 Section 10.2(d) is hereby deleted in its entirety and replaced with the following:

“(d) Limit on Sale of Assts

Except for Excluded Dispositions, no Loan Party shall, nor shall any Loan Party permit any other Loan Party to, sell, transfer or otherwise dispose of any of their respective property or assets, unless the net proceeds thereof, and interest (if any) accrued and payable to any Loan Party, as applicable, pursuant to the investment of such proceeds in Approved Securities (as provided below) are (i) applied, first, to permanently repay and reduce the Outstanding Principal of the Loans outstanding under the Term Facility, second, to repay the Outstanding Principal of the Loans under the Revolving Facility, and third, to permanently repay and reduce the Outstanding Principal of the Loans under the BCAP Facility or (ii) reinvested, in each case in accordance with Section 2.13(3)(b).

Notwithstanding any other provision hereof to the contrary, except for Excluded Dispositions, no Loan Party shall, nor shall any Loan Party permit any of its Material Subsidiaries to, sell, transfer or otherwise dispose of any of their respective property or assets during the continuance of a Default or Event of Default.”

2.29 Schedule C to the Credit Agreement is hereby deleted in its entirety and replaced with the scheduled attached hereto as “Schedule C”.

3. Representations and Warranties. Each Loan Party represents and warrants to the Lender (all of which representations and warranties the Loan Parties hereby acknowledge are being relied upon by the Lender in entering into this Agreement), that, as of the date hereof:

- (a) the representations and warranties set forth in Article 9 of the Credit Agreement and in each of the other Loan Documents, shall be true and correct in all material respects on and as of the effective date of this Agreement with the same effect as though made on and as of such date, except to the extent that such representations and warranties expressly relate to an earlier date;
- (b) at the time of and immediately after the effective date of this Agreement, unless subject to a waiver expressly provided by the Lender, no Default or Event of Default shall have occurred and be continuing; and



- (c) at the time of and immediately after the effective date of this Agreement, there shall have occurred no event or condition that has had, or would reasonably be expected to have, a Material Adverse Effect.

4. Conditions Precedent. Notwithstanding any other provision of this Agreement, the effectiveness of this Agreement is subject to the fulfillment of each of the following conditions:

- (a) the Lender shall have received each of the following documents, all of which shall be reasonably satisfactory in form and substance to the Lender:
  - (i) this Agreement;
  - (ii) the Annex I – Borrower’s Representations and Warranties;
  - (iii) such customary legal opinions in respect of the Borrower satisfactory in form and content to the Lender;
  - (iv) the fees set out in Section 5(a) of this Agreement;
  - (v) such other documents and instruments as the Lender may reasonably request;
- (b) as at the effective date of this Agreement and after taking into effect of the amendments contemplated herein, the representations and warranties set out in Section 3 above are true and correct.

5. Fees.

- (a) The Borrower shall, in addition to any fees payable by the Borrower under the Credit Agreement, pay or cause to be paid to the Lender an upfront fee in respect of the BCAP Facility in the amount of \$2,500 (being 0.25% of the \$1,000,000 BCAP Facility). The foregoing upfront fee is deemed to have been fully earned as of the date of effectiveness of this Agreement and be non-refundable upon payment thereof.
- (b) Whether or not the transaction contemplated hereby is concluded, all reasonable, accrued out-of-pocket fees, costs and expenses whatsoever (including without limitation the legal fees and disbursements of Borden Ladner Gervais LLP, counsel to the Lender, and such local counsel as may be required in connection with the documents and matters contemplated by this Agreement) incurred by the Lender in respect of the negotiation, documentation, execution and administration of this Agreement shall be paid by the Borrower to the Lender on the earlier of demand therefor or presentation of an invoice therefor.

6. Severability. If any one or more of the provisions or any part of a provision contained in this Agreement should be invalid, illegal or unenforceable in any respect, such provision or part shall be severable from this Agreement and the validity, legality and enforceability of the remaining provisions and the balance of any provision impugned in part contained herein shall not in any way be affected or impaired thereby.

7. No other amendments. Except for the amendments set forth above, the execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of the Lender under the Credit Agreement or any of the other Loan Documents, nor constitute a

waiver of any other provision of the Credit Agreement or any of the other Loan Documents. Except for the amendments set forth above, the text of the Credit Agreement and the other Loan Documents shall remain unchanged and in full force and effect, and each Loan Party hereby ratifies and confirms its obligations thereunder.

8. Novation. Nothing contained in this Agreement shall constitute a novation of any of the indebtedness or liability of the Loan Parties to the Lender arising under the Credit Agreement or any of the Loan Documents granted by the Loan Parties or any other party in favour of the Lender.

9. Counterparts. This Agreement may be signed in as many counterparts as may be necessary, and may be signed by facsimile or other means of electronic communication producing a printed copy, each of which so signed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument and notwithstanding the date of execution shall be deemed to bear the date first set above written.

10. Successors and Assigns. This Agreement shall enure to the benefit of and be binding on the parties hereto and their respective successors and permitted assigns.

11. Applicable Law. 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 therein but excluding all choice of law and conflicts of laws rules thereof.

12. Renumbering. Any renumbering of sections, section references and Schedule numbers in the Credit Agreement shall be deemed to have occurred, as required by any deletions or additions of any Credit Agreement sections by operation of this Agreement.

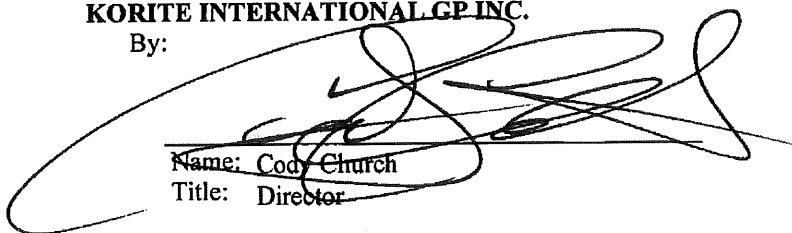
13. Acknowledgment of Guarantors. Each of the General Partner, Clear North Capital Holdings Inc., DYL Holdings Inc., and 2306391 Alberta Corporation hereby acknowledges the terms of this Agreement and hereby confirms that all Guarantees, Security and other Loan Documents entered into by it in connection with the Credit Agreement, as amended, continue to be valid, binding, enforceable and in full force and effect against such Holdco both before and after the execution and delivery of this Agreement.

*[Signature pages follow]*

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

**KORITE INTERNATIONAL LIMITED  
PARTNERSHIP,**  
by its general partner,  
**KORITE INTERNATIONAL GP INC.**

By:

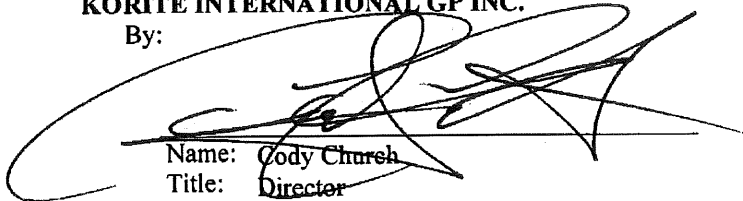


Name: Cody Church  
Title: Director

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

**KORITE INTERNATIONAL GP INC.**

By:

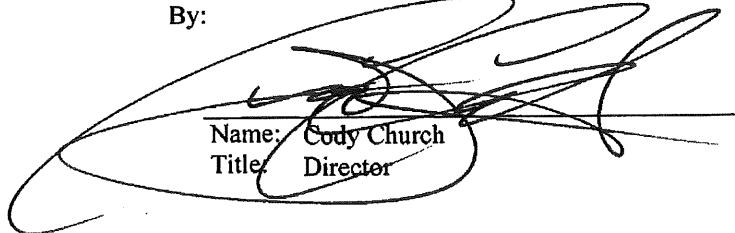


Name: Cody Church  
Title: Director

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

**CLEAR NORTH CAPITAL HOLDINGS INC.**

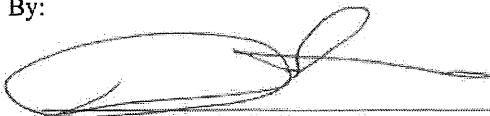
By:



Name: Cody Church  
Title: Director

**DLY HOLDINGS INC.**

By:



Name: David Lui  
Title: President

**2306391 ALBERTA CORPORATION**

By:



Name: Luke Copithorne  
Title: President, Secretary and Treasurer

**CANADIAN IMPERIAL BANK OF COMMERCE,**  
as the Lender

By:

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

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

**DLY HOLDINGS INC.**

By:

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


**2306391 ALBERTA CORPORATION**

By:

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

**CANADIAN IMPERIAL BANK OF COMMERCE,**  
as the Lender

By:

  
\_\_\_\_\_  
Name: Matthew O'Connell  
Title: Senior Director

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

**SCHEDULE C**  
**FORM OF DRAWDOWN NOTICE**

**Canadian Imperial Bank of Commerce**

595 Bay Street, 5<sup>th</sup> Floor

Toronto, Ontario

M5G 2C2

Attention: Flordeliza Centeno

Facsimile: (416) 980-7221

Ladies and Gentlemen:

The undersigned refers to the Credit Agreement dated for reference December 18, 2020 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"; the terms defined therein being used herein as therein defined) among the undersigned, the other loan parties from time to time party thereto (the "Loan Parties"), and Canadian Imperial Bank of Commerce, and hereby irrevocably gives you notice, pursuant to Section 2.6 of the Credit Agreement, that the undersigned hereby requests a Loan under the Credit Agreement, and in that connection sets forth below the information relating to such Loan (the "Proposed Borrowing"): .

- (i) The Business Day of the Proposed Borrowing is \_\_\_\_\_, \_\_\_\_.
- (ii) The Proposed Borrowing is to be drawn from the [Term Facility / Revolving Facility / BCAP Facility].
- (iii) The type of Loan comprising the Proposed Borrowing is a [Prime Rate Loan] [Bankers' Acceptance] [US Base Rate Loan] [LIBOR Loan].
- (iv) The amount of the Proposed Borrowing is \$\_\_\_\_\_.
- [(v) The initial [Interest Period/LIBOR Interest Period] for each [Bankers' Acceptance] [LIBOR Loan] made as part of the Proposed Borrowing is \_\_\_\_\_ month[s].]**

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Proposed Borrowing:

- (A) the representations and warranties contained in Section 9.1 of the Credit Agreement will be true and correct in all material respects on and as of the date of the Proposed Borrowing, except to the extent that such representations and warranties refer specifically to an earlier date, before and after giving effect to the Proposed Borrowing and to the application of the proceeds therefrom, as though made on and as of such date (other than any such representations or warranties that, by their terms, refer to a specific date other than the date of the Proposed Borrowing, in which case, as of such specific date); **[provided that, for purposes of ensuring that the various Schedules to the Credit Agreement which are referred to in the above-mentioned representations and warranties remain current and correct in all material respects, attached (as contemplated by Section 1.7(2) of the Credit Agreement) are certain revised/updated Schedules to the Credit Agreement;]**

(B) no event has occurred and is continuing, or would result from such Proposed Borrowing or from the application of the proceeds therefrom, that constitutes a Default or an Event of Default;

(C) no Material Adverse Effect shall have occurred on and as of the date of such Proposed Borrowing nor shall the Proposed Borrowing result in the occurrence of a Material Adverse Effect; and

(D) the Loans outstanding in connection with Revolving Facility does not exceed the the Borrowing Base in effect from time to time after giving effect to the Proposed Borrowing.

The undersigned hereby irrevocably authorizes and directs the Lender to deposit the proceeds of the Proposed Borrowing to the following account of **[Loan Party]: [insert account details]**.

Very truly yours,

**KORITE INTERNATIONAL  
LIMITED PARTNERSHIP,**  
by its general partner,  
**KORITE INTERNATIONAL GP  
INC.**

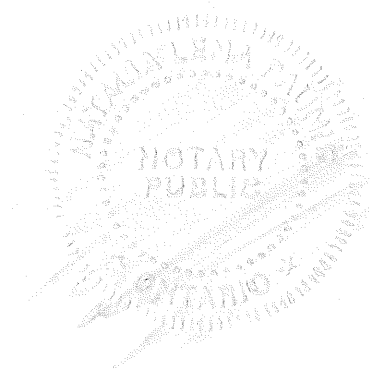
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

This is **Exhibit "E"** referred to in **Affidavit #1**  
of Kadira Carter made before me  
on August 26, 2024

*Nataly Rí*

Commissioner for Taking Affidavits

LSO #85691A





**SECOND AMENDING AGREEMENT**

THIS SECOND AMENDING AGREEMENT (this “**Agreement**”) made as of the 10<sup>th</sup> day of July, 2023,

AMONG:

**KORITE INTERNATIONAL LIMITED PARTNERSHIP**

(the “**Borrower**”)

AND:

**KORITE INTERNATIONAL GP INC.**

(the “**General Partner**”)

AND:

**EACH OF HOLDCOS PARTY HERETO**

AND:

**CANADIAN IMPERIAL BANK OF COMMERCE**, as lender

(the “**Lender**”)

WHEREAS:

A. The Borrower, as borrowers, the General Partner, as guarantor, and the Lender, as lender are parties to a credit agreement dated as of December 18, 2020 (as amended by the first amending agreement dated as of January 18, 2021, the “**Credit Agreement**”) pursuant to which the Lender made certain credit facilities available to the Borrower.

B. The Borrower, the General Partner, and the Lender have agreed to amend the terms of the Credit Agreement as herein provided.

C. Each of the Borrower, the General Partner, and the Holdcos has agreed to confirm and reaffirm their obligations under each of the Loan Documents to which each is a party.

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged by the parties hereto), the parties agree each with the other as follows:

1. Definitions. All capitalized terms used herein shall have the meanings ascribed to them in the Credit Agreement unless otherwise specified.

2. Amendments. The Credit Agreement is hereby amended as follows:

2.1 The first recital to the Credit Agreement is hereby deleted in its entirety and replaced with the following:

“WHEREAS the Borrower has requested, and the Lender has agreed to make available to the Borrower (a) a senior secured revolving credit facility (including a letter of credit sub facility and a credit card sub facility) in an aggregate principal amount at any time outstanding not in excess of the lesser of (i) \$3,000,000 plus the accrued interest on the such principal amount during the first six (6) months following the Closing Date and a temporary bulge of \$350,000 from the Second Amending Date to the Maturity Date and (ii) the Borrowing Base in effect from time to time (the “**Revolving Facility**”); (b) a senior secured term loan facility in an aggregate principal amount not to exceed US\$3,309,238 plus the accrued interest on the such principal amount during the first six (6) months following the Closing Date (the “**Term Facility**”); and (c) a secured demand term loan facility under the BDC BCAP Program in an aggregate principal amount equal to \$1,000,000 (the “**BCAP Facility**” and together with the Revolving Facility, the “**Senior Credit Facilities**” and each, a “**Senior Credit Facility**”), on the terms and conditions hereinafter set forth;”.

2.2 Section 1.1 is hereby amended by inserting the following as a new defined term:

““**Second Amending Date**” means July 10, 2023.”

2.3 The table set out in Section 2.13(2) is hereby amended (i) by deleting the percentages corresponding to March 31, 2023, June 30, 2023 and September 30, 2023 and replacing them with “Waived” and (ii) by inserting the following at the end thereof:

“For greater certainty, any waived Term Instalments shall remain outstanding and shall be payable on or before the Maturity Date.”

2.4 Section 2.13(3) is hereby amended by inserting the following at the end thereof:

“Notwithstanding the foregoing, commencing on July 10, 2023 and thereafter, the payment of the BCAP Instalments shall be waived and, for greater certainty, all amounts under the waived BCAP Instalments (without limiting or derogating from the demand nature of the BCAP Facility) shall remain outstanding and be added to the balloon payment of the unpaid balance of the BCAP Facility on or before the Maturity Date.”

2.5 Section 5.1 is hereby amended by inserting the following as a new paragraph (3):

“(3) Notwithstanding Section 5.1(2), commencing June 28, 2023 and thereafter, interest shall accrue (but shall not be payable in cash) on each Prime Rate Loan and each US Base Rate Loan owing by the Borrower under the Term Facility and the Revolving Facility during each Interest Period applicable thereto in Dollars or US Dollars, as applicable, at a rate per annum equal to the Prime Rate or US Base Rate, as applicable, in effect from time to time during such Interest Period plus the Applicable Pricing Rate. Accrued interest from June 28, 2023 and thereafter shall be added to the principal amount owing under the Term Facility and the Revolving Facility on each Interest Payment Date. Each determination by the Lender of the Prime Rate or US Base Rate applicable from time to time during an Interest Period shall, in the absence of manifest error, be prima facie evidence thereof. From June 28, 2023 and thereafter, such interest shall accrue daily and shall be added to the principal amount for such Loan on each Interest Payment Date for the period from and including the Drawdown Date for such Loan and shall be calculated on the principal amount of the Prime Rate Loan or the US Base Rate Loan, as applicable, outstanding during such period and on the basis of the actual number of days elapsed in a

year of 365 days or 366 days, as the case may be. Changes in the Prime Rate or the US Base Rate shall cause an immediate adjustment of the interest rate applicable to such Loans without the necessity of any notice to the Borrower. Notwithstanding the foregoing, from June 28, 2023 and thereafter, the Borrower may, by written notice from the Borrower to the Lender not less than one (1) Business Day before each Interest Payment Date, elect to pay all or any portion of the interest accrued prior to such Interest Payment Date in cash.”

2.6 Section 5.1 is hereby amended by inserting the following as a new paragraph (4):

“(4) Notwithstanding Section 5.1(2), commencing July 10, 2023 and thereafter, interest shall accrue (but shall not be payable in cash) on each Loan owing by the Borrower under the BCAP Facility during each Interest Period applicable thereto in Dollars at a rate per annum equal to the Prime Rate in effect from time to time during such Interest Period plus the Applicable Pricing Rate. Accrued interest from July 10, 2023 and thereafter shall be added to the principal amount owing under the BCAP Facility on each Interest Payment Date. Each determination by the Lender of the Prime Rate applicable from time to time during an Interest Period shall, in the absence of manifest error, be prima facie evidence thereof. From July 10, 2023 and thereafter, such interest shall accrue daily and shall be added to the principal amount for such Loan on each Interest Payment Date for the period from and including the Drawdown Date for such Loan and shall be calculated on the principal amount of the Prime Rate Loan outstanding during such period and on the basis of the actual number of days elapsed in a year of 365 days or 366 days, as the case may be. Changes in the Prime Rate shall cause an immediate adjustment of the interest rate applicable to such Loans without the necessity of any notice to the Borrower. Notwithstanding the foregoing, from July 10, 2023 and thereafter, the Borrower may, by written notice from the Borrower to the Lender not less than one (1) Business Day before each Interest Payment Date, elect to pay all or any portion of the interest accrued prior to such Interest Payment Date in cash.”

2.7 Article 5 is hereby amended by inserting the following as a new Section 5.9:

**“5.9 No LIBOR Loans**

Notwithstanding any other provision in this Agreement to the contrary, from June 30, 2023 and thereafter, no Advance under the Senior Credit Facilities may be advanced by way of LIBOR Loans. For greater certainty, from June 30, 2023 onwards, any Advance requested in US Dollars under the Senior Credit Facilities may only be advanced by way of US Base Rate Loans.”

2.8 Section 10.1(e)(v)(J) is hereby amended by deleting the word “and” at the end thereof.

2.9 Section 10.01(e) is hereby amended by renumbering paragraph (vi) as paragraph (vii) and inserting the following as a new paragraph (vi):

“(vi) Forecast and variance report – on the Second Amending Date and thereafter, the Borrower shall provide to the Lender on a bi-weekly basis (A) an updated rolling 15-week cash flow forecast in form and content satisfactory to the Lender extended to December 2023 and (B) a report setting out variances of actual cash flow to the foregoing cash flow forecast with discussion on reasons for material variances; and”.

- 2.10 Schedule C to the Credit Agreement is hereby deleted in its entirety and replaced with the scheduled attached hereto as "Schedule C".
3. Representations and Warranties. Each Loan Party represents and warrants to the Lender (all of which representations and warranties the Loan Parties hereby acknowledge are being relied upon by the Lender in entering into this Agreement), that, as of the date hereof:
- (a) the representations and warranties set forth in Article 9 of the Credit Agreement and in each of the other Loan Documents, shall be true and correct in all material respects on and as of the effective date of this Agreement with the same effect as though made on and as of such date, except to the extent that such representations and warranties expressly relate to an earlier date;
  - (b) at the time of and immediately after the effective date of this Agreement, unless subject to a waiver expressly provided by the Lender, no Default or Event of Default shall have occurred and be continuing; and
  - (c) at the time of and immediately after the effective date of this Agreement, there shall have occurred no event or condition that has had, or would reasonably be expected to have, a Material Adverse Effect.
4. Conditions Precedent. Notwithstanding any other provision of this Agreement, the effectiveness of this Agreement is subject to the fulfillment of each of the following conditions:
- (a) the Lender shall have received each of the following documents, all of which shall be reasonably satisfactory in form and substance to the Lender:
    - (i) this Agreement;
    - (ii) a 15-week cash flow forecast in form and content satisfactory to the Lender; and
    - (iii) such other documents and instruments as the Lender may reasonably request;
  - (b) as at the effective date of this Agreement and after taking into effect of the amendments contemplated herein, the representations and warranties set out in Section 3 above are true and correct.
5. Fees. Whether or not the transaction contemplated hereby is concluded, all reasonable, accrued out-of-pocket fees, costs and expenses whatsoever (including without limitation the legal fees and disbursements of Borden Ladner Gervais LLP, counsel to the Lender, and such local counsel as may be required in connection with the documents and matters contemplated by this Agreement) incurred by the Lender in respect of the negotiation, documentation, execution and administration of this Agreement shall be paid by the Borrower to the Lender on the earlier of demand therefor or presentation of an invoice therefor.
6. Severability. If any one or more of the provisions or any part of a provision contained in this Agreement should be invalid, illegal or unenforceable in any respect, such provision or part shall be severable from this Agreement and the validity, legality and enforceability of the remaining

provisions and the balance of any provision impugned in part contained herein shall not in any way be affected or impaired thereby.

7. No other amendments. Except for the amendments set forth above, the execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of the Lender under the Credit Agreement or any of the other Loan Documents, nor constitute a waiver of any other provision of the Credit Agreement or any of the other Loan Documents. Except for the amendments set forth above, the text of the Credit Agreement and the other Loan Documents shall remain unchanged and in full force and effect, and each Loan Party hereby ratifies and confirms its obligations thereunder.

8. Novation. Nothing contained in this Agreement shall constitute a novation of any of the indebtedness or liability of the Loan Parties to the Lender arising under the Credit Agreement or any of the Loan Documents granted by the Loan Parties or any other party in favour of the Lender.

9. Counterparts. This Agreement may be signed in as many counterparts as may be necessary, and may be signed by facsimile or other means of electronic communication producing a printed copy, each of which so signed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument and notwithstanding the date of execution shall be deemed to bear the date first set above written.

10. Successors and Assigns. This Agreement shall enure to the benefit of and be binding on the parties hereto and their respective successors and permitted assigns.

11. Applicable Law. 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 therein but excluding all choice of law and conflicts of laws rules thereof.

12. Renumbering. Any renumbering of sections, section references and Schedule numbers in the Credit Agreement shall be deemed to have occurred, as required by any deletions or additions of any Credit Agreement sections by operation of this Agreement.

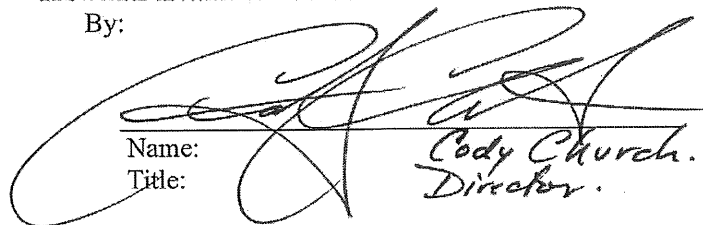
13. Acknowledgment of Guarantors. Each of the General Partner, Clear North Capital Holdings Inc., DYL Holdings Inc., JC River Rock Holdings Ltd., and Happy Endings Holdco Ltd. hereby acknowledges the terms of this Agreement and hereby confirms that all Guarantees, Security and other Loan Documents entered into by it in connection with the Credit Agreement, as amended, continue to be valid, binding, enforceable and in full force and effect against such Holdco both before and after the execution and delivery of this Agreement.

*[Signature pages follow]*

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

**KORITE INTERNATIONAL LIMITED  
PARTNERSHIP,**  
by its general partner,  
**KORITE INTERNATIONAL GP INC.**

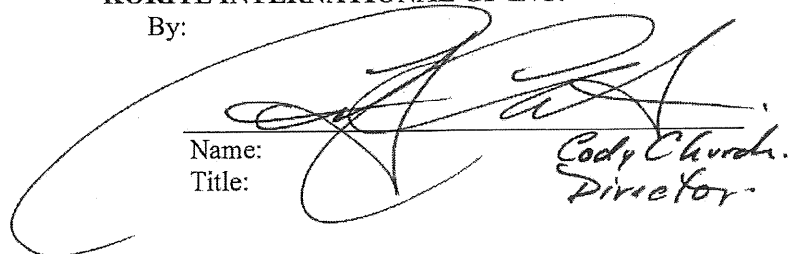
By:

  
Name: Cody Church.  
Title: Director.

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

**KORITE INTERNATIONAL GP INC.**

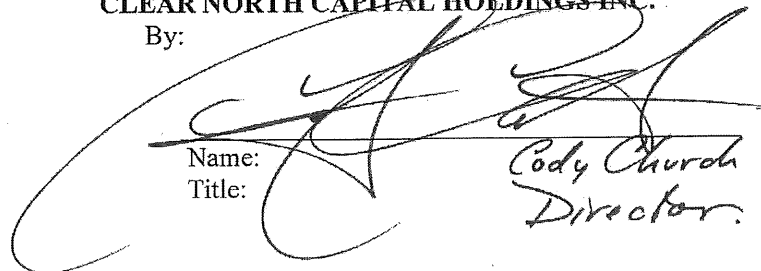
By:

  
Name: Cody Church.  
Title: Director.

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

**CLEAR NORTH CAPITAL HOLDINGS INC.**

By:

  
Name: Cody Church  
Title: Director.

**DLY HOLDINGS INC.**

By:



Name: DAVID W. [unclear]  
Title:

**JC RIVER ROCK HOLDINGS LTD.**

By:

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

**HAPPY ENDINGS HOLDCO LTD.**

By:

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

**CANADIAN IMPERIAL BANK OF COMMERCE,**  
as the Lender

By:

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

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


**DLY HOLDINGS INC.**

By:

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

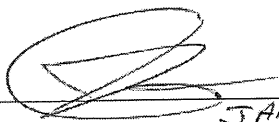
**JC RIVER ROCK HOLDINGS LTD.**

By:

  
\_\_\_\_\_  
Name: John Issa  
Title: President

**HAPPY ENDINGS HOLDCO LTD.**

By:

  
\_\_\_\_\_  
Name: JAMES CHONG  
Title: DIRECTOR

**CANADIAN IMPERIAL BANK OF COMMERCE,**  
as the Lender

By:

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

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



**DLY HOLDINGS INC.**

By:

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

Title:

**JC RIVER ROCK HOLDINGS LTD.**

By:

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

Title:

**HAPPY ENDINGS HOLDCO LTD.**

By:

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

Title:

**CANADIAN IMPERIAL BANK OF COMMERCE,**

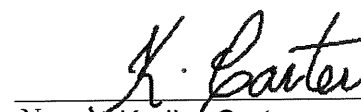
as the Lender

By:



\_\_\_\_\_  
Name: Matthew O'Connell

Title: Authorised Signatory



\_\_\_\_\_  
Name: Kadira Carter

Title: Authorised Signatory

**SCHEDULE C**  
**FORM OF DRAWDOWN NOTICE**

**Canadian Imperial Bank of Commerce**

595 Bay Street, 7<sup>th</sup> Floor

Toronto, Ontario

M5G 2C2

Attention: Flordeliza Centeno

Facsimile: (416) 980-7221

Ladies and Gentlemen:

The undersigned refers to the Credit Agreement dated for reference December 18, 2020 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"; the terms defined therein being used herein as therein defined) among the undersigned, the other loan parties from time to time party thereto (the "Loan Parties"), and Canadian Imperial Bank of Commerce, and hereby irrevocably gives you notice, pursuant to Section 2.6 of the Credit Agreement, that the undersigned hereby requests a Loan under the Credit Agreement, and in that connection sets forth below the information relating to such Loan (the "Proposed Borrowing"):

- (i) The Business Day of the Proposed Borrowing is \_\_\_\_\_, \_\_\_\_.
- (ii) The Proposed Borrowing is to be drawn from the [Term Facility / Revolving Facility / BCAP Facility].
- (iii) The type of Loan comprising the Proposed Borrowing is a [Prime Rate Loan] [Bankers' Acceptance] [US Base Rate Loan].
- (iv) The amount of the Proposed Borrowing is \$\_\_\_\_\_.
- [(v) The initial Interest Period for each Bankers' Acceptance made as part of the Proposed Borrowing is \_\_\_\_\_ month[s].]**

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Proposed Borrowing:

- (A) the representations and warranties contained in Section 9.1 of the Credit Agreement will be true and correct in all material respects on and as of the date of the Proposed Borrowing, except to the extent that such representations and warranties refer specifically to an earlier date, before and after giving effect to the Proposed Borrowing and to the application of the proceeds therefrom, as though made on and as of such date (other than any such representations or warranties that, by their terms, refer to a specific date other than the date of the Proposed Borrowing, in which case, as of such specific date); **[provided that, for purposes of ensuring that the various Schedules to the Credit Agreement which are referred to in the above-mentioned representations and warranties remain current and correct in all material respects, attached (as contemplated by Section 1.7(2) of the Credit Agreement) are certain revised/updated Schedules to the Credit Agreement;]**

(B) no event has occurred and is continuing, or would result from such Proposed Borrowing or from the application of the proceeds therefrom, that constitutes a Default or an Event of Default;

(C) no Material Adverse Effect shall have occurred on and as of the date of such Proposed Borrowing nor shall the Proposed Borrowing result in the occurrence of a Material Adverse Effect; and

(D) the Loans outstanding in connection with Revolving Facility does not exceed the the Borrowing Base in effect from time to time after giving effect to the Proposed Borrowing.

The undersigned hereby irrevocably authorizes and directs the Lender to deposit the proceeds of the Proposed Borrowing to the following account of **[Loan Party]: [insert account details]**.

Very truly yours,

**KORITE INTERNATIONAL  
LIMITED PARTNERSHIP,**  
by its general partner,  
**KORITE INTERNATIONAL GP  
INC.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

This is **Exhibit "F"** referred to in **Affidavit #1**  
of Kadira Carter made before me  
on August 26, 2024

*Natasha R. [Signature]*

Commissioner for Taking Affidavits

LSO #85691A



**THIRD AMENDING AGREEMENT**

THIS THIRD AMENDING AGREEMENT (this “**Agreement**”) made as of the 18<sup>th</sup> day of December, 2023,

AMONG:

**KORITE INTERNATIONAL LIMITED PARTNERSHIP**  
(the “**Borrower**”)

AND:

**KORITE INTERNATIONAL GP INC.**  
(the “**General Partner**”)

AND:

**EACH OF HOLDCOS PARTY HERETO**

AND:

**CANADIAN IMPERIAL BANK OF COMMERCE**, as lender  
(the “**Lender**”)

WHEREAS:

A. The Borrower, as borrowers, the General Partner, as guarantor, and the Lender, as lender are parties to a credit agreement dated as of December 18, 2020 (as amended by the first amending agreement dated as of January 18, 2021 and the second amending agreement dated as of July 10, 2023, the “**Credit Agreement**”) pursuant to which the Lender made certain credit facilities available to the Borrower.

B. The Borrower, the General Partner, and the Lender have agreed to amend the terms of the Credit Agreement as herein provided.

C. Each of the Borrower, the General Partner, and the Holdcos has agreed to confirm and reaffirm their obligations under each of the Loan Documents to which each is a party.

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged by the parties hereto), the parties agree each with the other as follows:

1. **Definitions.** All capitalized terms used herein shall have the meanings ascribed to them in the Credit Agreement unless otherwise specified.
2. **Waiver.** The Lender hereby waives any Default or Event of Default arising from the failure of the Loan Parties to comply with Section 10.3 of the Credit Agreement as in effect immediately prior to the effectiveness of this Agreement.

3. Amendments. The Credit Agreement is hereby amended as follows:
- 3.1 Section 1.1 is hereby amended by inserting the following as a new defined term:
- “**Third Amending Date**” means December 18, 2023.”
- 3.2 The defined term “Maturity Date” in Section 1.1 is hereby deleted in its entirety and replaced with the following:
- “**Maturity Date**” means March 31, 2024.”
- 3.3 The defined term “Prime Rate” in Section 1.1 is hereby deleted in its entirety and replaced with the following:
- “**Prime Rate**” means, on any day, the annual rate of interest equal to the annual rate of interest announced by the Lender and in effect as its prime rate at its principal office in Toronto, Ontario on such day for determining interest rates on Dollar denominated commercial loans in Canada. Each change to the Prime Rate shall be effective on the date such change is publicly announced as being effective and the Prime Rate shall be adjusted automatically with each such change all without the necessity of any notice to the Loan Parties or any other Person.”
- 3.4 The table set out in Section 2.13(2) is hereby amended by inserting a new row as follows:
- “December 31, 2023                      Waived”.
- 3.5 Article 6 is hereby amended by inserting the following as a new Section 6.10:
- “6.10 No Bankers’ Acceptances**
- Notwithstanding any other provision in this Agreement to the contrary, from the Third Amending Date and thereafter, no Advance under the Senior Credit Facilities may be advanced by way of Bankers’ Acceptances. For greater certainty, from the Third Amending Date onwards, any Advance requested in Dollars under the Senior Credit Facilities may only be advanced by way of Prime Rate Loans.”
- 3.6 Section 10.3(a) is hereby deleted in its entirety and replaced with the following:
- “(a) Minimum Availability under Revolving Facility
- Following the Third Amending Date, the Borrower shall not permit the difference between the commitment amount under the Revolving Facility and the Revolving Credit Utilization to be less than \$50,000.”
- 3.7 Section 12.1(c) is hereby deleted in its entirety and replaced with the following:
- “(c) Certain Covenant Defaults of the Borrower: if any Loan Party fails to observe or perform any covenant in Sections 10.1(e)(v), 10.2(b) to (h), inclusive, Section 10.2(k), Section 10.2(m), and Section 10.3 (and with respect to Section 10.3 only, if such failure is not remedied within three (3) Business Days);”
- 3.8 Section 12.1(t) is hereby amended by deleting the word “and” at the end thereof.

3.9 Section 12.1(u) is hereby amended by deleting the period at the end thereof and replacing it with “; and”.

3.10 Section 12.1 is hereby amended by inserting the following as a new paragraph (v):

“(v) APA: if a definitive equity or asset purchase agreement in respect of all Equity Interests of the Borrower or all or substantially all of the assets of the Borrower, in form and content satisfactory to the Lender, which shall include a closing date of not later than March 15, 2024, has not been entered into on or before January 31, 2024.”

4. Representations and Warranties. Each Loan Party represents and warrants to the Lender (all of which representations and warranties the Loan Parties hereby acknowledge are being relied upon by the Lender in entering into this Agreement), that, as of the date hereof:

- (a) the representations and warranties set forth in Article 9 of the Credit Agreement and in each of the other Loan Documents, shall be true and correct in all material respects on and as of the effective date of this Agreement with the same effect as though made on and as of such date, except to the extent that such representations and warranties expressly relate to an earlier date;
- (b) at the time of and immediately after the effective date of this Agreement, unless subject to a waiver expressly provided by the Lender, no Default or Event of Default shall have occurred and be continuing; and
- (c) at the time of and immediately after the effective date of this Agreement, there shall have occurred no event or condition that has had, or would reasonably be expected to have, a Material Adverse Effect.

5. Conditions Precedent. Notwithstanding any other provision of this Agreement, the effectiveness of this Agreement is subject to the fulfillment of each of the following conditions:

- (a) the Lender shall have received each of the following documents, all of which shall be reasonably satisfactory in form and substance to the Lender:
  - (i) this Agreement;
  - (ii) such other documents and instruments as the Lender may reasonably request;
- (b) as at the effective date of this Agreement and after taking into effect of the amendments contemplated herein, the representations and warranties set out in Section 4 above are true and correct.

6. Fees. Whether or not the transaction contemplated hereby is concluded, all reasonable, accrued out-of-pocket fees, costs and expenses whatsoever (including without limitation the legal fees and disbursements of Borden Ladner Gervais LLP, counsel to the Lender, and such local counsel as may be required in connection with the documents and matters contemplated by this Agreement) incurred by the Lender in respect of the negotiation, documentation, execution and administration of this Agreement shall be paid by the Borrower to the Lender on the earlier of demand therefor or presentation of an invoice therefor.

7. Severability. If any one or more of the provisions or any part of a provision contained in this Agreement should be invalid, illegal or unenforceable in any respect, such provision or part shall be severable from this Agreement and the validity, legality and enforceability of the remaining provisions and the balance of any provision impugned in part contained herein shall not in any way be affected or impaired thereby.
8. No other amendments. Except for the amendments set forth above, the execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of the Lender under the Credit Agreement or any of the other Loan Documents, nor constitute a waiver of any other provision of the Credit Agreement or any of the other Loan Documents. Except for the amendments set forth above, the text of the Credit Agreement and the other Loan Documents shall remain unchanged and in full force and effect, and each Loan Party hereby ratifies and confirms its obligations thereunder.
9. Novation. Nothing contained in this Agreement shall constitute a novation of any of the indebtedness or liability of the Loan Parties to the Lender arising under the Credit Agreement or any of the Loan Documents granted by the Loan Parties or any other party in favour of the Lender.
10. Counterparts. This Agreement may be signed in as many counterparts as may be necessary, and may be signed by facsimile or other means of electronic communication producing a printed copy, each of which so signed shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument and notwithstanding the date of execution shall be deemed to bear the date first set above written.
11. Successors and Assigns. This Agreement shall enure to the benefit of and be binding on the parties hereto and their respective successors and permitted assigns.
12. Applicable Law. 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 therein but excluding all choice of law and conflicts of laws rules thereof.
13. Renumbering. Any renumbering of sections, section references and Schedule numbers in the Credit Agreement shall be deemed to have occurred, as required by any deletions or additions of any Credit Agreement sections by operation of this Agreement.
14. Acknowledgment of Guarantors. Each of the General Partner, Clear North Capital Holdings Inc., DYL Holdings Inc., JC River Rock Holdings Ltd., and Happy Endings Holdco Ltd. hereby acknowledges the terms of this Agreement and hereby confirms that all Guarantees, Security and other Loan Documents entered into by it in connection with the Credit Agreement, as amended, continue to be valid, binding, enforceable and in full force and effect against such Holdco both before and after the execution and delivery of this Agreement.

*[Signature pages follow]*



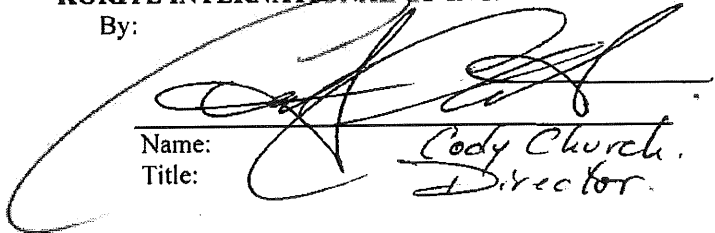
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

**KORITE INTERNATIONAL LIMITED PARTNERSHIP,**

by its general partner,

**KORITE INTERNATIONAL GP INC.**

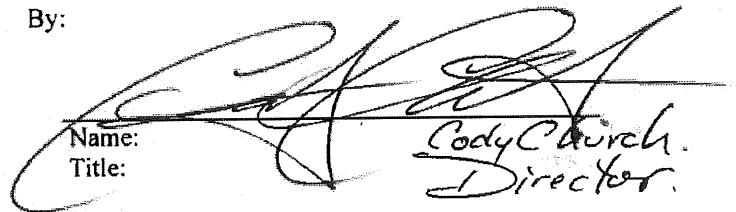
By:

  
Name: Cody Church.  
Title: Director.

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

**KORITE INTERNATIONAL GP INC.**

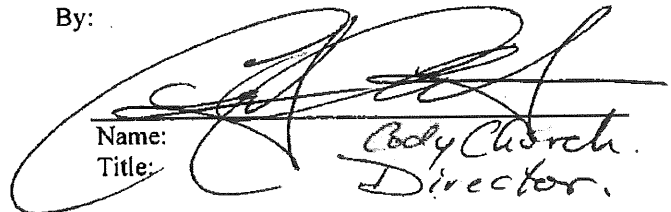
By:

  
Name: Cody Church.  
Title: Director.

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

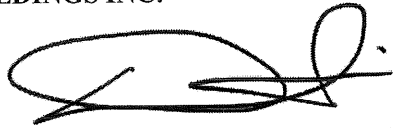
**CLEAR NORTH CAPITAL HOLDINGS INC.**

By:

  
Name: Cody Church.  
Title: Director.

DYL  
DLY HOLDINGS INC.

By:



---

Name: David Lui  
Title:

JC RIVER ROCK HOLDINGS LTD.

By:

---

Name:  
Title:

HAPPY ENDINGS HOLDCO LTD.

By:

---

Name:  
Title:

CANADIAN IMPERIAL BANK OF COMMERCE,  
as the Lender

By:

---

Name:  
Title:

---

Name:  
Title:


**DLY HOLDINGS INC.**

By:

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


**JC RIVER ROCK HOLDINGS LTD.**

By:

  
\_\_\_\_\_  
Name: John Issa  
Title:

**HAPPY ENDINGS HOLDCO LTD.**

By:

  
\_\_\_\_\_  
Name: JAMES CHUNG  
Title:

**CANADIAN IMPERIAL BANK OF COMMERCE,**  
as the Lender

By:

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

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

**DLY HOLDINGS INC.**

By:

---

Name:  
Title:

**JC RIVER ROCK HOLDINGS LTD.**

By:

---

Name:  
Title:

**HAPPY ENDINGS HOLDCO LTD.**

By:

---

Name:  
Title:

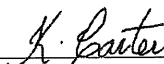
**CANADIAN IMPERIAL BANK OF COMMERCE,**  
as the Lender

By:



---

Name: Matthew O'Connell  
Title: Authorized Signatory



---

Name: Kadira Carter  
Title: Authorized Signatory

This is **Exhibit "G"** referred to in **Affidavit #1**  
of Kadira Carter made before me  
on August 26, 2024

*Natalie [Signature]*

Commissioner for Taking Affidavits

LSO #85641A



**UNLIMITED GUARANTEE**

KORITE INTERNATIONAL GP INC.

(the "Guarantor")

TO: CANADIAN IMPERIAL BANK OF COMMERCE (the "Lender")

DATE: December 18, 2020

## RECITALS:

- A. The Borrower (as defined below), as borrower, the Guarantor, as guarantor, and the Lender, as lender, are parties to the Credit Agreement (as defined below);
- B. The Guarantor is the general partner of the Borrower; and
- C. The Guarantor will derive substantial direct and indirect benefits and advantages from the financial accommodations to the Borrower under the Loan Documents, and the Guarantor acknowledges the value of that benefit. It is in the interests of the Guarantor that the Lender extends credit to the Borrower as part of the financial accommodations. The Guarantor is therefore prepared to issue this guarantee and indemnity to the Lender in order to induce it to extend credit.

FOR VALUE RECEIVED and intending to be legally bound by this guarantee and indemnity (the "Agreement"), the Guarantor agrees as follows:

## 1. INTERPRETATION

- 1.1 Capitalized Terms In this Agreement, except where the context otherwise requires, capitalized terms that are used and not otherwise defined have the meanings defined in the Credit Agreement (as defined below), and:

- (a) "Applicable Law" has the meaning ascribed thereto in the Credit Agreement.
- (b) "Borrower" means Korite International Limited Partnership.
- (c) "Credit Agreement" means the credit agreement dated December 18, 2020 among the Borrower, as borrower, the Guarantor, as guarantor, the other Loan Parties from time to time party thereto, and the Lender, as lender, as amended, restated, supplemented, modified or replaced from time to time.
- (d) "Event of Default" has the meaning ascribed thereto in the Credit Agreement.
- (e) "Loan Documents" has the meaning ascribed thereto in the Credit Agreement.
- (f) "Obligations" has the meaning ascribed thereto in the Credit Agreement.

- 1.2 No Contra Proferentem This Agreement has been negotiated by the Guarantor and the Lender with the benefit of legal representation, and any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply to the construction or interpretation of this Agreement.

- 1.3 Conflict With Credit Agreement If there is any conflict or inconsistency between the terms of the Credit Agreement and the terms of this Agreement, the provisions of the Credit Agreement shall govern to the extent necessary to remove the conflict or inconsistency.
- 1.4 Other Interpretation Rules In this Agreement:
- (a) Any rights or benefits stated to accrue to the benefit of the Lender shall accrue to the benefit of the Lender and any decision, determination or other action required or permitted to be made or taken by the Lender shall be interpreted to mean that decision, determination or other action made or taken in accordance with the provisions of the Credit Agreement.
  - (b) The division into Sections and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation of this Agreement.
  - (c) Unless otherwise specified or the context otherwise requires, (i) “including” or “includes” means “including (or includes) but is not limited to” and shall not be construed to limit any general statement preceding it to the specific or similar items or matters immediately following it, (ii) a reference to any legislation, statutory instrument or regulation or a section thereof is a reference to the legislation, statutory instrument, regulation or section as amended, restated and re-enacted from time to time, and (iii) words in the singular include the plural and vice-versa and words in one gender include all genders.
  - (d) Unless otherwise specified or the context otherwise requires, any reference in this Agreement to payment of the Obligations includes performance of the Obligations.
2. **GUARANTEE AND INDEMNITY**
- 2.1 Guarantee The Guarantor unconditionally guarantees payment to the Lender of the Obligations.
- 2.2 Indemnity The Guarantor also unconditionally agrees that, if the Borrower does not unconditionally and irrevocably pay any Obligations when due and those Obligations are not recoverable from the Guarantor for any reason under Section 2.1, the Guarantor shall indemnify the Lender immediately on demand against any cost, loss, damage, expense or liability suffered by the Lender as a result of the Borrower’s failure to do so.
- 2.3 Separate Liabilities The liabilities of the Guarantor under Sections 2.1 and 2.2 are separate and distinct from each other, but the provisions of this Agreement shall apply to the liabilities under both of those Sections unless the context otherwise requires.
- 2.4 Limit on Liability The liability of the Guarantor under this Agreement is unlimited.
- 2.5 Irrevocable This Agreement is irrevocable by the Guarantor, and the Guarantor expressly and unconditionally waives any right to terminate this Agreement.
- 2.6 Primary Obligation The Guarantor hereby binds itself as a principal and not as a surety for payment and performance of the Obligations. The Guarantor’s liability hereunder shall be the immediate, direct and primary obligation of the Guarantor and shall not be contingent upon the Lender’s exercise or enforcement of any remedy it may have against any Loan Party other than the Guarantor or against any collateral for any Obligations.

### 3. CONTINUING AGREEMENT AND REINSTATEMENT

- 3.1 Continuing Agreement This Agreement is a continuing guarantee and indemnity for a current or running account and will extend to the ultimate balance of the Obligations, regardless of any intermediate payment or discharge of the Obligations in whole or in part. Without limiting the foregoing, the Obligations may include advances and re-advances under revolving credit facilities, which permit borrowing, repayment of all or part of the amount borrowed and re-borrowing of amounts previously paid.
- 3.2 Payments in Gross Until this Agreement has been terminated in accordance with Section 3.4, all amounts of any kind received by the Lender from any source in respect of the Obligations shall be regarded for all purposes as payments in gross without any right on the part of the Guarantor to claim the benefit of those amounts in reduction of its liabilities under this Agreement.
- 3.3 Reinstatement If at any time any payment of the Obligations is or must be rescinded or returned by the Lender as a result of insolvency or reorganization of the Borrower or any other person, or for any other reason whatsoever, the Obligations will be deemed to have continued in existence and this Agreement shall continue to be effective, or be reinstated, as if the payment had not occurred. The Lender may concede or compromise any claim that any payment ought to be rescinded or returned without diminishing the liability of the Guarantor under this Section.
- 3.4 Termination If the Obligations have been fully performed or indefeasibly paid in full in cash and if all obligations of the Lender to extend credit under any Loan Document have been cancelled, then the Lender shall, at the request and expense of the Guarantor, execute and deliver whatever documents are reasonably required to acknowledge the termination of this Agreement and release of the Guarantor's obligations hereunder.

### 4. WAIVER OF DEFENCES AND OTHER MATTERS

- 4.1 In Addition to Other Rights; No Marshalling This Agreement is in addition to and is not in any way prejudiced by or merged with any other guarantee, indemnity or security now or subsequently held by the Lender in respect of any Obligations. The Lender shall be under no obligation to marshal in favour of the Guarantor any other guarantees or other securities or any money or other property that the Lender may be entitled to receive or may have a claim upon.
- 4.2 Liabilities Unconditional Subject to Section 3.4, the liabilities of the Guarantor under this Agreement are absolute and unconditional, and will not be affected by any act, omission, law, circumstance or thing that, but for this Section, would reduce, release or prejudice any of its liabilities under this Agreement, or that might constitute a legal or equitable defence to or a discharge, limitation or reduction of the Guarantor's liabilities under this Agreement, including the following, whether or not known to it or the Lender or consented to by it or the Lender:
- (a) any discontinuance, reduction, increase, extension or other variance of the credit granted by the Lender to the Borrower or any time, waiver or consent granted to, or any release of or compromise or other dealing of any kind with, the Borrower or any other person;
  - (b) any amendment, supplement or restatement (however fundamental) or replacement of any Loan Document;



- (c) any unenforceability, illegality or invalidity of any obligation of any person under or in connection with any Loan Document, including any bar to recovery under any statute of limitations;
- (d) the dissolution of the Borrower, any change in the name of the Borrower, or in the membership of the Borrower, if a partnership, or in the ownership, objects, capital structure or constitution of the Borrower, if a corporation, the sale of all or any part of the Borrower's business or the Borrower being amalgamated or merged with one or more other entities, but shall, notwithstanding any such event, continue to apply to all Obligations whether previously or subsequently incurred; and in the case of a change in the membership of a Borrower that is a partnership or in the case of the Borrower being amalgamated or merged with one or more other entities, this Agreement shall also apply to the liabilities of the resulting or continuing entity, and the term "Borrower" shall include each resulting or continuing entity;
- (e) any credit being granted or continued by the Lender purportedly to or for the Borrower after the dissolution, bankruptcy or insolvency of the Borrower;
- (f) any lack or limitation of power, incapacity or disability of the Borrower or of the directors, partners or agents of the Borrower, or the Borrower not being a legal or suable entity, or any irregularity, defect or lack of formality in the obtaining of credit by the Borrower;
- (g) any bankruptcy, insolvency or similar proceedings, including any stay of or moratorium on proceedings, any action or omission of the Lender in connection with any such proceedings, or any effect of any such proceedings on the Lender;
- (h) any impossibility, impracticability, frustration of purpose, *force majeure*, illegality or act of governmental authority affecting any Loan Document;
- (i) any taking or failure to take security, any loss of or loss of value of security for the Obligations, any invalidity, lack of perfection, unenforceability or release of any security, or any subordination, postponement or enforcement of, failure to enforce, or irregularity or deficiency in the enforcement of, any security or other right;
- (j) the existence of any claim, set-off or other right that the Guarantor may have against the Borrower, the Lender or any other person, whether in connection with the Loan Documents or otherwise; or
- (k) any loss of, or adverse effect on, any right of the Guarantor that is postponed pursuant to Section 6, whether or not caused by any act or omission of the Lender.

Each of the defences mentioned above is waived by the Guarantor to the fullest extent permitted under Applicable Law.

- 4.3 Information Concerning Borrower The Guarantor acknowledges that it is presently familiar with the Loan Documents, the financial condition of the Borrower and any other circumstances affecting the risk incurred by the Guarantor in connection with this Agreement. The Guarantor shall be solely responsible for keeping itself informed concerning those matters in the future. The Guarantor acknowledges that the Lender does not have any obligation to provide any information concerning those matters now or in the future and that, if it does so at any time, it shall have no obligation to update the information or provide other information subsequently.

- 4.4 No Obligation to Enforce Other Rights The Guarantor waives any right it may have of requiring the Lender (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming from the Guarantor under this Agreement and the Guarantor waives all benefits of discussion and division. These waivers apply irrespective of any law or any provision of any Loan Document to the contrary.
- 4.5 Saskatchewan The *Limitation of Civil Rights Act* (Saskatchewan) shall not have any application to this Agreement, or to any agreement or instrument renewing, extending, or collateral to this Agreement, or to the rights, powers or remedies of the Lender under this Agreement.
5. USE OF AMOUNTS RECEIVED
- 5.1 Use of Amounts Received Until this Agreement has been terminated in accordance with Section 3.4, the Lender (or any trustee or agent on its behalf) may:
- (a) refrain from applying any money received or enforcing any other security or rights held by or on behalf of the Lender in respect of the Obligations, or apply any money and enforce any other security or rights in any manner and order as it sees fit;
  - (b) change any application of money received in whole or in part from time to time; and
  - (c) hold in a suspense account any money received from the Guarantor or on account of the Guarantor's liabilities under this Agreement.
6. POSTPONEMENT OF GUARANTOR'S RIGHTS
- 6.1 Postponement of Subrogation Etc. Until this Agreement has been terminated in accordance with Section 3.4, the Guarantor shall not exercise any rights that it may have by reason of performance by it of its liabilities under this Agreement:
- (a) to be indemnified by the Borrower;
  - (b) to claim contribution from any other guarantor of the Obligations; or
  - (c) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Lender under any Loan Document.
- 6.2 Postponement of Set-Off Etc. Until this Agreement has been terminated in accordance with Section 3.4, the Guarantor shall not claim any set-off or counterclaim against the Borrower as a result of any liability of the Borrower to the Guarantor, or claim or prove in the bankruptcy or insolvency of the Borrower in competition with the Lender.
- 6.3 Postponement and Assignment The Guarantor postpones payment of all present and future debts, liabilities and obligations of the Borrower to the Guarantor (the "**Intercorporate Indebtedness**") until this Agreement has been terminated in accordance with Section 3.4. The Guarantor assigns to the Lender all Intercorporate Indebtedness as security for payment of the Guarantor's liabilities under this Agreement. Until the occurrence of an Event of Default that is continuing, the Guarantor may receive payments in respect of the Intercorporate Indebtedness as permitted under the Credit Agreement. Upon the occurrence and during the continuation of an Event of Default, all money received by the Guarantor in respect of the Intercorporate Indebtedness shall be received in trust for the Lender and forthwith upon receipt shall be paid over to the Lender, all without in any way

lessening or limiting the liabilities of the Guarantor under this Agreement. The provisions of this Section 6.3 are independent of the other provisions of this Agreement and shall remain in full force and effect until this Agreement has been terminated in accordance with Section 3.4, notwithstanding that the other liabilities of the Guarantor under this Agreement may have been discharged or terminated.

7. OBLIGATION TO MAKE PAYMENT

- 7.1 Payment Immediately After Demand The Guarantor's liability to make a payment under this Agreement shall arise immediately after demand for payment has been made in writing on the Guarantor. In connection with any demand, the Lender may treat all Obligations as due and payable and may demand immediate payment from the Guarantor of the total amount of its liabilities under this Agreement, whether or not all Obligations are otherwise due and payable at the time of demand.
- 7.2 Right to Enforce Demands under this Agreement may be made from time to time, and the liabilities of the Guarantor under this Agreement may be enforced, irrespective of:
- (a) whether any demands, steps or proceedings are being or have been made or taken against the Borrower and/or any third party; or
  - (b) whether or in what order any security to which the Lender may be entitled in connection with any Loan Document is enforced.
- 7.3 Certificate as to Amount A certificate of the Lender specifying the outstanding amount of the Obligations shall be conclusive evidence of that amount against the Guarantor in the absence of any manifest error.
- 7.4 Interest The Guarantor's liabilities under this Agreement shall bear interest from the date of demand at the highest rate of interest per annum that is applicable to any part of the Obligations.
- 7.5 Rights Cumulative No failure on the part of the Lender to exercise, nor any delay in exercising, any right or remedy under any Loan Document or this Agreement shall operate as a waiver, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise or the exercise of any other right or remedy. Neither the taking of any judicial or extra-judicial proceeding nor the exercise of rights under any security held from the Guarantor shall extinguish the liability of the Guarantor to pay and perform its liabilities under this Agreement, nor shall the acceptance of any payment or security create any novation. No covenant, representation or warranty of the Guarantor in this Agreement shall merge in any judgment. The rights and remedies provided in this Agreement are cumulative and do not exclude any rights and remedies provided by law or otherwise.
- 7.6 Limitation Periods To the extent that any limitation period applies to any claim for payment of the Obligations or remedy for enforcement of the Obligations, the Guarantor agrees that:
- (a) any limitation period is expressly excluded and waived entirely if permitted by Applicable Law;
  - (b) if a complete exclusion and waiver of any limitation period is not permitted by Applicable Law, any limitation period is extended to the maximum length permitted by Applicable Law;

- (c) any applicable limitation period shall not begin before an express demand for payment of the Obligations is made in writing by the Lender to the Guarantor;
- (d) any applicable limitation period shall begin afresh upon any payment or other acknowledgment of the Obligations by the Guarantor; and
- (e) this Agreement is a “business agreement” as defined in the *Limitations Act, 2002* (Ontario) if that Act applies.

## 8. PAYMENTS

- 8.1 Withholdings Etc. Any payment made by the Guarantor under this Agreement shall be made without any deduction or withholding for or on account of tax and without any set-off or counterclaim of any kind. However, if the Guarantor is required by law to deduct, withhold or pay any tax in respect of any payment under this Agreement, then (i) the Guarantor shall pay additional sums under this Agreement as necessary so that, after making or allowing for all required deductions, withholdings and payments (including deductions, withholdings and payments applicable to additional sums payable under this Section), the Lender receives an amount equal to the sum it would have received had no deductions, withholdings or payments been required, (ii) the Guarantor shall make any deductions, withholdings or payments required by law to be made by it and (iii) the Guarantor shall timely pay the full amount required to be deducted, withheld or paid to the relevant governmental authority in accordance with Applicable Law.
- 8.2 Currency and Place of Payment Payment shall be made in the currency or currencies specified in the demand for payment to the Lender at the Lender’s address as set out in Section 9.1 or another address or account that the Lender may specify by written notice to the Guarantor from time to time.
- 8.3 Currency Indemnity If a judgment or order is rendered by any court or tribunal for the payment of any amount owing to the Lender under or in connection with this Agreement and the judgment or order is expressed in a currency (the “**Judgment Currency**”) other than the currency payable under or in connection with this Agreement (the “**Agreed Currency**”), the Guarantor shall indemnify and hold the Lender harmless against any deficiency in terms of the Agreed Currency in the amount received by the Lender arising or resulting from any variation as between (a) the rate at which the Agreed Currency is converted into the Judgment Currency for the purposes of the judgment or order, and (b) the rate at which the Lender is able to purchase the Agreed Currency in accordance with normal banking practice with the amount of the Judgment Currency actually received by the Lender on the date of receipt. The indemnity in this Section shall constitute a separate and independent liability from the other liabilities of the Guarantor under this Agreement, shall apply irrespective of any indulgence granted by the Lender, and shall be secured by any security held by the Lender from the Guarantor.
- 8.4 Set-Off The Lender and its affiliates are authorized at any time and from time to time to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by the Lender or affiliates to or for the credit or the account of the Guarantor against any and all of the liabilities of the Guarantor now or in the future existing under this Agreement, irrespective of whether or not the Lender has made any demand under this Agreement and although those liabilities of the Guarantor may be contingent or unmatured or are owed to a branch or office of the Lender different from the branch or office holding any deposit or obligated to the Guarantor. The rights of the Lender and its affiliates under this Section 8.4 are in addition to other rights and remedies

(including other rights of set-off, consolidation of accounts and bankers' lien) that the Lender or its affiliates may have.

9. NOTICES

- 9.1 Notices in Writing Any communication to be made under this Agreement shall be made in writing and may be made by fax, e-mail or letter. Any communication shall be effective when received if during business hours or on the next business day if received outside of business hours.

Address for Notice The Guarantor's address for notice is:

Korite International GP Inc.  
Bay #167, 3953 112 Ave SE  
Calgary, AB T2C 0J4

Attention: Cody Church  
E-mail: cchurch@clearnorthcapital.com &  
hazel.dacosta@korite.com

The Lender's address for notice is:

Canadian Imperial Bank of Commerce  
595 Bay Street, 5<sup>th</sup> Floor  
Toronto, Ontario  
M5G 2C2

Attention: Flordeliza Centeno  
Facsimile: (416) 980-7221

10. ENTIRE AGREEMENT; SEVERABILITY

- 10.1 Entire Agreement This Agreement embodies all the agreements between the Guarantor and the Lender relating to the guarantee, indemnity, assignment and postponement contemplated in this Agreement. No party shall be bound by any representation or promise made by any person relating to this Agreement that is not embodied in it. It is specifically agreed that the Lender shall not be bound by any representation or promise made by the Borrower to the Guarantor. Any waiver of, or consent to departure from, the requirements of any provision of this Agreement shall be effective only if it is in writing and signed by the Lender, and only in the specific instance and for the specific purpose for which it has been given.
- 10.2 Severability If, in any jurisdiction, any provision of this Agreement or its application to any circumstance is restricted, prohibited or unenforceable, that provision shall, as to that jurisdiction, be ineffective only to the extent of that restriction, prohibition or unenforceability without invalidating the remaining provisions of this Agreement, without affecting the validity or enforceability of that provision in any other jurisdiction and, if applicable, without affecting its application to other circumstances.

## 11. DELIVERY OF AGREEMENT

- 11.1 Counterparts This Agreement may be executed in any number of counterparts and all counterparts taken together shall be deemed to constitute one agreement.
- 11.2 Delivery To evidence the fact that it has executed this Agreement, the Guarantor may send a signed copy of this Agreement or its signature to this Agreement by facsimile transmission or e-mail and the signature sent in that way shall be deemed to be its original signature for all purposes.
- 11.3 No Conditions Possession of this Agreement by the Lender shall be conclusive evidence against the Guarantor that the Agreement was not delivered in escrow or pursuant to any agreement that it should not be effective until any condition precedent or subsequent has been complied with. This Agreement shall be operative and binding notwithstanding that it is not executed by any proposed signatory.
- 11.4 Receipt and Waiver The Guarantor acknowledges receipt of a copy of this Agreement. The Guarantor waives any notice of acceptance of this Agreement by the Lender. The Guarantor also waives the right to receive a copy of any financing statement or financing change statement that may be registered in connection with this Agreement or any verification statement issued with respect to a registration, if waiver is not otherwise prohibited by law. The Guarantor agrees that the Lender may from time to time provide information regarding this Agreement and the Obligations to persons that the Lender believes in good faith are entitled to the information under Applicable Law.

## 12. GOVERNING LAW

- 12.1 Governing Law This Agreement and any dispute arising from or in relation to this Agreement shall be governed by, and interpreted and enforced in accordance with, the laws of the Province of Alberta and the federal laws of Canada applicable in that province, excluding the conflict of law rules of that province.
- 12.2 Guarantor's Exclusive Dispute Resolution Jurisdiction The Guarantor agrees that the courts of the Province of Alberta have exclusive jurisdiction over any dispute arising from or in relation to this Agreement and the Guarantor irrevocably and unconditionally attorns to the exclusive jurisdiction of that province. The Guarantor agrees that the courts of that province are the most appropriate and convenient forum to settle disputes and agrees not to argue to the contrary.
- 12.3 Lender Entitled to Concurrent Jurisdiction Despite Section 12.2, the Lender is permitted to take proceedings in relation to any dispute arising from or in relation to this Agreement in any court of another province or another state with jurisdiction and to the extent allowed by law may take concurrent proceedings in any number of jurisdictions.

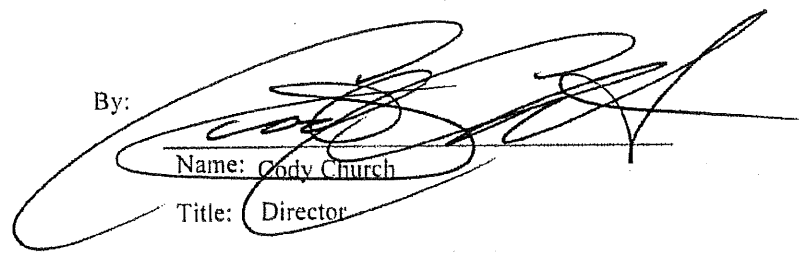
## 13. SUCCESSORS AND ASSIGNS

- 13.1 Successors and Assigns The Guarantor may not assign or transfer all or any part of its liabilities under this Agreement. This Agreement shall enure to the benefit of the Lender and its successors and assigns and be binding on the Guarantor and its successors and any permitted assigns.

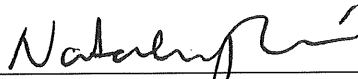
*[Signature page follows]*

IN WITNESS OF WHICH, the Guarantor has duly executed this Agreement on the date first written above.

**KORITE INTERNATIONAL GP INC.**  
by its authorized signatory:

By:   
Name: Cody Church  
Title: Director

This is **Exhibit "H"** referred to in **Affidavit #1**  
of Kadira Carter made before me  
on August 26, 2024



Commissioner for Taking Affidavits

LSO #85641A





**DEBENTURE**

KORITE INTERNATIONAL LIMITED PARTNERSHIP

(the "Obligor")

TO : CANADIAN IMPERIAL BANK OF COMMERCE (the "Secured Party")

DATE: December 18, 2020

PRINCIPAL  
SECURED: \$8,750,000 (the "Principal Secured")

WHEREAS:

- A. The Obligor, as borrower, Korite International GP Inc. (the "Guarantor"), as guarantor, the other Loan Parties from time to time party thereto, and the Secured Party, as lender, are parties to the Credit Agreement (as defined below); and
- B. As security for the Obligations (as defined below), the Obligor has agreed to grant in favour of the Secured Party this Debenture in connection with certain Mineral Agreements and other Mineral Rights (as defined herein).

FOR VALUE RECEIVED and intending to be legally bound by this Debenture, the Obligor hereby agrees as follows:

**1. INTERPRETATION**

- 1.1. Capitalized Terms In this Debenture, except where the context otherwise requires, capitalized terms that are used and not otherwise defined have the meanings defined in the Credit Agreement (as defined below), and:
  - (a) "Credit Agreement" means the credit agreement dated December 18, 2020 among the Obligor, as borrower, the Guarantor, as guarantor, the other Loan Parties from time to time party thereto, and the Secured Party, as lender, as amended, restated, supplemented, modified or replaced from time to time.
  - (b) "Charges" means the mortgage and other security interests in favour of the Secured Party that are created under this Debenture and more particularly described in Section 2 hereof.
  - (c) "Event of Default" has the meaning ascribed to it in the Credit Agreement.
  - (d) "Mineral Agreements" means, collectively, any and all documents including, without limitation, all documents of title, leases, reservations, mineral claims, placer claims, permits, dispositions, licences, assignments, trust declarations, participation, exploration, farm out, farm in, royalty, purchase, or other agreements by virtue of which the Obligor is entitled to work, win, carry away, explore, develop and extract mines and Minerals or otherwise acquire Mineral Rights, including without limitation, the agreements listed from time to time in **Schedule "A"** attached hereto.

- (e) **“Mineral Rights”** means all of the right, title, estate and interest, whether contingent or absolute, legal or beneficial, present or future, vested or not, and whether or not an “interest in land”, of the Obligor in and to any of the following, by whatever name the same are known:
- (i) the right to explore for, mine, drill for and produce, take, save, work, treat, process or market any Minerals;
  - (ii) rights to a share of the production of any Minerals;
  - (iii) rights to a share of the proceeds of, or to receive payments calculated by reference to the quantity or value of, the production of any Minerals; and
  - (iv) rights to acquire any of the rights described in paragraphs (i) through (iii) of this definitions,

and includes, without limitation, interests and rights known as working interests, royalty interests, overriding royalty interests, gross overriding royalty interests, production payments, profits interests, net profits interests, revenue interests, net revenue interests, economic interests and other interests and fractional or undivided interests in any of the foregoing and freehold, leasehold or other interests.

- (f) **“Minerals”** means any non-viable substance formed by the processes of nature, irrespective of chemical or physical state and before and after extraction, and for greater certainty includes ammonite shells or fossils.
- (g) **“Obligations”** has the meaning ascribed to it in the Credit Agreement.
- (h) **“Person”** means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization, government or any agency or political subdivision thereof, or any other form of entity.
- (i) **“Lands”** means, collectively, all of the lands that are described, from time to time, in **Schedule “A”** attached hereto in connection with the corresponding Mineral Agreements.

1.2. No Contra Proferentem. This Debenture has been negotiated by the Obligor and the Secured Party with the benefit of legal representation, and any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply to the construction or interpretation of this Debenture.

1.3. Conflict with Credit Agreement If there is any conflict or inconsistency between the terms of the Credit Agreement and the terms of this Debenture, the provisions of the Credit Agreement shall govern to the extent necessary to remove the conflict or inconsistency; provided however, that a conflict or inconsistency shall not be deemed to occur if this Debenture provides for a matter and the Credit Agreement does not, or vice-versa.

1.4. Other Interpretive Rules In this Debenture:

- (a) The division into Sections and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation of this Debenture.

- (b) Unless otherwise specified or the context otherwise requires, (i) “including” or “includes” means “including (or includes) but is not limited to” and shall not be construed to limit any general statement preceding it to the specific or similar items or matters immediately following it, (ii) a reference to any legislation, statutory instrument or regulation or a section of it is a reference to the legislation, statutory instrument, regulation or section as amended, restated and re-enacted from time to time, and (iii) words in the singular include the plural and vice-versa and words in one gender include all genders.
- (c) Unless otherwise specified or the context otherwise requires, any reference in this Debenture to payment of the Obligations includes performance of the Obligations.
- 1.5 PPSA Definitions The terms “accessions”, “accounts”, “chattel paper”, “documents of title”, “goods”, “instruments”, “intangibles”, “inventory”, “investment property”, “money” and “proceeds” whenever used herein shall have the meanings given to those terms in the *Personal Property Security Act* (Alberta) (the “PPSA”), as now enacted or as the same may from time to time be amended, re-enacted or replaced.
- 1.6 Deemed Satisfaction Notwithstanding the form and terms of this Debenture, including without limitation the Principal Secured, the Secured Party shall not claim or realize an amount under or in respect of this Debenture in excess of the aggregate Obligations (other than the Principal Secured contained in this Debenture) from time to time and payment in full to the Secured Party of all of the Obligations (other than the Principal Secured contained in this Debenture) will be deemed to be payment in satisfaction of the Principal Secured and the other Obligations under this Debenture.

## 2. SECURITY

- 2.1. Mortgage As continuing security for: (i) the due observance, payment and performance by the Obligor of the Obligations, and (ii) the due performance and payment of any other debts, liabilities, obligations and covenants of the Obligor contained in the Credit Agreement, the Obligor hereby:
- (a) mortgages and charges to and in favour of the Secured Party, as and by way of a first, fixed and specific mortgage and charge and grants to and in favour of the Secured Party, a security interest in, all of the right, title and interest now held or hereafter acquired by the Obligor in and to:
- (i) the Mineral Agreements, and all other leases, licenses, permits, reservations, agreements, authorizations and other instruments under which the Obligor derives, holds, operates or maintains Mineral Rights, and all rights, benefits, privileges and advantages to be derived therefrom;
  - (ii) all Mineral Rights held or hereafter held by the Obligor in connection with the Minerals Agreements and the Lands;
  - (iii) all other contracts for purchase or utilization of Minerals from or allocated to the Lands;
  - (iv) all servitudes, leases, licenses, privileges, easements, rights of way, rights of ingress and egress and other surface rights under which the Obligor derives or holds the right to explore for, produce, store, gather, treat or process Minerals upon or in respect of the Lands; and

- (b) assigns, mortgages and charges as and by way of first, fixed and specific mortgage, assignment and charge to and in favour of the Secured Party, and grants to and in favour of the Secured Party, a security interest in, all right, title and interest now held or hereafter acquired by the Obligor in and to:
- (i) all Minerals produced from the Lands;
  - (ii) all monies and proceeds derived from the sale or utilization of Minerals referred to in paragraph (i) of Section s.1(b) hereof;
  - (iii) all monies receivable under contracts for the purchase, operation, and utilization of Minerals from or allocated to the Lands; and
  - (iv) all proceeds accruing to the credit of the Obligor from time to time as a result of its ownership or operation of its interest in the Mineral Rights in the Lands;

(the property referred to in Section 2.1(a) and 2.1(b) shall be referred to herein, collectively, as, the “**Collateral**”),

TO HAVE AND TO HOLD such Collateral and rights hereby conferred on the Secured Party, for the use and purposes and with the power and authority and subject to the terms, conditions, provisos, covenants and stipulations herein expressed.

- 2.2. Restricted Property The Collateral shall not include any lease, agreement, contractual right, franchise, licence or approval (collectively, “**Restricted Property**”) held by the Obligor now or in the future if the liens created by this Debenture would otherwise result in a breach, forfeiture or termination of the Restricted Property unless any necessary consent or waiver is obtained. The Obligor shall, on request by the Secured Party, promptly use all commercially reasonable efforts to seek any necessary consent or waiver to have the Restricted Property form part of the Collateral and to any disposition of the Restricted Property upon enforcement of this Debenture. If a consent or waiver is obtained, the applicable Restricted Property shall form part of the Collateral without any further action. If any consent or waiver is not obtained, and if the liens created by this Debenture become enforceable, the Obligor shall hold any Restricted Property for which a consent or waiver has not been obtained and its benefits in trust for the Secured Party, and shall perform its obligations and exercise and enforce its rights under that Restricted Property, including rights of disposition, at the direction of the Secured Party.
- 2.3. Attachment The Obligor agrees that the Secured Party has given value and that the Charges created by this Debenture are intended to attach when this Debenture is executed by the Obligor and, with respect to after-acquired property, when the Obligor acquires an interest in such property. In each case, the parties do not intend to postpone the attachment of any Charges created by this Agreement.
- 2.4. Last Day of Lease The Charges will not extend or apply to the last day of the term of any lease of real property or agreement therefor, but upon enforcement of the Charges, the Obligor will stand possessed of such last day in trust to assign the same at the direction of the Secured Party to any Person acquiring such term.
- 2.5. Registration and Power of Attorney The Obligor hereby authorizes the Secured Party to file or register such financing statements, financing change statements and other documents as the Secured Party may deem appropriate to perfect on an ongoing basis and continue the Charges, and to protect and preserve the Collateral and the Obligor hereby irrevocably constitutes and appoints

any officer or director of the Secured Party the true and lawful attorney of the Obligor, with full power of substitution, to do any of the foregoing in the name of the Obligor whenever and wherever it may be deemed necessary and expedient. This power of attorney is coupled with an interest and is irrevocable by the Obligor.

- 2.6. Continuing Agreement The Charges created by this Debenture are continuing, to secure a current or running account, and will extend to the ultimate balance of the Obligations, regardless of any intermediate payment or discharge of the Obligations in whole or in part. Without limiting the foregoing, the Obligations may include advances and re-advances under revolving credit facilities, which permit borrowing, repayment of all or part of the amount borrowed and re-borrowing of amounts previously paid.
- 2.7. In Addition to Other Rights; No Marshalling This Debenture is in addition to and is not in any way prejudiced by or merged with any other mortgage, charge, lien or other encumbrance, now or subsequently held by the Secured Party in respect of any Obligations. The Secured Party shall be under no obligation to marshal in favour of the Obligor any other mortgage, charge, lien or other encumbrance or any money or other property that the Secured Party may be entitled to receive or may have a claim upon.
- 2.8. No Release Notwithstanding the provisions contained in this Section 2, the Obligor shall remain liable to perform and observe all of its duties and obligations in respect of the Collateral to the same extent as if this Debenture had not been executed and the exercise by the Secured Party of any of their rights under this Debenture shall not release the Obligor from performing and observing such duties and obligations and the Secured Party shall have no liability for the performance or observance of such duties or obligations by reason only of the execution and delivery of this Debenture.
- 2.9. Merger of Obligor If the Obligor amalgamates or merges with one or more other entities, the Obligations and the Charges created by this Debenture shall continue as to the Obligations and the Collateral at the time of amalgamation or merger, and shall extend to the Obligations and the present and future undertaking, property and assets of the amalgamated or merged entity, and the term Obligor shall extend to the amalgamated or merged entity, all as if the amalgamated or merged entity had executed this Debenture as the Obligor.
- 2.10. Limitations Periods To the extent that any limitation period applies to any claim for payment of the Obligations or remedy for enforcement of the Obligations, the Obligor agrees that:
- (a) any limitation period is expressly excluded and waived entirely if permitted by Applicable Law;
  - (b) if a complete exclusion and waiver of any limitation period is not permitted by Applicable Law, any limitation period is extended to the maximum length permitted by Applicable Law;
  - (c) any applicable limitation period shall not begin before an express demand for payment of the Obligations is made in writing by the Secured Party to the Obligor;
  - (d) any applicable limitation period shall begin afresh upon any payment or other acknowledgment of the Obligations by the Obligor; and

- (e) this Debenture is a “business agreement” as defined in the *Limitations Act, 2002* (Ontario) if that Act applies.

### **3. COVENANTS OF THE OBLIGOR**

3.1. General Covenants The Obligor covenants and agrees with the Secured Party:

- (a) to pay the Principal Secured, interest and other monies hereby secured in accordance with the terms of this Debenture and the Credit Agreement;
- (b) to warrant and forever defend all or any part of the Collateral unto the Secured Party against every person whomsoever lawfully claiming or attempting to claim the same or any part thereof except claims in respect of Permitted Encumbrances;

### **4. REPRESENTATIONS OF THE OBLIGOR**

The Obligor represents and warrants to and in favour of the Secured Party that:

- (a) it has good right, full power and lawful authority to create upon the Collateral the Charges contained in this Debenture.
- (b) it has good and valid title to the Collateral, and that the Collateral is free and clear of all mortgages, liens, charges, encumbrances and other security interests, other than Permitted Encumbrances;
- (c) no registration or filing with, or approval by, or consent of, any Person, governmental authority or agency having jurisdiction over the Obligor is required to be made or obtained by the Obligor in connection with the execution, delivery or performance of this Debenture, except as may be necessary to perfect the mortgages, charges and security interests created hereby;
- (d) the Obligor is not aware of any right or option (except for rights and options arising in the ordinary course of business in the mining industry) in any Person relating to the Collateral which could, if exercised, have the effect of divesting the Obligor of title to the affected properties;
- (e) the Obligor has not received from any Person any notice claiming an entitlement to, exercising or purporting to exercise any right of first refusal, right of first purchase or similar right or option relating to any material part of the Collateral which could, if exercised, have the effect of divesting the Obligor of title to the affected properties; and
- (f) without limiting anything contained in this Debenture, neither the provisions of this Debenture nor the actual or constructive notice on the part of the Secured Party of the actual or alleged existence of any right of any Person to claim any right of first refusal or right of first purchase shall affect or derogate from the right of the Secured Party to rely upon Sections 4(a) or 4(b).

### **5. RIGHTS AND OBLIGATIONS OF THE SECURED PARTY**

5.1. Application of Article The provisions of this Section 5 apply on the occurrence of an Event of Default that is continuing.

- 5.2. Event of Default Upon the occurrence of an Event of Default that is continuing, the Principal Secured and other moneys secured by this Debenture shall become immediately due and payable, whether with or without prior demand therefor, and the security hereby constituted shall become enforceable. The Secured Party may waive any breach by the Obligor of any of the provisions contained in this Debenture or any default by the Obligor in the observance or performance of any covenant, agreement or condition required to be kept, observed or performed by the Obligor under the terms of this Debenture; provided always that no act or omission of the Secured Party shall extend to or be taken in any manner whatsoever to affect any subsequent breach or default or to affect the rights of the Secured Party resulting therefrom.
- 5.3. Rights of Secured Party The Secured Party may, subject to Applicable Law, either before or after any entry:
- (a) carry on all or any part of the business of the Obligor;
  - (b) make payments on account of, to discharge, or to obtain an assignment of any encumbrance on the Collateral, whether or not ranking in priority to the Charges created by this Debenture;
  - (c) file proofs of claim and other documents to establish the claims of the Secured Party in any proceeding relating to the Obligor or its affiliates;
  - (d) take possession of the Collateral by any method permitted by law;
  - (e) use the Collateral in the manner and to the extent that the Secured Party may consider appropriate;
  - (f) hold, insure, repair, process, maintain, protect and preserve the Collateral and prepare it for disposition;
  - (g) sell, lease or otherwise dispose of all or any part of the Collateral at public auction, by public tender or by private sale, lease or other disposition, either for cash or on credit, at such time and on such terms and conditions as the Secured Party may determine. If any disposition involves deferred payment, the Secured Party will not be accountable for and the Obligor will not be entitled to be credited with the proceeds of disposition until payment is actually received in cash. On any disposition, the Secured Party shall have the right to acquire all or any part of the Collateral that is offered for disposition and the rights of the Obligor in that Collateral shall be extinguished. The Secured Party may also accept the Collateral in satisfaction of the Obligations or may from time to time designate any part of the Obligations to be satisfied by the acceptance of particular Collateral that the Secured Party reasonably determines to have a net realizable value equal to the amount of the designated part of the Obligations, in which case only the designated part of the Obligations shall be satisfied by the acceptance of the particular Collateral.

The Secured Party is not, however, required to insure the Collateral and the risk of any loss of or damage to the Collateral shall be borne by the Obligor.

- 5.4. Appointment of Monitor The Secured Party may from time to time appoint any Person (the "**Monitor**") to investigate any or all of the Collateral, the Obligor and the Obligor's business and affairs and report to the Secured Party. The Obligor shall co-operate fully with the Monitor and

give the Monitor, upon having received reasonable advance written notice from the Monitor, full access to its facilities, property, records, creditors, customers, contractors, officers, directors, employees, auditors, legal counsel and agents. The Monitor shall not participate in the management of the Obligor's business or affairs and shall have no responsibility, nor shall it incur any liability, in respect of the Collateral, the Obligor or the Obligor's business or affairs. The Monitor shall act solely on behalf of the Secured Party and shall have no contractual relationship with the Obligor as a consultant or otherwise, nor shall the Obligor be entitled to receive any report by the Monitor. The appointment of the Monitor shall not be regarded as an act of enforcement of the Charges created by this Debenture. All reasonable costs incurred in connection with the appointment of the Monitor and the performance by the Monitor of its activities as such, including legal fees on a full indemnity (sometimes called solicitor and own client) basis shall be payable by the Obligor to the Secured Party immediately on demand, shall bear interest from the date they are incurred until paid at the highest rate of interest applicable to the Obligations and shall be included in the Obligations.

- 5.5. Proceeds The Secured Party may take charge of all proceeds of the Collateral and may hold them as additional security for the Obligations. The Secured Party may give notice to any or all account debtors of the Obligor and to any or all Persons liable to the Obligor under an instrument to direct all payments or other proceeds relating to the Collateral to the Secured Party and any payments or other proceeds of the Collateral received by the Obligor from account debtors or from any Persons liable to the Obligor under an instrument, after notice is given by the Secured Party, shall be held by the Obligor in trust for the Secured Party and immediately paid over to the Secured Party. The Secured Party shall not, however, be required to collect any proceeds of the Collateral. The Secured Party may also enforce any rights of the Obligor in respect of the Collateral by any manner permitted by Applicable Law.
- 5.6. Notice of Disposition If required to do so by Applicable Law, the Secured Party shall give the Obligor written notice of any intended disposition of the Collateral in accordance with the Credit Agreement or by any other method required or permitted by Applicable Law. The Obligor waives giving of notice to the maximum extent permitted by Applicable Law.
- 5.7. Statutory Waivers To the maximum extent permitted by Applicable Law, the Obligor waives all of the rights, benefits and protections given by any present or future statute that imposes limits on the rights, remedies or powers of a Secured Party or on the methods of realization of security, including any seize or sue or anti-deficiency statute or any similar provisions of any other statute. In particular, the Obligor waives all rights, benefits and protections given by sections 47 and 50 of the *Law of Property Act* (Alberta) insofar as they extend to or relate to any Collateral. The *Limitation of Civil Rights Act* (Saskatchewan) shall not apply to the Charges created by this Debenture or any rights, remedies or powers of a Secured Party or any receiver.
- 5.8. Commercially Reasonable Actions and Omissions The Obligor agrees that it is commercially reasonable for the Secured Party (a) not to incur expenses that it reasonably considers significant to prepare Collateral for disposition or otherwise to complete raw material or work in process into finished goods or other finished products for disposition, (b) not to obtain third party consents for access to Collateral to be disposed of, or to obtain or, if not required by other law, not to obtain governmental or third party consents for the collection or disposition of Collateral to be collected or disposed of, (c) not to exercise collection remedies against account debtors or other Persons obligated on Collateral or to remove encumbrances on or adverse claims against Collateral, (d) to exercise collection remedies against account debtors and other Persons obligated on Collateral directly or through the use of collection agencies and other collection specialists, (e) to advertise dispositions of Collateral through publications or media of general circulation, whether or not the Collateral is of a specialized nature, (f) to contact other Persons, whether or not in the same business



as the Obligor, for expressions of interest in acquiring all or any portion of the Collateral, (g) to hire one or more professional auctioneers or other Persons, including employees of the Obligor, brokers, investment bankers, consultants and other professionals to assist in the collection or disposition of Collateral, whether or not the Collateral is of a specialized nature, (h) to dispose of Collateral by utilizing internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets, (i) to dispose of assets in wholesale rather than retail markets, (j) to disclaim disposition warranties, (k) to vary or rescind any contract for the disposition of any Collateral, or (l) to purchase insurance or credit enhancements or take other steps to insure the Secured Party against risks of loss, collection or disposition of Collateral or to provide the Secured Party a guaranteed return from the collection or disposition of Collateral. The Obligor acknowledges that the purpose of this Section is to provide selected examples of actions and omissions that would be commercially reasonable in the Secured Party's exercise of remedies against the Collateral and that other actions and omissions shall not be considered commercially unreasonable solely on account of not being mentioned in this Section, nor shall the Secured Party be liable or accountable for any discount attributable to the specified actions and omissions. Nothing in this Section shall be construed to grant any rights to the Obligor or to impose any duties on the Secured Party that would not have been granted or imposed by this Debenture or by Applicable Law in the absence of this Section. In exercising its rights and obligations under this Debenture, the Secured Party shall not be responsible or liable to the Obligor or any other Person for any loss or damage from the realization or disposal of any Collateral or the enforcement of this Debenture, or any failure to do so, or for any act or omission on their respective parts or on the part of any of its directors, officers, employees, agents or advisors in that connection, except that the Secured Party may be responsible or liable for loss or damage arising from its wilful misconduct or gross negligence.

- 5.9. Other Security; Application of Money The Secured Party may (a) refrain from enforcing any other security or rights held by it in respect of the Obligations, or enforce any other security or rights in any manner and order as it sees fit, and (b) subject to the provisions of the Credit Agreement, apply any money received from or in respect of the Collateral in any manner and order as it sees fit and change any application of money received in whole or in part from time to time, or refrain from applying any money and hold it in a suspense account.
- 5.10. Third Parties No Person dealing with the Secured Party is required to determine (a) whether the Charges created by this Debenture or the powers purporting to be exercised have become enforceable, (b) whether any Obligations remain owing, (c) the propriety of any aspect of the disposition of Collateral or (d) how any payment to the Secured Party has been or will be applied. Any Person who acquires Collateral from the Secured Party in good faith shall acquire it free from any interest of the Obligor.
- 5.11. Appointment of Receiver The Secured Party may take proceedings in any court of competent jurisdiction for the appointment of a receiver (which term includes a receiver and manager) of the Collateral or may by appointment in writing appoint any Person to be a receiver of the Collateral. The Secured Party may remove any receiver appointed by the Secured Party and appoint another in its place, and may determine the remuneration of any receiver, which may be paid from the proceeds of the Collateral in priority to other Obligations. Any receiver appointed by the Secured Party shall, to the extent permitted by Applicable Law, have all of the rights, benefits and powers of the Secured Party under this Debenture or otherwise. Any receiver shall be deemed the agent of the Obligor and the Secured Party shall not be in any way responsible for any misconduct or negligence of any receiver. The Obligor agrees to ratify and confirm all actions of the receiver acting as agent for the Obligor, and to release and indemnify the receiver in respect of all such actions.

- 5.12. Mortgagee in Possession Nothing done by the Secured Party or by any receiver or receivers in possession of the Collateral, shall render the Secured Party or receiver a mortgagee in possession or responsible as such, or in any way limit or curtail the remedies of the Secured Party as a mortgagee or creditor under any Applicable Law or statute.
- 5.13. Rights Cumulative No failure on the part of the Secured Party to exercise, nor any delay in exercising, any right or remedy under the Credit Agreement, this Debenture, or any other document related thereto shall operate as a waiver or impose any liability on the Secured Party, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Debenture are cumulative and do not exclude any rights and remedies provided by Applicable Law. If the Secured Party has enforced any right or remedy under this Debenture and the enforcement proceeding has been discontinued, abandoned or determined adversely to the Secured Party for any reason, then the Obligor and the Secured Party shall, without any further action, be restored to their previous positions to the maximum extent permitted by law and subject to any determination in the enforcement proceeding or express agreement between the Obligor and the Secured Party, and thereafter all rights and remedies of the Secured Party shall continue as if no enforcement proceeding had been taken. In addition to any other rights granted herein, upon the security created hereby becoming enforceable, the Secured Party may, either directly or through its agents or nominees, exercise any or all of the powers and rights given to a receiver by virtue of this Debenture and may proceed to realize upon all or any part of the security created hereby by any means whatsoever that a court of competent jurisdiction shall approve or that may be available to the Secured Party at law or in equity.
- 5.14. Obligor liable for Deficiency If the proceeds arising from the disposition of the Collateral fail to satisfy the Obligations, the Obligor shall pay any deficiency to the Secured Party on demand. Neither the taking of any judicial or extra-judicial proceeding nor the exercise of any power of seizure or disposition or other remedy shall extinguish the liability of the Obligor to pay and perform the Obligations, nor shall the acceptance of any payment or alternate security create any novation. No covenant, representation or warranty of the Obligor in this Debenture shall merge in any judgment.
- 5.15. Performance by Secured Party If the Obligor shall fail to perform any act that it is required to perform hereunder, or to pay any money that the Obligor is required to pay under the terms of this Debenture, including any reasonable expenses, payments and outlays incurred by the Secured Party hereunder, the Secured Party may perform or cause to be performed such act at the Obligor's expense, and may pay such money at the Obligor's expense, and thereupon, without prejudice to the rights of the Secured Party to damages and other remedies available at law or in equity hereunder or otherwise, the Obligor will immediately repay to the Secured Party, all reasonable expenses so incurred and all amounts so paid by the Secured Party, together with interest thereon at the rate per annum set forth in the Credit Agreement from and after the date of incurring such expenses or the making of such payments. The amount of all such reasonable expenses and payments, together with interest thereon, shall be added to the Principal Secured and shall form part of the same and shall be secured by this Debenture and, to the extent the Secured Party may be entitled to the same by way of subrogation, the rights against the Obligor of the Person who has received payment thereof from the Secured Party.
- 5.16. Partial Release No postponement or partial release or discharge of the mortgage, lien and Charges created under and secured by this Debenture in respect of all or any part of the Collateral shall in

any way operate or be construed so as to release and discharge the security hereby constituted in respect of the Collateral except as therein specifically provided, or so as to release or discharge the Obligor from its liability to the Secured Party to fully pay and satisfy the Principal Secured, interest and all other moneys due or remaining unpaid by the Obligor to the Secured Party.

- 5.17. Set-Off The Principal Secured, interest and other monies hereby secured will be paid and shall be assignable by the Secured Party free from any right of set-off or counterclaim or equity between the Obligor and the Secured Party.
- 5.18. No Obligation to Advance Neither the execution and delivery nor the registration of this Debenture or any registration respecting it shall for any reason whatsoever obligate or bind the Secured Party to advance any moneys or, having advanced a portion, obligate the Secured Party in any way to advance the balance thereof; but nevertheless the mortgages, charges and assignments created and secured hereby shall take effect forthwith upon the execution of this Debenture and shall operate as security for the payment of the Principal Secured, interest on all the moneys from time to time secured hereby and as security for the performance and observance of the covenants, obligations and agreements on the part of the Obligor contained in this Debenture.

## 6. NOTICES

- 6.1. Notices in Writing Any communication to be made under this Debenture shall be made in writing and, except as required or permitted by Applicable Law, shall be made by fax, e-mail or letter. Except as specified by Applicable Law, any communication shall be effective when received if during business hours or on the next Business Day if received outside of business hours.
- 6.2. Addresses for Notice

The Obligor's address for notice is:

Korite International Limited Partnership  
Bay #167, 3953 112 Ave SE  
Calgary, AB T2C 0J4

Attention: Cody Church and Hazel Da Costa  
Facsimile: cchurch@clearnorthcapital.com and hazel.dacosta@korite.com

The Secured Party's address for notice is:

Canadian Imperial Bank of Commerce  
595 Bay Street, 5<sup>th</sup> Floor  
Toronto, Ontario  
M5G 2C2

Attention: Flordeliza Centeno  
Facsimile: (416) 980-7221

## 7. GENERAL PROVISIONS

- 7.1. Entire Agreement This Debenture and the Credit Agreement embodies all the agreements between the Obligor and the Secured Party relating to the Charges created in this Debenture and the related rights and remedies. No party shall be bound by any representation or promise made by any Person relating to this Debenture that is not embodied in it or the Credit Agreement.
- 7.2. Severability If any provision of this Debenture or its application to any circumstance is restricted, prohibited or unenforceable, that provision shall, as to that jurisdiction, be ineffective only to the extent of that restriction, prohibition or unenforceability without invalidating the remaining provisions of this Debenture, without affecting the validity or enforceability of that provision in any other jurisdiction and, if applicable, without affecting its application to other circumstances.
- 7.3. Waiver or Amendment No waiver of any right of the Secured Party shall be valid unless it is made in writing and delivered by the Secured Party to the Obligor as herein provided. No amendment hereunder shall be valid or effective for any purpose unless it is consented to in writing by the Secured Party.
- 7.4. Delivery To evidence the fact that it has executed this Debenture, the Obligor may send a signed copy of this Debenture or its signature to this Debenture by facsimile transmission, portable delivery format (PDF) or e-mail and the signature sent in that way shall be deemed to be its original signature for all purposes.
- 7.5. No Conditions Possession of this Debenture by the Secured Party shall be conclusive evidence against the Obligor that the Debenture was not delivered in escrow or pursuant to any agreement that it should not be effective until any condition precedent or subsequent has been complied with.
- 7.6. Receipt and Waiver The Obligor acknowledges receipt of a copy of this Debenture. The Obligor waives any notice of acceptance of this Debenture by the Secured Party. The Obligor also waives the right to receive a copy of any financing statement or financing change statement that may be registered in connection with this Debenture or any verification statement issued with respect to a registration, if waiver is not otherwise prohibited by Applicable Law. The Obligor agrees that the Secured Party may from time to time provide information regarding this Debenture, the Collateral and the Obligations to Persons that the Secured Party believes in good faith are entitled to the information under Applicable Law.
- 7.7. Governing Law This Debenture and any dispute arising from or in relation to this Debenture shall be governed by, and interpreted and enforced in accordance with, the law of the Province of Alberta and the federal laws of Canada applicable in that province, excluding the conflict of law rules of that province.
- 7.8. Obligor's Exclusive Dispute Resolution Jurisdiction The Obligor agrees that the courts of the Province of Alberta have exclusive jurisdiction over any dispute arising from or in relation to this Debenture and the Obligor irrevocably and unconditionally attorns to the exclusive jurisdiction of that province. The Obligor agrees that the courts of that province are the most appropriate and convenient forum to settle disputes and agrees not to argue to the contrary.
- 7.9. Secured Party Entitled to Concurrent Jurisdiction Despite Section 7.8, the Secured Party is permitted to take proceedings in relation to any dispute arising from or in relation to this Debenture in any court of another province or another state with jurisdiction and to the extent allowed by law may take concurrent proceedings in any number of jurisdictions.

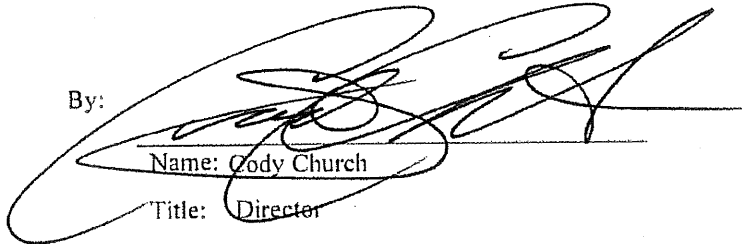
- 7.10. Successors and Assigns The Obligor may not assign or transfer all or any part of its liabilities under this Debenture. All rights of the Secured Party under this Debenture shall be assignable in accordance with the Credit Agreement and the Obligor shall not assert against any assignee any claim or defence that the Obligor now has or may in the future have against the Secured Party. This Debenture shall enure to the benefit of the Secured Party and its respective successors and assigns and be binding on the Obligor and its successors and assigns, including any successors by reason of amalgamation.
- 7.11. Charging Clause For better securing to the Secured Party the repayment in the manner set out above of the principal sum set forth herein together with all other Obligations, the Obligor hereby mortgage to the Secured Party all of its estate and interest in the Collateral.

*[Signature page follows]*

IN WITNESS WHEREOF the Obligor has executed this Debenture on the date first written above.

**KORITE INTERNATIONAL LIMITED  
PARTNERSHIP**  
by its general partner,  
**KORITE INTERNATIONAL GP INC.**

By:



A large, stylized handwritten signature in black ink, appearing to read 'Cody Church', is written over a horizontal line. The signature is highly cursive and loops back to the start.

Name: Cody Church

Title: Director

## Schedule "A"

MINERAL AGREEMENTS

All of the Obligor's leasehold interest in the following lands:

Agreement Name.	Surface Title Legal Land Description
<p>Mineral Lease Agreement dated December 1, 2012 between Twogee Developments Ltd, as lessor, and Korite Minerals Ltd., as lessee, as conveyed by Korite International Inc. (successor by amalgamation to Korite Minerals Ltd.) to Korite International Limited Partnership pursuant to or in accordance the approval and vesting order pronounced on December 11, 2020 by Honourable Mr. Justice D.B. Nixon of the Court of Queen's Bench of Alberta in court file number 2001-07942</p>	<p><u>Surface Titles</u></p> <p>FIRST</p> <p>MERIDIAN 4 RANGE 21 TOWNSHIP 7 SECTION 18 THOSE PORTIONS OF THE NORTH WEST QUARTER WHICH LIE TO THE EAST OF THE ST. MARY'S RIVER AS SHOWN ON THE TOWNSHIP PLAN DATED ON THE 27TH DAY OF JUNE 1893 CONTAINING 8.50 HECTARES (21 ACRES) MORE OR LESS EXCEPTING THEREOUT ALL MINES AND MINERALS AND THE RIGHT TO WORK THE SAME</p> <p>SECOND</p> <p>MERIDIAN 4 RANGE 21 TOWNSHIP 7 SECTION 18 ALL THAT PORTION OF THE NORTH EAST QUARTER WHICH LIES TO THE EAST OF THE ST. MARY'S RIVER AS SHOWN ON THE TOWNSHIP PLAN DATED 27 JUNE 1893. CONTAINING 57.9 HECTARES (143 ACRES) MORE OR LESS. EXCEPTING THEREOUT THE POTHOLE RIVER AS SHOWN ON SAID TOWNSHIP PLAN. EXCEPTING THEREOUT ALL MINES AND MINERALS AND THE RIGHT TO WORK THE SAME</p> <p>THIRD</p> <p>MERIDIAN 4 RANGE 21 TOWNSHIP 7 SECTION 18 ALL THAT PORTION OF THE SOUTH WEST QUARTER WHICH LIES TO THE EAST OF THE ST. MARY'S RIVER AS SHOWN ON THE TOWNSHIP PLAN DATED 27 JUNE 1893. CONTAINING 7.892 HECTARES (19.50 ACRES) MORE OR LESS. EXCEPTING THEREOUT ALL MINES AND MINERALS AND THE RIGHT TO WORK THE SAME</p> <p>FOURTH</p> <p>MERIDIAN 4 RANGE 21 TOWNSHIP 7 SECTION 18 ALL THAT PORTION OF THE SOUTH EAST QUARTER WHICH LIES TO THE EAST OF THE ST. MARY'S RIVER AS SHOWN ON THE TOWNSHIP PLAN DATED 27 JUNE 1893. CONTAINING 52.802 HECTARES (130.50 ACRES) MORE OR LESS. EXCEPTING THEREOUT ALL MINES AND MINERALS AND THE RIGHT TO WORK THE SAME</p> <p><u>Mineral Titles</u></p>

Agreement Name.	Surface Title Legal Land Description
	<p>FIRST</p> <p>ALL MINES AND MINERALS WITHIN, UPON OR UNDER:</p> <p>MERIDIAN 4 RANGE 21 TOWNSHIP 7 SECTION 18 THAT PORTION OF THE NORTH EAST QUARTER BOUNDED ON THE WEST BY THE RIGHT BANK OF ST. MARY'S RIVER AND BY THE EAST BOUNDARY OF THE WEST HALF OF SAID SECTION, AND ON THE NORTH BY THE LEFT BANK OF THE POT HOLE RIVER, AS SHOWN ON THE TOWNSHIP PLAN APPROVED 27 JUNE 1893 CONTAINING 52.44 HECTARES (129.60 ACRES) MORE OR LESS AND THE RIGHT TO WORK THE SAME</p> <p>SECOND</p> <p>ALL MINES AND MINERALS WITHIN, UPON OR UNDER:</p> <p>MERIDIAN 4 RANGE 21 TOWNSHIP 7 SECTION 18 THAT PORTION OF THE SOUTH EAST QUARTER DESCRIBED AS FOLLOWS: COMMENCING AT THE NORTH EAST CORNER OF SAID QUARTER SECTION, THENCE SOUTH ALONG THE EAST BOUNDARY THEREOF TO A POINT THEREON 990 FEET NORTH FROM THE SOUTH EAST CORNER THEREOF, THENCE WEST PARALLEL WITH THE SOUTH BOUNDARY THEREOF TO IS INTERSECTION WITH THE RIGHT BANK OF SAID ST. MARY'S RIVER, THENCE NORTHERLY AND WESTERLY FOLLOWING THE SINUOSITIES OF THE RIGHT BANK OF SAID RIVER TO ITS INTERSECTION WITH THE WEST BOUNDARY OF SAID QUARTER SECTION, THENCE NORTH ALONG SAID WEST BOUNDARY TO ITS INTERSECTION WITH THE NORTH BOUNDARY THEREOF, THENCE EAST ALONG SAID NORTH BOUNDARY TO THE PLACE OF COMMENCEMENT, AS SHOWN ON THE TOWNSHIP PLAN APPROVED 27 JUNE 1893 CONTAINING 36.55 HECTARES (90.38 ACRES) MORE OR LESS AND THE RIGHT TO WORK THE SAME</p> <p>THIRD</p> <p>ALL MINES AND MINERALS WITHIN, UPON OR UNDER:</p> <p>MERIDIAN 4 RANGE 21 TOWNSHIP 7 SECTION 18 THAT PORTION OF THE WEST HALF WHICH IS BOUNDED ON THE NORTH WEST, WEST, AND SOUTH WEST BY THE RIGHT BANK OF ST. MARY'S RIVER, AS SHOWN ON THE TOWNSHIP PLAN APPROVED 27 JUNE 1893 CONTAINING 16.40 HECTARES (40.50 ACRES) MORE OR LESS AND THE RIGHT TO WORK THE SAME</p>
Deerfield Surface Lease Agreement dated February 6, 2012 between Deerfield	MERIDIAN 4 RANGE 22 TOWNSHIP 7 SECTION 2 PORTION OF THE NORTH EAST QUARTER



Agreement Name.	Surface Title Legal Land Description
<p>Hutterian Brethren (a Hutterite colony), as lessor, and Korite Minerals Ltd., as lessee, as amended by an assignment and novation agreement dated December 18, 2020 among Korite International Inc. (successor by amalgamation to Korite Minerals Ltd.), as assignor, Korite International Limited Partnership, as assignee, and Deerfield Hutterian Brethren, as third party</p>	<p>WHICH LIES TO THE SOUTH OF THE ST. MARY'S RIVER AS SHOWN ON THE TOWNSHIP PLAN DATED 6 MAY 1889 CONTAINING 26.3 HECTARES (65 ACRES) MORE OR LESS EXCEPTING THEREOUT ALL MINES AND MINERALS</p> <p>and</p> <p>MERIDIAN 4 RANGE 22 TOWNSHIP 7 SECTION 11 PORTION OF THE SOUTH EAST QUARTER WHICH LIES TO THE SOUTH OF THE ST. MARY'S RIVER AS SHOWN ON THE TOWNSHIP PLAN DATED 6 MAY 1889 CONTAINING 12.74 HECTARES (31.6 ACRES) MORE OR LESS EXCEPTING THEREOUT ALL MINES AND MINERALS</p> <p>and</p> <p>MERIDIAN 4 RANGE 22 TOWNSHIP 7 SECTION 1 QUARTER NORTH WEST EXCEPTING THEREOUT ALL MINES AND MINERALS AREA: 64.7 HECTARES (160 ACRES) MORE OR LESS</p> <p>and</p> <p>MERIDIAN 4 RANGE 22 TOWNSHIP 7 SECTION 12 PORTIONS IN THE SOUTH WEST QUARTER WHICH LIE TO THE SOUTH OF THE ST. MARY'S RIVER AS SHOWN ON THE TOWNSHIP PLAN DATED 6 MAY 1889 CONTAINING 46.9 HECTARES (116 ACRES) MORE OR LESS EXCEPTING THEREOUT ALL MINES AND MINERALS</p>
<p>Deerfield Surface Lease Agreement #1 dated April 18, 2012 between Deerfield Hutterian Brethren (a Hutterite colony), as lessor, and Korite Minerals Ltd., as lessee, as amended by an assignment and novation agreement dated December 18, 2020 among Korite International Inc. (successor by amalgamation to Korite Minerals Ltd.), as assignor, Korite International Limited Partnership, as assignee, and Deerfield Hutterian Brethren, as third party</p>	<p>FIRST MERIDIAN 4 RANGE 22 TOWNSHIP 7 SECTION 3 THAT PORTION OF THE NORTH WEST QUARTER WHICH LIES TO THE SOUTH OF THE ST. MARY'S RIVER AS SHOWN ON THE TOWNSHIP PLAN DATED 6 MAY 1889 CONTAINING 8.78 HECTARES (21.7 ACRES) MORE OR LESS EXCEPTING THEREOUT ALL MINES AND MINERALS</p> <p>SECOND MERIDIAN 4 RANGE 22 TOWNSHIP 7 SECTION 3 THAT PORTION OF THE SOUTH WEST QUARTER WHICH LIES TO THE SOUTH OF THE ST. MARY'S RIVER AS SHOWN ON THE TOWNSHIP PLAN DATED 6 MAY 1889 CONTAINING 31.1 HECTARES (76.8 ACRES) MORE OR LESS EXCEPTING THEREOUT ALL MINES AND MINERALS</p> <p>and</p> <p>MERIDIAN 4 RANGE 22 TOWNSHIP 6 SECTION 34</p>

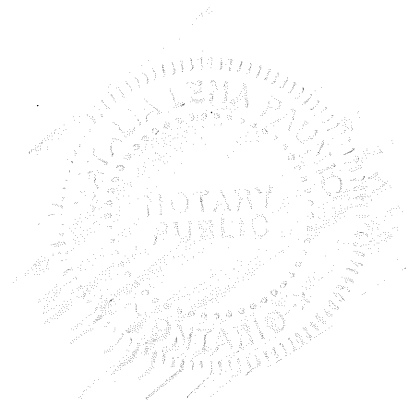
Agreement Name.	Surface Title Legal Land Description
	THOSE PORTION OF THE NORTH HALF WHICH LIES TO THE SOUTH AND EAST OF ST. MARY'S RIVER AS SHOWN ON THE TOWNSHIP PLAN APPROVED AT OTTAWA 1 OCTOBER, 1887 CONTAINING 118.1 HECTARES (292 ACRES) MORE OR LESS EXCEPTING THEREOUT: PLAN NUMBER HECTARES ACRES MORE OR LESS ROAD 0713805 0.246 0.608 EXCEPTING THEREOUT ALL MINES AND MINERALS

This is **Exhibit "I"** referred to in **Affidavit #1**  
of Kadira Carter made before me  
on August 26, 2024

*Natalyni*

Commissioner for Taking Affidavits

LSO #85641A



**GENERAL SECURITY AGREEMENT**

KORITE INTERNATIONAL LIMITED PARTNERSHIP

(the “Obligor”)

TO: CANADIAN IMPERIAL BANK OF COMMERCE (the “Lender”)

DATE: December 18, 2020

## RECITALS

- A. The Obligor, as borrower, Korite International GP Inc. (the “**Guarantor**”), as guarantor, the other Loan Parties from time to time party thereto, and the Lender, as lender, are parties to the Credit Agreement (as defined below); and
- B. As security for the Obligations (as defined below), the Obligor has agreed to grant in favour of the Lender this general security agreement.

FOR VALUE RECEIVED and intending to be legally bound by this general security agreement (this “**Agreement**”), the Obligor agrees as follows:

## 1. INTERPRETATION

1.1 Capitalized Terms In this Agreement, except where the context otherwise requires, capitalized terms that are used and not otherwise defined have the meanings defined in the Credit Agreement (as defined below), and:

- (a) “**Applicable Law**” has the meaning ascribed thereto in the Credit Agreement.
- (b) “**Collateral**” means, all present and after-acquired undertaking, property and assets of the Obligor, except those expressly excluded in this definition, including all present and after acquired personal property of the Obligor and all present and future right, title, interest and benefit of the Obligor in all property of the following kinds:
- (i) all goods comprising the inventory of the Obligor, including goods held for sale or lease or that have been leased or consigned to or by the Obligor or that have been furnished or are to be furnished under a contract of service or that are raw materials, work in process or materials used or consumed in a business or profession or that are finished goods;
  - (ii) timber, whether cut or to be cut, timber licenses, oil, gas, other hydrocarbons and minerals, whether extracted or to be extracted, animals and their young and unborn young, and crops, whether growing or harvested;
  - (iii) all other goods, including furniture, fixtures, equipment, machinery, plant, tools and vehicles;
  - (iv) all chattel paper;
  - (v) all money;

- (vi) all warehouse receipts, bills of lading and other documents of title, whether negotiable or not;
- (vii) all instruments, including bills, notes, cheques, letters of credit and advices of credit;
- (viii) all investment property, including shares, stock, warrants, bonds, debentures, debenture stock and other securities (in each case whether evidenced by a security certificate or an uncertificated security) and financial assets, security entitlements, securities accounts, futures contracts and futures accounts;
- (ix) all other tangible personal property;
- (x) all accounts, including deposit accounts in banks, credit unions, trust companies and similar institutions, rents, debts, demands and choses in action that are due, owing or accruing due to the Obligor, and all claims of any kind that the Obligor has, including claims against the Crown and claims under insurance policies;
- (xi) all other intangibles including contracts, agreements, clearing house options, permits, licences, consents, approvals, authorizations, orders, judgments, certificates, rulings, insurance policies, agricultural and other quotas, subsidies, franchises, immunities, privileges and benefits and all goodwill, patents, trade marks, trade names, trade secrets, inventions, processes copyrights, applications for intellectual property rights and other industrial or intellectual property;
- (xii) with respect to the property described in items (i) to (xi) inclusive, all books, accounts, invoices, letters, papers, documents, disks and other records in any form, electronic or otherwise, evidencing or relating to that property and all contracts, investment property, instruments and other rights and benefits in respect of that property;
- (xiii) with respect to the property described in items (i) to (xii) inclusive, all parts, components, renewals, substitutions and replacements of that property and all attachments, accessories and increases, additions and accessions to that property; and
- (xiv) with respect to the property described in items (i) to (xiii) inclusive, all proceeds from that property, including property in any form derived directly or indirectly from any dealing with that property or proceeds from the property, and any insurance or other payment as indemnity or compensation for loss of or damage to the property or any right to payment, and any payment made in total or partial discharge or redemption of an intangible, chattel paper, instrument or investment property;

but excluding (A) any consumer goods, (B) the last day of the term of any lease or any agreement to lease held by the Obligor now or in the future as more fully described in Section 2.2 of this Agreement and (C) any Restricted Property as more fully described in Section 2.3 of this Agreement. Any reference to “the Collateral” in this Agreement shall be interpreted as referring to “the Collateral or any of it.”

- (c) “**Credit Agreement**” means the credit agreement dated December 18, 2020 among the Obligor, as borrower, the Guarantor, as guarantor, the other Loan Parties from time to time party thereto, and the Lender, as lender, as amended, restated, supplemented, modified or replaced from time to time.
  - (d) “**Event of Default**” has the meaning ascribed thereto in the Credit Agreement.
  - (e) “**Loan Document**” has the meaning ascribed thereto in the Credit Agreement.
  - (f) “**Obligations**” has the meaning ascribed thereto in the Credit Agreement.
  - (g) “**PPSA**” means the *Personal Property Security Act* (Alberta) as such legislation may be amended, renamed, or replaced from time to time, and includes all regulation from time to time under such legislation.
  - (h) “**STA**” means the *Securities Transfer Act* (Alberta) as such legislation may be amended, renamed, or replaced from time to time, and includes all regulations from time to time under such legislation.
- 1.2 PPSA Definitions In this Agreement, except where the context otherwise requires, the words “accessions,” “account,” “account debtor,” “certificated security,” “chattel paper,” “clearing house option,” “consumer goods,” “control,” “crops,” “document of title,” “equipment,” “financial asset,” “fixtures,” “futures account,” “futures contract,” “futures intermediary,” “goods,” “instrument,” “intangible,” “inventory,” “investment property,” “money,” “option,” “proceeds,” “receiver,” “securities account,” “securities intermediary,” “security,” “security certificate,” “security entitlement” and “uncertificated security” shall have the same meanings as their defined meanings where they are defined in the PPSA or the STA, as applicable.
- 1.3 No Contra Proferentem This Agreement has been negotiated by the Obligor and the Lender with the benefit of legal representation, and any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply to the construction or interpretation of this Agreement.
- 1.4 Conflict with Credit Agreement If there is any conflict or inconsistency between the terms of the Credit Agreement and the terms of this Agreement, the provisions of the Credit Agreement shall govern to the extent necessary to remove the conflict or inconsistency.
- 1.5 Other Interpretation Rules In this Agreement:
- (a) The division into Sections and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation of this Agreement.
  - (b) Unless otherwise specified or the context otherwise requires, (i) “including” or “includes” means “including (or includes) but is not limited to” and shall not be construed to limit any general statement preceding it to the specific or similar items or matters immediately following it, (ii) a reference to any legislation, statutory instrument or regulation or a section of it is a reference to the legislation, statutory instrument, regulation or section as amended, restated and re-enacted from time to time, and (iii) words in the singular include the plural and vice-versa and words in one gender include all genders.

- (c) Unless otherwise specified or the context otherwise requires, any reference in this Agreement to payment of the Obligations includes performance of the Obligations.

2. GRANT OF SECURITY, ETC.

2.1 Grant of Security As security for payment and performance of the Obligations, the Obligor:

- (a) mortgages, charges, assigns, transfers and pledges the Collateral to the Lender as a fixed and specific mortgage and charge, and grants the Lender a security interest in the Collateral;
- (b) grants a floating charge to the Lender of all of its present and future interests in real property forming part of the Collateral that is not validly and effectively charged in item (a) above.

Without limiting the preceding part of this Section, a security interest is taken in all of the Obligor's present and after acquired personal property, excluding (A) any consumer goods, (B) the last day of the term of any lease or any agreement to lease held by the Obligor now or in the future as more fully described in Section 2.2 of this Agreement and (C) any Restricted Property as more fully described in Section 2.3 of this Agreement. The security interest created by item (b) above is intended as a floating charge that will attach as provided in Section 2.4. The floating charge shall become a fixed charge as soon as the Lender notifies the Obligor to that effect.

2.2 Last Day of Lease As the Collateral does not include the last day of the term of any lease or any agreement to lease held by the Obligor now or in the future, should the liens created by this Agreement become enforceable the Obligor shall hold the last day in trust for the Lender and shall assign it to any person acquiring that term or the part of the term that is mortgaged and charged in the course of any enforcement of the liens or any realization of the Collateral. Alternately, the Lender may assign the last day as attorney of the Obligor or may appoint any person acquiring the term or any other person or persons as a new trustee or trustees of the last day, free of any obligation regarding the last day.

2.3 Restricted Property The Collateral shall not include any lease, agreement, contractual right, franchise, licence or approval, other than an account or chattel paper (collectively, "**Restricted Property**") held by the Obligor now or in the future if the liens created by this Agreement would otherwise result in a breach, forfeiture or termination of the Restricted Property unless any necessary consent or waiver is obtained. The Obligor shall, on request by the Lender, promptly use all commercially reasonable efforts to seek any necessary consent or waiver to have the Restricted Property form part of the Collateral and to any disposition of the Restricted Property upon enforcement of this Agreement. If a consent or waiver is obtained, the applicable Restricted Property shall form part of the Collateral without any further action. If any consent or waiver is not obtained, and if the liens created by this Agreement become enforceable, the Obligor shall hold any Restricted Property for which a consent or waiver has not been obtained and its benefits in trust for the Lender, and shall perform its obligations and exercise and enforce its rights under that Restricted Property, including rights of disposition, at the direction of the Lender.

2.4 Attachment The Obligor agrees that the Lender has given value and that the liens created by this Agreement are intended to attach (a) with respect to Collateral that is now in existence, upon execution of this Agreement, and (b) with respect to Collateral that comes into existence in the future, upon the Obligor acquiring rights in the Collateral or the power to transfer rights in the

Collateral to the Lender. In each case, the parties do not intend to postpone the attachment of any lien created by this Agreement.

- 2.5 Continuing Agreement The liens created by this Agreement are continuing, to secure a current or running account, and will extend to the ultimate balance of the Obligations, regardless of any intermediate payment or discharge of the Obligations in whole or in part. Without limiting the foregoing, the Obligations may include advances and re-advances under revolving credit facilities, which permit borrowing, repayment of all or part of the amount borrowed and re-borrowing of amounts previously paid.
- 2.6 In Addition to Other Rights; No Marshalling This Agreement is in addition to and is not in any way prejudiced by or merged with any other lien now or subsequently held by the Lender in respect of any Obligations. The Lender shall be under no obligation to marshal in favour of the Obligor any other lien or any money or other property that the Lender may be entitled to receive or may have a claim upon.
- 2.7 Liabilities Unconditional The liabilities of the Obligor under this Agreement are absolute and unconditional, and will not be affected by any act, omission, matter or thing that, but for this Section, would reduce, release or prejudice any of its liabilities under this Agreement, whether or not known to it or the Lender or consented to by it or the Lender.
- 2.8 Merger of Obligor If the Obligor amalgamates or merges with one or more other entities, the Obligations and the liens created by this Agreement shall continue as to the Obligations and the undertaking, property and assets of the Obligor at the time of amalgamation or merger, and shall extend to the Obligations and the present and future undertaking, property and assets of the amalgamated or merged entity, and the term Obligor shall extend to the amalgamated or merged entity, all as if the amalgamated or merged entity had executed this Agreement as the Obligor.
- 2.9 Limitation Periods To the extent that any limitation period applies to any claim for payment of the Obligations or remedy for enforcement of the Obligations, the Obligor agrees that:
- (a) any limitation period is expressly excluded and waived entirely if permitted by Applicable Law;
  - (b) if a complete exclusion and waiver of any limitation period is not permitted by Applicable Law, any limitation period is extended to the maximum length permitted by Applicable Law;
  - (c) any applicable limitation period shall not begin before an express demand for payment of the Obligations is made in writing by the Lender to the Obligor;
  - (d) any applicable limitation period shall begin afresh upon any payment or other acknowledgment of the Obligations by the Obligor; and
  - (e) this Agreement is a "business agreement" as defined in the *Limitations Act, 2002* (Ontario) if that Act applies.

### 3. RIGHTS AND OBLIGATIONS OF THE OBLIGOR

- 3.1 Possession and Control of Collateral The Obligor shall, on request by the Lender from time to time, deliver to the Lender possession of all chattel paper, instruments and negotiable documents



of title. The Obligor shall also take whatever steps the Lender reasonably requires from time to time to enable the Lender to obtain control of any investment property forming part of the Collateral, including (a) arranging for any securities intermediary, futures intermediary or issuer of uncertificated securities to enter into an agreement satisfactory to the Lender to enable the Lender to obtain control, (b) delivering any certificated security to the Lender with any necessary endorsement and (c) having any security registered in the name of the Lender or its nominee following the occurrence of an Event of Default.

- 3.2 Safekeeping The Lender is not obligated to keep any Collateral separate or identifiable or to take steps to preserve rights relating to Collateral against prior parties or other persons. The Lender shall have no duty with respect to any Collateral delivered to it, other than to use the same degree of care in the safe custody of the Collateral delivered to it that it uses with respect to similar property that it owns of similar value. Without limiting the foregoing, the Lender may lodge all instruments, chattel paper, investment property or other Collateral with any bank or trust company to be held in safekeeping on behalf of the Lender (without incurring any liability for any act or omission of the bank or trust company), or may hold Collateral itself.
- 3.3 Other Assurances; Power of Attorney On request by the Lender, the Obligor shall (a) provide the Lender with details of all goods to which provisions of the PPSA or regulations or orders under the PPSA regarding serial numbers apply, (b) mark or take other steps to identify the Collateral as being subject to the liens created by this Agreement, and (c) execute, acknowledge and deliver all financing statements, certificates, further assignments, documents, transfers, instruments, security documents, acknowledgments and assurances and do all further acts and things as the Lender may reasonably consider necessary or desirable to give effect to the intent of this Agreement (including providing the Lender with a fixed and specific mortgage and charge and a perfected security interest in all freehold and leasehold real property, all patents, trademarks and other intellectual property and all aircraft, ships and railway rolling stock in which the Obligor now or in the future holds an interest), or for the collection, disposition, realization or enforcement of the Collateral or the liens created by this Agreement. Upon the occurrence of an Event of Default that is continuing, the Obligor constitutes and appoints the Lender its true and lawful attorney, with full power of substitution, to do any of the foregoing or any other things that the Obligor has agreed to do in this Agreement, whenever and wherever the Lender may consider it to be necessary or desirable, and to use the Obligor's name in the exercise of the Lender's rights under this Agreement. This power of attorney is coupled with an interest and is irrevocable by the Obligor.
- 3.4 Composite Agreement This Agreement is a composite mortgage and security agreement covering Collateral located in various provinces and territories of Canada and in other jurisdictions and, as to any Collateral located in a particular jurisdiction, this Agreement shall be a separate mortgage and security agreement enforceable against the Obligor without regard to the application of this Agreement to Collateral located in other jurisdictions. All provisions of this Agreement shall apply separately to the Collateral located in each separate jurisdiction with the same effect as if a separate mortgage and security agreement with respect to that Collateral had been executed and delivered by the Obligor. If requested by the Lender, the Obligor shall execute, deliver and register, at its expense, a separate mortgage and security agreement covering the Collateral located in any particular jurisdiction or jurisdictions. The separate mortgage and security agreement shall be in the form of this Agreement except for modifications required by the fact that it relates only to the Collateral located in the particular jurisdiction or jurisdictions and other modifications that the Lender considers necessary or desirable in the circumstances.
- 3.5 Restriction on Change of Property Location The Obligor shall not permit any of its tangible personal property to be located out of the Province of Alberta (the "**Specified Location**") (other

than (a) inventory in transit, (b) goods of a type normally used in more than one jurisdiction that are equipment or inventory leased or held for lease by the Obligor to others and (c) tangible personal property of a value that is not material in relation to the Obligations, that is temporarily located out of the Specified Location) without providing the Lender with 30 days advance written notice and promptly taking other steps, if any, as the Lender requests to ensure that the position of the Lender is not adversely affected by the change of location.

- 3.6 Lender May Perform Obligor's Duties If the Obligor fails to perform any of its duties under this Agreement, the Lender may (if an Event of Default has occurred and is continuing), but shall not be obligated to, perform any or all of those duties, without waiving any rights to enforce this Agreement.
- 3.7 Lender Not Liable for Obligor's Agreements Nothing in this Agreement shall make the Lender liable to observe or perform any term of any agreement to which the Obligor is a party or by which it or the Collateral is bound, or make the Lender a mortgagee in possession.
- 3.8 Release of Liens If the Obligor has indefeasibly paid the Obligations in full in cash and otherwise performed all of the terms of the Loan Documents, and if all obligations of the Lender to extend credit under any Loan Document have been cancelled, then the Lender shall, at the request and expense of the Obligor, release the liens created by this Agreement and execute and deliver whatever documents are reasonably required to do so and shall promptly return any Collateral in its custody or in the custody of its nominee to the Obligor.
4. RIGHTS AND OBLIGATIONS ON DEFAULT
- 4.1 Application of Article The provisions of this Article 4 apply on the occurrence of an Event of Default that is continuing.
- 4.2 Enforcement The liens created by this Agreement become and are enforceable against the Obligor upon the occurrence and during the continuance of an Event of Default, and, whenever such liens are enforceable, the Lender may realize upon the Collateral and enforce the rights and remedies of a secured party under the PPSA and other Applicable Law together with those rights and remedies provided by this Agreement or otherwise provided by Applicable Law.
- 4.3 Termination of Further Credit and Acceleration of Obligations The Lender shall be under no obligation to make further advances or otherwise extend further credit and the Lender may declare that the Obligations are immediately due and payable in full, but if the Obligor becomes bankrupt (voluntarily or involuntarily), or institutes (or has instituted against it) any proceeding seeking liquidation, rearrangement, relief of debtors or creditors or the appointment of a receiver or trustee over any material part of its undertaking, property and assets or any analogous proceeding in any relevant jurisdiction, then without prejudice to the other rights of the Lender as a result of any of those events, without notice or action of any kind by the Lender and without presentment, demand or protest of any nature or kind, the Lender's obligation to make advances or otherwise extend credit shall immediately terminate and the Obligations shall become immediately due and payable.
- 4.4 Rights of Lender The Lender may (a) require the Obligor to assemble the Collateral and deliver or make the Collateral available to the Lender at a reasonably convenient place designated by the Lender, (b) enter on any premises of the Obligor or any other place where Collateral may be located, (c) take possession of the Collateral by any method permitted by law, (d) render any equipment unusable without removing it from the Obligor's premises, (e) use the Collateral in the manner and to the extent that the Lender may consider appropriate and (f) hold, insure, repair, process, maintain,

protect and preserve the Collateral and prepare it for disposition. The Lender is not, however, required to insure the Collateral, and the risk of any loss of or damage to the Collateral shall be borne by the Obligor.

- 4.5 Appointment of Monitor The Lender may from time to time appoint any person (the “**Monitor**”) to investigate any or all of the Collateral, the Obligor and the Obligor’s business and affairs and report to the Lender. The Obligor shall co-operate fully with the Monitor and give the Monitor, upon having received reasonable advance written notice from the Monitor, full access to its facilities, property, records, creditors, customers, contractors, officers, directors, employees, auditors, legal counsel and agents. The Monitor shall not participate in the management of the Obligor’s business or affairs and shall have no responsibility, nor shall it incur any liability, in respect of the Collateral, the Obligor or the Obligor’s business or affairs. The Monitor shall act solely on behalf of the Lender and shall have no contractual relationship with the Obligor as a consultant or otherwise, nor shall the Obligor be entitled to receive any report by the Monitor. The appointment of the Monitor shall not be regarded as an act of enforcement of the liens created by this Agreement. All reasonable costs incurred in connection with the appointment of the Monitor and the performance by the Monitor of its activities as such, including legal fees on a full indemnity (sometimes called solicitor and own client) basis shall be payable by the Obligor to the Lender immediately on demand, shall bear interest from the date they are incurred until paid at the highest rate of interest applicable to the Obligations and shall be included in the Obligations.
- 4.6 Proceeds The Lender may take charge of all proceeds of the Collateral and may hold them as additional security for the Obligations. The Lender may give notice to any or all account debtors of the Obligor and to any or all persons liable to the Obligor under an instrument to direct all payments or other proceeds relating to the Collateral to the Lender and any payments or other proceeds of the Collateral received by the Obligor from account debtors or from any persons liable to the Obligor under an instrument, after notice is given by the Lender, shall be held by the Obligor in trust for the Lender and immediately paid over to the Lender. The Lender shall not, however, be required to collect any proceeds of the Collateral. The Lender may also enforce any rights of the Obligor in respect of the Collateral by any manner permitted by law.
- 4.7 Rights re Investment Property Etc. The Lender may have any instruments or investment property registered in its name or in the name of its nominee and shall be entitled but not required to exercise voting and other rights that the holder of that Collateral may at any time have; but the Lender shall not be responsible for any loss occasioned by the exercise of those rights or by failure to exercise them. The Lender may also enforce its rights under any agreement with any securities intermediary, futures intermediary or issuer of uncertificated securities.
- 4.8 Notice of Disposition If required to do so by Applicable Law, the Lender shall give the Obligor written notice of any intended disposition of the Collateral in accordance with any applicable Loan Document or by any other method required or permitted by Applicable Law. The Obligor waives giving of notice to the maximum extent permitted by Applicable Law.
- 4.9 Statutory Waivers To the maximum extent permitted by law, the Obligor waives all of the rights, benefits and protections given by any present or future statute that imposes limits on the rights, remedies or powers of the Lender or on the methods of realization of security, including any seize or sue or anti-deficiency statute or any similar provisions of any other statute. In particular, the Obligor waives all rights, benefits and protections given by sections 47 and 50 of the *Law of Property Act* (Alberta) insofar as they extend to or relate to any Collateral. The *Limitation of Civil Rights Act* (Saskatchewan) shall not apply to the liens created by this Agreement or any rights, remedies or powers of the Lender or any receiver.

- 4.10 Disposition and Other Rights of Lender The Lender may (a) carry on all or any part of the business of the Obligor, (b) make payments on account of, to discharge, or to obtain an assignment of any lien on the Collateral, whether or not ranking in priority to the liens created by this Agreement, (c) borrow money required for the seizure, retaking, repossession, holding, insuring, repairing, processing, maintaining, protecting, preserving, preparing for disposition or disposition of the Collateral or for any other enforcement of this Agreement or for carrying on the business of the Obligor on the security of the Collateral in priority to the liens created by this Agreement, (d) file proofs of claim and other documents to establish the claims of the Lender in any proceeding relating to the Obligor, and (e) sell, lease or otherwise dispose of all or any part of the Collateral at public auction, by public tender or by private sale, lease or other disposition, either for cash or on credit, at such time and on such terms and conditions as the Lender may determine. If any disposition involves deferred payment, the Lender will not be accountable for and the Obligor will not be entitled to be credited with the proceeds of disposition until payment is actually received in cash. On any disposition, the Lender shall have the right to acquire all or any part of the Collateral that is offered for disposition and the rights of the Obligor in that Collateral shall be extinguished. The Lender may also accept the Collateral in satisfaction of the Obligations or may from time to time designate any part of the Obligations to be satisfied by the acceptance of particular Collateral that the Lender reasonably determines to have a net realizable value equal to the amount of the designated part of the Obligations, in which case only the designated part of the Obligations shall be satisfied by the acceptance of the particular Collateral.
- 4.11 Commercially Reasonable Actions and Omissions The Obligor agrees that it is commercially reasonable for the Lender (a) not to incur expenses that it reasonably considers significant to prepare Collateral for disposition or otherwise to complete raw material or work in process into finished goods or other finished products for disposition, (b) not to obtain third party consents for access to Collateral to be disposed of, or to obtain or, if not required by other law, not to obtain governmental or third party consents for the collection or disposition of Collateral to be collected or disposed of, (c) not to exercise collection remedies against account debtors or other persons obligated on Collateral or to remove liens on or adverse claims against Collateral, (d) to exercise collection remedies against account debtors and other persons obligated on Collateral directly or through the use of collection agencies and other collection specialists, (e) to advertise dispositions of Collateral through publications or media of general circulation, whether or not the Collateral is of a specialized nature, (f) to contact other persons, whether or not in the same business as the Obligor, for expressions of interest in acquiring all or any portion of the Collateral, (g) to hire one or more professional auctioneers or other persons, including employees of the Obligor, brokers, investment bankers, consultants and other professionals to assist in the collection or disposition of Collateral, whether or not the Collateral is of a specialized nature, (h) to dispose of Collateral by utilizing internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets, (i) to dispose of assets in wholesale rather than retail markets, (j) to disclaim disposition warranties, (k) to vary or rescind any contract for the disposition of any Collateral, or (l) to purchase insurance or credit enhancements or take other steps to insure the Lender against risks of loss, collection or disposition of Collateral or to provide the Lender a guaranteed return from the collection or disposition of Collateral. The Obligor acknowledges that the purpose of this Section is to provide selected examples of actions and omissions that would be commercially reasonable in the Lender's exercise of remedies against the Collateral and that other actions and omissions shall not be considered commercially unreasonable solely on account of not being mentioned in this Section, nor shall the Lender be liable or accountable for any discount attributable to the specified actions and omissions. Nothing in this Section shall be construed to grant any rights to the Obligor or to impose any duties on the Lender that would not have been granted or imposed by this Agreement or by Applicable Law in the absence of this Section. In exercising its rights and obligations under

this Agreement, the Lender shall not be responsible or liable to the Obligor or any other person for any loss or damage from the realization or disposal of any Collateral or the enforcement of this Agreement, or any failure to do so, or for any act or omission on its part or on the part of any of its directors, officers, employees, agents or advisors in that connection, except that the Lender may be responsible or liable for loss or damage arising from its wilful misconduct or gross negligence.

- 4.12 Other Security: Application of Money The Lender may (a) refrain from enforcing any other security or rights held by or on behalf of the Lender in respect of the Obligations, or enforce any other security or rights in any manner and order as it sees fit, and (b) subject to the provisions of the Credit Agreement, apply any money received from or in respect of the Collateral in any manner and order as it sees fit and change any application of money received in whole or in part from time to time, or refrain from applying any money and hold it in a suspense account.
- 4.13 Third Parties No person dealing with the Lender is required to determine (a) whether the liens created by this Agreement or the powers purporting to be exercised have become enforceable, (b) whether any Obligations remain owing, (c) the propriety of any aspect of the disposition of Collateral or (d) how any payment to the Lender has been or will be applied. Any person who acquires Collateral from the Lender in good faith shall acquire it free from any interest of the Obligor.
- 4.14 Appointment of Receiver The Lender may take proceedings in any court of competent jurisdiction for the appointment of a receiver (which term includes a receiver and manager) of the Collateral or may by appointment in writing appoint any person to be a receiver of the Collateral. The Lender may remove any receiver appointed by the Lender and appoint another in its place, and may determine the remuneration of any receiver, which may be paid from the proceeds of the Collateral in priority to other Obligations. Any receiver appointed by the Lender shall, to the extent permitted by Applicable Law, have all of the rights, benefits and powers of the Lender under this Agreement, the PPSA or otherwise. Any receiver shall be deemed the agent of the Obligor and the Lender shall not be in any way responsible for any misconduct or negligence of any receiver. The Obligor agrees to ratify and confirm all actions of the receiver acting as agent for the Obligor, and to release and indemnify the receiver in respect of all such actions.
- 4.15 Rights Cumulative No failure on the part of the Lender to exercise, nor any delay in exercising, any right or remedy under any Loan Document or this Agreement shall operate as a waiver or impose any liability on the Lender, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Agreement are cumulative and do not exclude any rights and remedies provided by Applicable Law. If the Lender has enforced any right or remedy under this Agreement and the enforcement proceeding has been discontinued, abandoned or determined adversely to the Lender for any reason, then, at the option of the Lender, the Obligor and the Lender shall, without any further action, be restored to their previous positions to the maximum extent permitted by law and subject to any determination in the enforcement proceeding or express agreement between the Obligor and the Lender, and thereafter all rights and remedies of the Lender shall continue as if no enforcement proceeding had been taken.
- 4.16 Obligor Liable for Deficiency If the proceeds arising from the disposition of the Collateral fail to satisfy the Obligations, the Obligor shall pay any deficiency to the Lender on demand. Neither the taking of any judicial or extra-judicial proceeding nor the exercise of any power of seizure or disposition or other remedy shall extinguish the liability of the Obligor to pay and perform the Obligations, nor shall the acceptance of any payment or alternate security create any novation. No covenant, representation or warranty of the Obligor in this Agreement shall merge in any judgment.

5. NOTICES

- 5.1 Notices Any communication to be made under this Agreement shall be made in accordance with the Credit Agreement.

6. ENTIRE AGREEMENT; SEVERABILITY

- 6.1 Entire Agreement This Agreement and the Credit Agreement embody all the agreements between the Obligor and the Lender relating to the liens created in this Agreement and the related rights and remedies. No party shall be bound by any representation or promise made by any person relating to this Agreement that is not embodied in it or the Credit Agreement. Any waiver of, or consent to departure from, the requirements of any provision of this Agreement shall be effective only if it is in writing and signed by the Lender, and only in the specific instance and for the specific purpose for which it has been given.

- 6.2 Severability If, in any jurisdiction, any provision of this Agreement or its application to any circumstance is restricted, prohibited or unenforceable, that provision shall, as to that jurisdiction, be ineffective only to the extent of that restriction, prohibition or unenforceability without invalidating the remaining provisions of this Agreement, without affecting the validity or enforceability of that provision in any other jurisdiction and, if applicable, without affecting its application to other circumstances.

7. DELIVERY OF AGREEMENT

- 7.1 Counterparts This Agreement may be executed in any number of counterparts and all counterparts taken together shall be deemed to constitute one agreement.

- 7.2 Delivery To evidence the fact that it has executed this Agreement, the Obligor may send a signed copy of this Agreement or its signature to this Agreement by facsimile transmission or e-mail and the signature sent in that way shall be deemed to be its original signature for all purposes.

- 7.3 No Conditions Possession of this Agreement by the Lender shall be conclusive evidence against the Obligor that the Agreement was not delivered in escrow or pursuant to any agreement that it should not be effective until any condition precedent or subsequent has been complied with.

- 7.4 Receipt and Waiver The Obligor acknowledges receipt of a copy of this Agreement. The Obligor waives any notice of acceptance of this Agreement by the Lender. The Obligor also waives the right to receive a copy of any financing statement or financing change statement that may be registered in connection with this Agreement or any verification statement issued with respect to a registration, if waiver is not otherwise prohibited by law. The Obligor agrees that the Lender may from time to time provide information regarding this Agreement, the Collateral and the Obligations to persons that the Lender believes in good faith are entitled to the information under Applicable Law.

8. GOVERNING LAW

- 8.1 Governing Law This Agreement and any dispute arising from or in relation to this Agreement shall be governed by, and interpreted and enforced in accordance with, the laws of the Province of

Alberta and the federal laws of Canada applicable in that province, excluding the conflict of law rules of that province.

- 8.2 Obligor's Exclusive Dispute Resolution Jurisdiction The Obligor agrees that the courts of the Province of Alberta have exclusive jurisdiction over any dispute arising from or in relation to this Agreement and the Obligor irrevocably and unconditionally attorns to the exclusive jurisdiction of that province. The Obligor agrees that the courts of that province are the most appropriate and convenient forum to settle disputes and agrees not to argue to the contrary.
- 8.3 Lender Entitled to Concurrent Jurisdiction Despite Section 8.2, the Lender is permitted to take proceedings in relation to any dispute arising from or in relation to this Agreement in any court of another province or another state with jurisdiction and to the extent allowed by law may take concurrent proceedings in any number of jurisdictions.

9. SUCCESSORS AND ASSIGNS

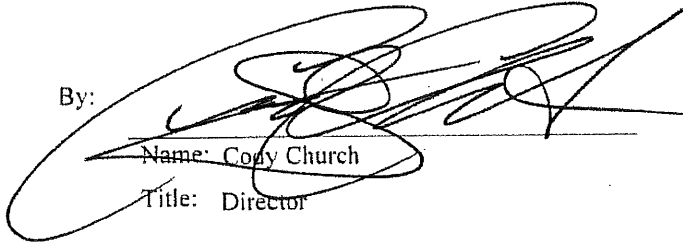
- 9.1 Successors and Assigns The Obligor may not assign or transfer all or any part of its liabilities under this Agreement. All rights of the Lender under this Agreement shall be assignable in accordance with the Credit Agreement and the Obligor shall not assert against any assignee any claim or defence that the Obligor now has or may in the future have against the Lender. This Agreement shall enure to the benefit of the Lender and its successors and assigns and be binding on the Obligor and its successors and any permitted assigns.

*[Signature page follows]*

IN WITNESS OF WHICH, the Obligor has duly executed this Agreement as of the date first written above.

**KORITE INTERNATIONAL LIMITED  
PARTNERSHIP**  
by its general partner,  
**KORITE INTERNATIONAL GP INC.**

By:



Name: Cody Church  
Title: Director



This is **Exhibit "J"** referred to in **Affidavit #1**  
of Kadira Carter made before me  
on August 26, 2024

*Nataly Davis*

Commissioner for Taking Affidavits

LSO # 85641A



GENERAL SECURITY AGREEMENT

KORITE INTERNATIONAL GP INC.

(the “Obligor”)

TO: CANADIAN IMPERIAL BANK OF COMMERCE (the “Lender”)

DATE: December 18, 2020

## RECITALS

- A. The Borrower (as defined below), as borrower, the Obligor, as guarantor, the other Loan Parties from time to time party thereto, and the Lender, as lender, are parties to the Credit Agreement (as defined below); and
- B. Pursuant to the terms and conditions of the Credit Agreement and the Guarantee (each as defined below), the Obligor has agreed to grant in favour of the Lender this general security agreement.

FOR VALUE RECEIVED and intending to be legally bound by this general security agreement (this “Agreement”), the Obligor agrees as follows:

## 1. INTERPRETATION

1.1 Capitalized Terms In this Agreement, except where the context otherwise requires, capitalized terms that are used and not otherwise defined have the meanings defined in the Credit Agreement (as defined below), and:

- (a) “**Applicable Law**” has the meaning ascribed thereto in the Credit Agreement.
- (b) “**Borrower**” means Korite International Limited Partnership.
- (c) “**Collateral**” means, all present and after-acquired undertaking, property and assets of the Obligor, except those expressly excluded in this definition, including all present and after acquired personal property of the Obligor and all present and future right, title, interest and benefit of the Obligor in all property of the following kinds:
- (i) all goods comprising the inventory of the Obligor, including goods held for sale or lease or that have been leased or consigned to or by the Obligor or that have been furnished or are to be furnished under a contract of service or that are raw materials, work in process or materials used or consumed in a business or profession or that are finished goods;
- (ii) timber, whether cut or to be cut, timber licenses, oil, gas, other hydrocarbons and minerals, whether extracted or to be extracted, animals and their young and unborn young, and crops, whether growing or harvested;
- (iii) all other goods, including furniture, fixtures, equipment, machinery, plant, tools and vehicles;
- (iv) all chattel paper;

- (v) all money;
- (vi) all warehouse receipts, bills of lading and other documents of title, whether negotiable or not;
- (vii) all instruments, including bills, notes, cheques, letters of credit and advices of credit;
- (viii) all investment property, including shares, stock, warrants, bonds, debentures, debenture stock and other securities (in each case whether evidenced by a security certificate or an uncertificated security) and financial assets, security entitlements, securities accounts, futures contracts and futures accounts;
- (ix) all other tangible personal property;
- (x) all accounts, including deposit accounts in banks, credit unions, trust companies and similar institutions, rents, debts, demands and choses in action that are due, owing or accruing due to the Obligor, and all claims of any kind that the Obligor has, including claims against the Crown and claims under insurance policies;
- (xi) all other intangibles including contracts, agreements, clearing house options, permits, licences, consents, approvals, authorizations, orders, judgments, certificates, rulings, insurance policies, agricultural and other quotas, subsidies, franchises, immunities, privileges and benefits and all goodwill, patents, trade marks, trade names, trade secrets, inventions, processes copyrights, applications for intellectual property rights and other industrial or intellectual property;
- (xii) with respect to the property described in items (i) to (xi) inclusive, all books, accounts, invoices, letters, papers, documents, disks and other records in any form, electronic or otherwise, evidencing or relating to that property and all contracts, investment property, instruments and other rights and benefits in respect of that property;
- (xiii) with respect to the property described in items (i) to (xii) inclusive, all parts, components, renewals, substitutions and replacements of that property and all attachments, accessories and increases, additions and accessions to that property; and
- (xiv) with respect to the property described in items (i) to (xiii) inclusive, all proceeds from that property, including property in any form derived directly or indirectly from any dealing with that property or proceeds from the property, and any insurance or other payment as indemnity or compensation for loss of or damage to the property or any right to payment, and any payment made in total or partial discharge or redemption of an intangible, chattel paper, instrument or investment property;

but excluding (A) any consumer goods, (B) the last day of the term of any lease or any agreement to lease held by the Obligor now or in the future as more fully described in Section 2.2 of this Agreement and (C) any Restricted Property as more fully described in Section 2.3 of this Agreement. Any reference to "the Collateral" in this Agreement shall be interpreted as referring to "the Collateral or any of it."

- (d) “**Credit Agreement**” means the credit agreement dated December 18, 2020 among the Borrower, as borrower, the Obligor, as guarantor, the other Loan Parties from time to time party thereto, and the Lender, as lender, as amended, restated, supplemented, modified or replaced from time to time.
  - (e) “**Event of Default**” has the meaning ascribed thereto in the Credit Agreement.
  - (f) “**Guarantee**” means the unlimited guarantee dated as of December 18, 2020 granted by the Obligor in favour of the Lender, as amended, restated, supplemented, modified or replaced from time to time.
  - (g) “**Loan Document**” has the meaning ascribed thereto in the Credit Agreement.
  - (h) “**Obligations**” has the meaning ascribed thereto in the Guarantee.
  - (i) “**PPSA**” means the *Personal Property Security Act* (Alberta) as such legislation may be amended, renamed, or replaced from time to time, and includes all regulation from time to time under such legislation.
  - (j) “**STA**” means the *Securities Transfer Act* (Alberta) as such legislation may be amended, renamed, or replaced from time to time, and includes all regulations from time to time under such legislation.
- 1.2 PPSA Definitions In this Agreement, except where the context otherwise requires, the words “accessions,” “account,” “account debtor,” “certificated security,” “chattel paper,” “clearing house option,” “consumer goods,” “control,” “crops,” “document of title,” “equipment,” “financial asset,” “fixtures,” “futures account,” “futures contract,” “futures intermediary,” “goods,” “instrument,” “intangible,” “inventory,” “investment property,” “money,” “option,” “proceeds,” “receiver,” “securities account,” “securities intermediary,” “security,” “security certificate,” “security entitlement” and “uncertificated security” shall have the same meanings as their defined meanings where they are defined in the PPSA or the STA, as applicable.
- 1.3 No Contra Proferentem This Agreement has been negotiated by the Obligor and the Lender with the benefit of legal representation, and any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply to the construction or interpretation of this Agreement.
- 1.4 Conflict with Credit Agreement If there is any conflict or inconsistency between the terms of the Credit Agreement and the terms of this Agreement, the provisions of the Credit Agreement shall govern to the extent necessary to remove the conflict or inconsistency.
- 1.5 Other Interpretation Rules In this Agreement:
- (a) The division into Sections and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation of this Agreement.
  - (b) Unless otherwise specified or the context otherwise requires, (i) “including” or “includes” means “including (or includes) but is not limited to” and shall not be construed to limit any general statement preceding it to the specific or similar items or matters immediately following it, (ii) a reference to any legislation, statutory instrument or regulation or a section of it is a reference to the legislation, statutory instrument, regulation or section as

amended, restated and re-enacted from time to time, and (iii) words in the singular include the plural and vice-versa and words in one gender include all genders.

- (c) Unless otherwise specified or the context otherwise requires, any reference in this Agreement to payment of the Obligations includes performance of the Obligations.

2. GRANT OF SECURITY, ETC.

2.1 Grant of Security As security for payment and performance of the Obligations, the Obligor:

- (a) mortgages, charges, assigns, transfers and pledges the Collateral to the Lender as a fixed and specific mortgage and charge, and grants the Lender a security interest in the Collateral;
- (b) grants a floating charge to the Lender of all of its present and future interests in real property forming part of the Collateral that is not validly and effectively charged in item (a) above.

Without limiting the preceding part of this Section, a security interest is taken in all of the Obligor's present and after acquired personal property, excluding (A) any consumer goods, (B) the last day of the term of any lease or any agreement to lease held by the Obligor now or in the future as more fully described in Section 2.2 of this Agreement and (C) any Restricted Property as more fully described in Section 2.3 of this Agreement. The security interest created by item (b) above is intended as a floating charge that will attach as provided in Section 2.4. The floating charge shall become a fixed charge as soon as the Lender notifies the Obligor to that effect.

2.2 Last Day of Lease As the Collateral does not include the last day of the term of any lease or any agreement to lease held by the Obligor now or in the future, should the liens created by this Agreement become enforceable the Obligor shall hold the last day in trust for the Lender and shall assign it to any person acquiring that term or the part of the term that is mortgaged and charged in the course of any enforcement of the liens or any realization of the Collateral. Alternately, the Lender may assign the last day as attorney of the Obligor or may appoint any person acquiring the term or any other person or persons as a new trustee or trustees of the last day, free of any obligation regarding the last day.

2.3 Restricted Property The Collateral shall not include any lease, agreement, contractual right, franchise, licence or approval, other than an account or chattel paper (collectively, "**Restricted Property**") held by the Obligor now or in the future if the liens created by this Agreement would otherwise result in a breach, forfeiture or termination of the Restricted Property unless any necessary consent or waiver is obtained. The Obligor shall, on request by the Lender, promptly use all commercially reasonable efforts to seek any necessary consent or waiver to have the Restricted Property form part of the Collateral and to any disposition of the Restricted Property upon enforcement of this Agreement. If a consent or waiver is obtained, the applicable Restricted Property shall form part of the Collateral without any further action. If any consent or waiver is not obtained, and if the liens created by this Agreement become enforceable, the Obligor shall hold any Restricted Property for which a consent or waiver has not been obtained and its benefits in trust for the Lender, and shall perform its obligations and exercise and enforce its rights under that Restricted Property, including rights of disposition, at the direction of the Lender.

2.4 Attachment The Obligor agrees that the Lender has given value and that the liens created by this Agreement are intended to attach (a) with respect to Collateral that is now in existence, upon

execution of this Agreement, and (b) with respect to Collateral that comes into existence in the future, upon the Obligor acquiring rights in the Collateral or the power to transfer rights in the Collateral to the Lender. In each case, the parties do not intend to postpone the attachment of any lien created by this Agreement.

- 2.5 Continuing Agreement The liens created by this Agreement are continuing, to secure a current or running account, and will extend to the ultimate balance of the Obligations, regardless of any intermediate payment or discharge of the Obligations in whole or in part. Without limiting the foregoing, the Obligations may include advances and re-advances under revolving credit facilities, which permit borrowing, repayment of all or part of the amount borrowed and re-borrowing of amounts previously paid.
- 2.6 In Addition to Other Rights; No Marshalling This Agreement is in addition to and is not in any way prejudiced by or merged with any other lien now or subsequently held by the Lender in respect of any Obligations. The Lender shall be under no obligation to marshal in favour of the Obligor any other lien or any money or other property that the Lender may be entitled to receive or may have a claim upon.
- 2.7 Liabilities Unconditional The liabilities of the Obligor under this Agreement are absolute and unconditional, and will not be affected by any act, omission, matter or thing that, but for this Section, would reduce, release or prejudice any of its liabilities under this Agreement, whether or not known to it or the Lender or consented to by it or the Lender.
- 2.8 Merger of Obligor If the Obligor amalgamates or merges with one or more other entities, the Obligations and the liens created by this Agreement shall continue as to the Obligations and the undertaking, property and assets of the Obligor at the time of amalgamation or merger, and shall extend to the Obligations and the present and future undertaking, property and assets of the amalgamated or merged entity, and the term Obligor shall extend to the amalgamated or merged entity, all as if the amalgamated or merged entity had executed this Agreement as the Obligor.
- 2.9 Limitation Periods To the extent that any limitation period applies to any claim for payment of the Obligations or remedy for enforcement of the Obligations, the Obligor agrees that:
- (a) any limitation period is expressly excluded and waived entirely if permitted by Applicable Law;
  - (b) if a complete exclusion and waiver of any limitation period is not permitted by Applicable Law, any limitation period is extended to the maximum length permitted by Applicable Law;
  - (c) any applicable limitation period shall not begin before an express demand for payment of the Obligations is made in writing by the Lender to the Obligor;
  - (d) any applicable limitation period shall begin afresh upon any payment or other acknowledgment of the Obligations by the Obligor; and
  - (e) this Agreement is a “business agreement” as defined in the *Limitations Act, 2002* (Ontario) if that Act applies.

### 3. RIGHTS AND OBLIGATIONS OF THE OBLIGOR

- 3.1 Possession and Control of Collateral The Obligor shall, on request by the Lender from time to time, deliver to the Lender possession of all chattel paper, instruments and negotiable documents of title. The Obligor shall also take whatever steps the Lender reasonably requires from time to time to enable the Lender to obtain control of any investment property forming part of the Collateral, including (a) arranging for any securities intermediary, futures intermediary or issuer of uncertificated securities to enter into an agreement satisfactory to the Lender to enable the Lender to obtain control, (b) delivering any certificated security to the Lender with any necessary endorsement and (c) having any security registered in the name of the Lender or its nominee following the occurrence of an Event of Default.
- 3.2 Safekeeping The Lender is not obligated to keep any Collateral separate or identifiable or to take steps to preserve rights relating to Collateral against prior parties or other persons. The Lender shall have no duty with respect to any Collateral delivered to it, other than to use the same degree of care in the safe custody of the Collateral delivered to it that it uses with respect to similar property that it owns of similar value. Without limiting the foregoing, the Lender may lodge all instruments, chattel paper, investment property or other Collateral with any bank or trust company to be held in safekeeping on behalf of the Lender (without incurring any liability for any act or omission of the bank or trust company), or may hold Collateral itself.
- 3.3 Other Assurances; Power of Attorney On request by the Lender, the Obligor shall (a) provide the Lender with details of all goods to which provisions of the PPSA or regulations or orders under the PPSA regarding serial numbers apply, (b) mark or take other steps to identify the Collateral as being subject to the liens created by this Agreement, and (c) execute, acknowledge and deliver all financing statements, certificates, further assignments, documents, transfers, instruments, security documents, acknowledgments and assurances and do all further acts and things as the Lender may reasonably consider necessary or desirable to give effect to the intent of this Agreement (including providing the Lender with a fixed and specific mortgage and charge and a perfected security interest in all freehold and leasehold real property, all patents, trademarks and other intellectual property and all aircraft, ships and railway rolling stock in which the Obligor now or in the future holds an interest), or for the collection, disposition, realization or enforcement of the Collateral or the liens created by this Agreement. Upon the occurrence of an Event of Default that is continuing, the Obligor constitutes and appoints the Lender its true and lawful attorney, with full power of substitution, to do any of the foregoing or any other things that the Obligor has agreed to do in this Agreement, whenever and wherever the Lender may consider it to be necessary or desirable, and to use the Obligor's name in the exercise of the Lender's rights under this Agreement. This power of attorney is coupled with an interest and is irrevocable by the Obligor.
- 3.4 Composite Agreement This Agreement is a composite mortgage and security agreement covering Collateral located in various provinces and territories of Canada and in other jurisdictions and, as to any Collateral located in a particular jurisdiction, this Agreement shall be a separate mortgage and security agreement enforceable against the Obligor without regard to the application of this Agreement to Collateral located in other jurisdictions. All provisions of this Agreement shall apply separately to the Collateral located in each separate jurisdiction with the same effect as if a separate mortgage and security agreement with respect to that Collateral had been executed and delivered by the Obligor. If requested by the Lender, the Obligor shall execute, deliver and register, at its expense, a separate mortgage and security agreement covering the Collateral located in any particular jurisdiction or jurisdictions. The separate mortgage and security agreement shall be in the form of this Agreement except for modifications required by the fact that it relates only to the

Collateral located in the particular jurisdiction or jurisdictions and other modifications that the Lender considers necessary or desirable in the circumstances.

- 3.5 Restriction on Change of Property Location The Obligor shall not permit any of its tangible personal property to be located out of the Province of Alberta (the “**Specified Location**”) (other than (a) inventory in transit, (b) goods of a type normally used in more than one jurisdiction that are equipment or inventory leased or held for lease by the Obligor to others and (c) tangible personal property of a value that is not material in relation to the Obligations, that is temporarily located out of the Specified Location) without providing the Lender with 30 days advance written notice and promptly taking other steps, if any, as the Lender requests to ensure that the position of the Lender is not adversely affected by the change of location.
- 3.6 Lender May Perform Obligor’s Duties If the Obligor fails to perform any of its duties under this Agreement, the Lender may (if an Event of Default has occurred and is continuing), but shall not be obligated to, perform any or all of those duties, without waiving any rights to enforce this Agreement.
- 3.7 Lender Not Liable for Obligor’s Agreements Nothing in this Agreement shall make the Lender liable to observe or perform any term of any agreement to which the Obligor is a party or by which it or the Collateral is bound, or make the Lender a mortgagee in possession.
- 3.8 Release of Liens If the Obligor has indefeasibly paid the Obligations in full in cash and otherwise performed all of the terms of the Loan Documents, and if all obligations of the Lender to extend credit under any Loan Document have been cancelled, then the Lender shall, at the request and expense of the Obligor, release the liens created by this Agreement and execute and deliver whatever documents are reasonably required to do so and shall promptly return any Collateral in its custody or in the custody of its nominee to the Obligor.
4. RIGHTS AND OBLIGATIONS ON DEFAULT
- 4.1 Application of Article The provisions of this Article 4 apply on the occurrence of an Event of Default that is continuing.
- 4.2 Termination of Further Credit and Acceleration of Obligations The Lender shall be under no obligation to make further advances or otherwise extend further credit and the Lender may declare that the Obligations are immediately due and payable in full, but if the Obligor becomes bankrupt (voluntarily or involuntarily), or institutes (or has instituted against it) any proceeding seeking liquidation, rearrangement, relief of debtors or creditors or the appointment of a receiver or trustee over any material part of its undertaking, property and assets or any analogous proceeding in any relevant jurisdiction, then without prejudice to the other rights of the Lender as a result of any of those events, without notice or action of any kind by the Lender and without presentment, demand or protest of any nature or kind, the Lender's obligation to make advances or otherwise extend credit shall immediately terminate and the Obligations shall become immediately due and payable.
- 4.3 Enforcement The liens created by this Agreement become and are enforceable against the Obligor upon the occurrence and during the continuance of an Event of Default, and, whenever such liens are enforceable, the Lender may realize upon the Collateral and enforce the rights and remedies of a secured party under the PPSA and other Applicable Law together with those rights and remedies provided by this Agreement or otherwise provided by Applicable Law.



- 4.4 Rights of Lender The Lender may (a) require the Obligor to assemble the Collateral and deliver or make the Collateral available to the Lender at a reasonably convenient place designated by the Lender, (b) enter on any premises of the Obligor or any other place where Collateral may be located, (c) take possession of the Collateral by any method permitted by law, (d) render any equipment unusable without removing it from the Obligor's premises, (e) use the Collateral in the manner and to the extent that the Lender may consider appropriate and (f) hold, insure, repair, process, maintain, protect and preserve the Collateral and prepare it for disposition. The Lender is not, however, required to insure the Collateral, and the risk of any loss of or damage to the Collateral shall be borne by the Obligor.
- 4.5 Appointment of Monitor The Lender may from time to time appoint any person (the "Monitor") to investigate any or all of the Collateral, the Obligor and the Obligor's business and affairs and report to the Lender. The Obligor shall co-operate fully with the Monitor and give the Monitor, upon having received reasonable advance written notice from the Monitor, full access to its facilities, property, records, creditors, customers, contractors, officers, directors, employees, auditors, legal counsel and agents. The Monitor shall not participate in the management of the Obligor's business or affairs and shall have no responsibility, nor shall it incur any liability, in respect of the Collateral, the Obligor or the Obligor's business or affairs. The Monitor shall act solely on behalf of the Lender and shall have no contractual relationship with the Obligor as a consultant or otherwise, nor shall the Obligor be entitled to receive any report by the Monitor. The appointment of the Monitor shall not be regarded as an act of enforcement of the liens created by this Agreement. All reasonable costs incurred in connection with the appointment of the Monitor and the performance by the Monitor of its activities as such, including legal fees on a full indemnity (sometimes called solicitor and own client) basis shall be payable by the Obligor to the Lender immediately on demand, shall bear interest from the date they are incurred until paid at the highest rate of interest applicable to the Obligations and shall be included in the Obligations.
- 4.6 Proceeds The Lender may take charge of all proceeds of the Collateral and may hold them as additional security for the Obligations. The Lender may give notice to any or all account debtors of the Obligor and to any or all persons liable to the Obligor under an instrument to direct all payments or other proceeds relating to the Collateral to the Lender and any payments or other proceeds of the Collateral received by the Obligor from account debtors or from any persons liable to the Obligor under an instrument, after notice is given by the Lender, shall be held by the Obligor in trust for the Lender and immediately paid over to the Lender. The Lender shall not, however, be required to collect any proceeds of the Collateral. The Lender may also enforce any rights of the Obligor in respect of the Collateral by any manner permitted by law.
- 4.7 Rights re Investment Property Etc. The Lender may have any instruments or investment property registered in its name or in the name of its nominee and shall be entitled but not required to exercise voting and other rights that the holder of that Collateral may at any time have; but the Lender shall not be responsible for any loss occasioned by the exercise of those rights or by failure to exercise them. The Lender may also enforce its rights under any agreement with any securities intermediary, futures intermediary or issuer of uncertificated securities.
- 4.8 Notice of Disposition If required to do so by Applicable Law, the Lender shall give the Obligor written notice of any intended disposition of the Collateral in accordance with any applicable Loan Document or by any other method required or permitted by Applicable Law. The Obligor waives giving of notice to the maximum extent permitted by Applicable Law.
- 4.9 Statutory Waivers To the maximum extent permitted by law, the Obligor waives all of the rights, benefits and protections given by any present or future statute that imposes limits on the rights,

remedies or powers of the Lender or on the methods of realization of security, including any seize or sue or anti-deficiency statute or any similar provisions of any other statute. In particular, the Obligor waives all rights, benefits and protections given by sections 47 and 50 of the *Law of Property Act* (Alberta) insofar as they extend to or relate to any Collateral. The *Limitation of Civil Rights Act* (Saskatchewan) shall not apply to the liens created by this Agreement or any rights, remedies or powers of the Lender or any receiver.

- 4.10 Disposition and Other Rights of Lender The Lender may (a) carry on all or any part of the business of the Obligor, (b) make payments on account of, to discharge, or to obtain an assignment of any lien on the Collateral, whether or not ranking in priority to the liens created by this Agreement, (c) borrow money required for the seizure, retaking, repossession, holding, insuring, repairing, processing, maintaining, protecting, preserving, preparing for disposition or disposition of the Collateral or for any other enforcement of this Agreement or for carrying on the business of the Obligor on the security of the Collateral in priority to the liens created by this Agreement, (d) file proofs of claim and other documents to establish the claims of the Lender in any proceeding relating to the Obligor, and (e) sell, lease or otherwise dispose of all or any part of the Collateral at public auction, by public tender or by private sale, lease or other disposition, either for cash or on credit, at such time and on such terms and conditions as the Lender may determine. If any disposition involves deferred payment, the Lender will not be accountable for and the Obligor will not be entitled to be credited with the proceeds of disposition until payment is actually received in cash. On any disposition, the Lender shall have the right to acquire all or any part of the Collateral that is offered for disposition and the rights of the Obligor in that Collateral shall be extinguished. The Lender may also accept the Collateral in satisfaction of the Obligations or may from time to time designate any part of the Obligations to be satisfied by the acceptance of particular Collateral that the Lender reasonably determines to have a net realizable value equal to the amount of the designated part of the Obligations, in which case only the designated part of the Obligations shall be satisfied by the acceptance of the particular Collateral.
- 4.11 Commercially Reasonable Actions and Omissions The Obligor agrees that it is commercially reasonable for the Lender (a) not to incur expenses that it reasonably considers significant to prepare Collateral for disposition or otherwise to complete raw material or work in process into finished goods or other finished products for disposition, (b) not to obtain third party consents for access to Collateral to be disposed of, or to obtain or, if not required by other law, not to obtain governmental or third party consents for the collection or disposition of Collateral to be collected or disposed of, (c) not to exercise collection remedies against account debtors or other persons obligated on Collateral or to remove liens on or adverse claims against Collateral, (d) to exercise collection remedies against account debtors and other persons obligated on Collateral directly or through the use of collection agencies and other collection specialists, (e) to advertise dispositions of Collateral through publications or media of general circulation, whether or not the Collateral is of a specialized nature, (f) to contact other persons, whether or not in the same business as the Obligor, for expressions of interest in acquiring all or any portion of the Collateral, (g) to hire one or more professional auctioneers or other persons, including employees of the Obligor, brokers, investment bankers, consultants and other professionals to assist in the collection or disposition of Collateral, whether or not the Collateral is of a specialized nature, (h) to dispose of Collateral by utilizing internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets, (i) to dispose of assets in wholesale rather than retail markets, (j) to disclaim disposition warranties, (k) to vary or rescind any contract for the disposition of any Collateral, or (l) to purchase insurance or credit enhancements or take other steps to insure the Lender against risks of loss, collection or disposition of Collateral or to provide the Lender a guaranteed return from the collection or disposition of Collateral. The Obligor acknowledges that the purpose of this Section is to provide

selected examples of actions and omissions that would be commercially reasonable in the Lender's exercise of remedies against the Collateral and that other actions and omissions shall not be considered commercially unreasonable solely on account of not being mentioned in this Section, nor shall the Lender be liable or accountable for any discount attributable to the specified actions and omissions. Nothing in this Section shall be construed to grant any rights to the Obligor or to impose any duties on the Lender that would not have been granted or imposed by this Agreement or by Applicable Law in the absence of this Section. In exercising its rights and obligations under this Agreement, the Lender shall not be responsible or liable to the Obligor or any other person for any loss or damage from the realization or disposal of any Collateral or the enforcement of this Agreement, or any failure to do so, or for any act or omission on its part or on the part of any of its directors, officers, employees, agents or advisors in that connection, except that the Lender may be responsible or liable for loss or damage arising from its wilful misconduct or gross negligence.

- 4.12 Other Security; Application of Money The Lender may (a) refrain from enforcing any other security or rights held by or on behalf of the Lender in respect of the Obligations, or enforce any other security or rights in any manner and order as it sees fit, and (b) subject to the provisions of the Credit Agreement, apply any money received from or in respect of the Collateral in any manner and order as it sees fit and change any application of money received in whole or in part from time to time, or refrain from applying any money and hold it in a suspense account.
- 4.13 Third Parties No person dealing with the Lender is required to determine (a) whether the liens created by this Agreement or the powers purporting to be exercised have become enforceable, (b) whether any Obligations remain owing, (c) the propriety of any aspect of the disposition of Collateral or (d) how any payment to the Lender has been or will be applied. Any person who acquires Collateral from the Lender in good faith shall acquire it free from any interest of the Obligor.
- 4.14 Appointment of Receiver The Lender may take proceedings in any court of competent jurisdiction for the appointment of a receiver (which term includes a receiver and manager) of the Collateral or may by appointment in writing appoint any person to be a receiver of the Collateral. The Lender may remove any receiver appointed by the Lender and appoint another in its place, and may determine the remuneration of any receiver, which may be paid from the proceeds of the Collateral in priority to other Obligations. Any receiver appointed by the Lender shall, to the extent permitted by Applicable Law, have all of the rights, benefits and powers of the Lender under this Agreement, the PPSA or otherwise. Any receiver shall be deemed the agent of the Obligor and the Lender shall not be in any way responsible for any misconduct or negligence of any receiver. The Obligor agrees to ratify and confirm all actions of the receiver acting as agent for the Obligor, and to release and indemnify the receiver in respect of all such actions.
- 4.15 Rights Cumulative No failure on the part of the Lender to exercise, nor any delay in exercising, any right or remedy under any Loan Document or this Agreement shall operate as a waiver or impose any liability on the Lender, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Agreement are cumulative and do not exclude any rights and remedies provided by Applicable Law. If the Lender has enforced any right or remedy under this Agreement and the enforcement proceeding has been discontinued, abandoned or determined adversely to the Lender for any reason, then, at the option of the Lender, the Obligor and the Lender shall, without any further action, be restored to their previous positions to the maximum extent permitted by law and subject to any determination in the enforcement proceeding or express agreement between the Obligor and the Lender, and thereafter all rights and remedies of the Lender shall continue as if no enforcement proceeding had been taken.

- 4.16 Obligor Liable for Deficiency If the proceeds arising from the disposition of the Collateral fail to satisfy the Obligations, the Obligor shall pay any deficiency to the Lender on demand. Neither the taking of any judicial or extra-judicial proceeding nor the exercise of any power of seizure or disposition or other remedy shall extinguish the liability of the Obligor to pay and perform the Obligations, nor shall the acceptance of any payment or alternate security create any novation. No covenant, representation or warranty of the Obligor in this Agreement shall merge in any judgment.
5. NOTICES
- 5.1 Notices Any communication to be made under this Agreement shall be made in accordance with the Guarantee.
6. ENTIRE AGREEMENT; SEVERABILITY
- 6.1 Entire Agreement This Agreement, the Guarantee and the Credit Agreement embody all the agreements between the Obligor and the Lender relating to the liens created in this Agreement and the related rights and remedies. No party shall be bound by any representation or promise made by any person relating to this Agreement that is not embodied in it, the Guarantee or the Credit Agreement. Any waiver of, or consent to departure from, the requirements of any provision of this Agreement shall be effective only if it is in writing and signed by the Lender, and only in the specific instance and for the specific purpose for which it has been given.
- 6.2 Severability If, in any jurisdiction, any provision of this Agreement or its application to any circumstance is restricted, prohibited or unenforceable, that provision shall, as to that jurisdiction, be ineffective only to the extent of that restriction, prohibition or unenforceability without invalidating the remaining provisions of this Agreement, without affecting the validity or enforceability of that provision in any other jurisdiction and, if applicable, without affecting its application to other circumstances.
7. DELIVERY OF AGREEMENT
- 7.1 Counterparts This Agreement may be executed in any number of counterparts and all counterparts taken together shall be deemed to constitute one agreement.
- 7.2 Delivery To evidence the fact that it has executed this Agreement, the Obligor may send a signed copy of this Agreement or its signature to this Agreement by facsimile transmission or e-mail and the signature sent in that way shall be deemed to be its original signature for all purposes.
- 7.3 No Conditions Possession of this Agreement by the Lender shall be conclusive evidence against the Obligor that the Agreement was not delivered in escrow or pursuant to any agreement that it should not be effective until any condition precedent or subsequent has been complied with.
- 7.4 Receipt and Waiver The Obligor acknowledges receipt of a copy of this Agreement. The Obligor waives any notice of acceptance of this Agreement by the Lender. The Obligor also waives the right to receive a copy of any financing statement or financing change statement that may be registered in connection with this Agreement or any verification statement issued with respect to a registration, if waiver is not otherwise prohibited by law. The Obligor agrees that the Lender may from time to time provide information regarding this Agreement, the Collateral and the Obligations to persons that the Lender believes in good faith are entitled to the information under Applicable Law.

8. GOVERNING LAW

- 8.1 Governing Law This Agreement and any dispute arising from or in relation to this Agreement shall be governed by, and interpreted and enforced in accordance with, the laws of the Province of Alberta and the federal laws of Canada applicable in that province, excluding the conflict of law rules of that province.
- 8.2 Obligor's Exclusive Dispute Resolution Jurisdiction The Obligor agrees that the courts of the Province of Alberta have exclusive jurisdiction over any dispute arising from or in relation to this Agreement and the Obligor irrevocably and unconditionally attorns to the exclusive jurisdiction of that province. The Obligor agrees that the courts of that province are the most appropriate and convenient forum to settle disputes and agrees not to argue to the contrary.
- 8.3 Lender Entitled to Concurrent Jurisdiction Despite Section 8.2, the Lender is permitted to take proceedings in relation to any dispute arising from or in relation to this Agreement in any court of another province or another state with jurisdiction and to the extent allowed by law may take concurrent proceedings in any number of jurisdictions.

9. SUCCESSORS AND ASSIGNS

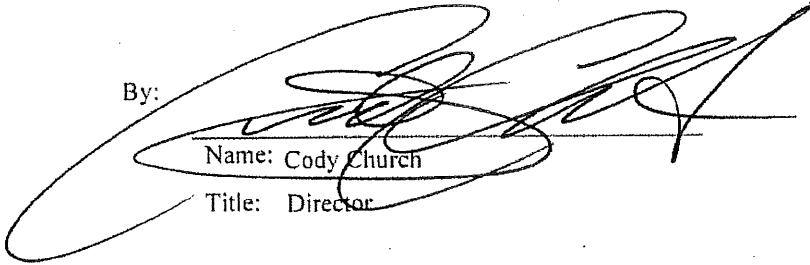
- 9.1 Successors and Assigns The Obligor may not assign or transfer all or any part of its liabilities under this Agreement. All rights of the Lender under this Agreement shall be assignable in accordance with the Credit Agreement and the Obligor shall not assert against any assignee any claim or defence that the Obligor now has or may in the future have against the Lender. This Agreement shall enure to the benefit of the Lender and its successors and assigns and be binding on the Obligor and its successors and any permitted assigns.

*[Signature page follows]*

IN WITNESS OF WHICH, the Obligor has duly executed this Agreement as of the date first written above.

**KORITE INTERNATIONAL GP INC.**  
by its authorized signatory:

By:



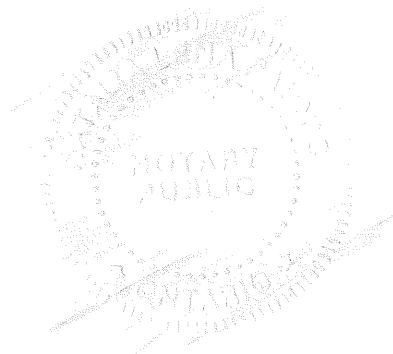
Name: Cody Church  
Title: Director

This is **Exhibit "K"** referred to in **Affidavit #1**  
of Kadira Carter made before me  
on August 26, 2024

*Nataly P.*

Commissioner for Taking Affidavits

LSO #85641A



Search ID #: Z17623456

**Transmitting Party**

BORDEN LADNER GERVAIS LLP

Centennial Place, East Tower  
1900, 520-3rd Avenue SW  
CALGARY, AB T2P 0R3

Party Code: 50008002

Phone #: 403 232 9500

Reference #: 500007/005947

Search ID #: Z17623456

Date of Search: 2024-Jul-23

Time of Search: 14:28:32

**Business Debtor Search For:**

KORITE INTERNATIONAL LIMITED PARTNERSHIP

Exact Result(s) Only Found

**NOTE:**

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





Search ID #: Z17623456

**Business Debtor Search For:**

KORITE INTERNATIONAL LIMITED PARTNERSHIP

Search ID #: Z17623456

Date of Search: 2024-Jul-23

Time of Search: 14:28:32

Registration Number: 20121615393

Registration Type: SECURITY AGREEMENT

Registration Date: 2020-Dec-16

Registration Status: Current

Expiry Date: 2025-Dec-16 23:59:59

Exact Match on: Debtor No: 1

**Debtor(s)****Block****Status**  
Current

1 KORITE INTERNATIONAL LIMITED PARTNERSHIP  
BAY #167, 3953 112 AVE SE  
CALGARY, AB T2C 0J4

**Block****Status**  
Current

2 KORITE INTERNATIONAL GP INC.  
BAY #167, 3953 112 AVE SE  
CALGARY, AB T2C 0J4

**Secured Party / Parties****Block****Status**  
Current

1 CANADIAN IMPERIAL BANK OF COMMERCE  
595 BAY STREET, 5TH FLOOR  
TORONTO, ON M5G 2C2  
Email: X\_SEC\_Mail@cibc.com

**Collateral: General****Block****Description****Status**

1 ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY OF THE DEBTOR.

Current

Search ID #: Z17623456

**Business Debtor Search For:**

KORITE INTERNATIONAL LIMITED PARTNERSHIP

Search ID #: Z17623456

Date of Search: 2024-Jul-23

Time of Search: 14:28:32

Registration Number: 20121615407

Registration Type: LAND CHARGE

Registration Date: 2020-Dec-16

Registration Status: Current

Registration Term: Infinity

Exact Match on: Debtor No: 1

**Debtor(s)****Block****Status**  
Current

1 KORITE INTERNATIONAL LIMITED PARTNERSHIP  
BAY #167, 3953 112 AVE SE  
CALGARY, AB T2C 0J4

**Block****Status**  
Current

2 KORITE INTERNATIONAL GP INC.  
BAY #167, 3953 112 AVE SE  
CALGARY, AB T2C 0J4

**Secured Party / Parties****Block****Status**  
Current

1 CANADIAN IMPERIAL BANK OF COMMERCE  
595 BAY STREET, 5TH FLOOR  
TORONTO, ON M5G 2C2  
Email: X\_SEC\_Mail@cibc.com

Search ID #: Z17623456

**Business Debtor Search For:**

KORITE INTERNATIONAL LIMITED PARTNERSHIP

Search ID #: Z17623456

Date of Search: 2024-Jul-23

Time of Search: 14:28:32

Registration Number: 23011130542

Registration Type: SECURITY AGREEMENT

Registration Date: 2023-Jan-11

Registration Status: Current

Expiry Date: 2028-Jan-11 23:59:59

Exact Match on: Debtor No: 1

**Debtor(s)****Block****Status**

Current

1 KORITE INTERNATIONAL LIMITED PARTNERSHIP  
167-3953 112 AVE SW  
CALGARY, AB T2C 0J4

**Secured Party / Parties****Block****Status**

Current

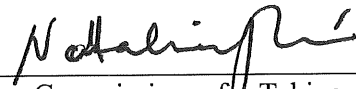
1 TDF GROUP INC.  
17631 103 AVE  
EDMONTON, AB T5S 1N8  
Email: gtayag@drivingforcegroup.com

**Collateral: Serial Number Goods**

<b><u>Block</u></b>	<b><u>Serial Number</u></b>	<b><u>Year</u></b>	<b><u>Make and Model</u></b>	<b><u>Category</u></b>	<b><u>Status</u></b>
1	5TFLA5DB3NX054555	2022	TOYOTA TUNDRA	MV - Motor Vehicle	Current

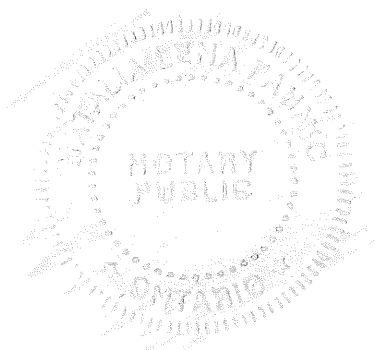
Result Complete

This is **Exhibit "L"** referred to in **Affidavit #1**  
of Kadira Carter made before me  
on August 26, 2024



Commissioner for Taking Affidavits

LSD #85641A



Search ID #: Z17625407

**Transmitting Party**

BORDEN LADNER GERVAIS LLP

Centennial Place, East Tower  
1900, 520-3rd Avenue SW  
CALGARY, AB T2P 0R3

Party Code: 50008002

Phone #: 403 232 9500

Reference #: 500007/005947

Search ID #: Z17625407

Date of Search: 2024-Jul-24

Time of Search: 08:54:30

**Business Debtor Search For:**

KORITE INTERNATIONAL GP INC.

Exact Result(s) Only Found

**NOTE:**

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



Search ID #: Z17625407

**Business Debtor Search For:**

KORITE INTERNATIONAL GP INC.

Search ID #: Z17625407

Date of Search: 2024-Jul-24

Time of Search: 08:54:30

Registration Number: 20121615393

Registration Date: 2020-Dec-16

Registration Type: SECURITY AGREEMENT

Registration Status: Current

Expiry Date: 2025-Dec-16 23:59:59

Exact Match on: Debtor No: 2

**Debtor(s)****Block****Status**  
Current

1 KORITE INTERNATIONAL LIMITED PARTNERSHIP  
BAY #167, 3953 112 AVE SE  
CALGARY, AB T2C 0J4

**Block****Status**  
Current

2 KORITE INTERNATIONAL GP INC.  
BAY #167, 3953 112 AVE SE  
CALGARY, AB T2C 0J4

**Secured Party / Parties****Block****Status**  
Current

1 CANADIAN IMPERIAL BANK OF COMMERCE  
595 BAY STREET, 5TH FLOOR  
TORONTO, ON M5G 2C2  
Email: X\_SEC\_Mail@cibc.com

**Collateral: General****Block****Description****Status**

1 ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY OF THE DEBTOR.

Current

Search ID #: Z17625407

**Business Debtor Search For:**

KORITE INTERNATIONAL GP INC.

Search ID #: Z17625407

Date of Search: 2024-Jul-24

Time of Search: 08:54:30

Registration Number: 20121615407

Registration Date: 2020-Dec-16

Registration Type: LAND CHARGE

Registration Status: Current

Registration Term: Infinity

Exact Match on: Debtor No: 2

**Debtor(s)****Block****Status**  
Current

- 1 KORITE INTERNATIONAL LIMITED PARTNERSHIP  
BAY #167, 3953 112 AVE SE  
CALGARY, AB T2C 0J4

**Block****Status**  
Current

- 2 KORITE INTERNATIONAL GP INC.  
BAY #167, 3953 112 AVE SE  
CALGARY, AB T2C 0J4

**Secured Party / Parties****Block****Status**  
Current

- 1 CANADIAN IMPERIAL BANK OF COMMERCE  
595 BAY STREET, 5TH FLOOR  
TORONTO, ON M5G 2C2  
Email: X\_SEC\_Mail@cibc.com

Search ID #: Z17625407

**Business Debtor Search For:**

KORITE INTERNATIONAL GP INC.

Search ID #: Z17625407

Date of Search: 2024-Jul-24

Time of Search: 08:54:30

Registration Number: 20121615413

Registration Date: 2020-Dec-16

Registration Type: SECURITY AGREEMENT

Registration Status: Current

Expiry Date: 2025-Dec-16 23:59:59

Exact Match on: Debtor No: 1

**Debtor(s)****Block****Status**

Current

1 KORITE INTERNATIONAL GP INC.  
BAY #167, 3953 112 AVE SE  
CALGARY, AB T2C 0J4

**Secured Party / Parties****Block****Status**

Current

1 CANADIAN IMPERIAL BANK OF COMMERCE  
595 BAY STREET, 5TH FLOOR  
TORONTO, ON M5G 2C2  
Email: X\_SEC\_Mail@cibc.com

**Collateral: General****Block****Description****Status**

1 ALL PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY OF THE DEBTOR.

Current



Search ID #: Z17625407

**Business Debtor Search For:**

KORITE INTERNATIONAL GP INC.

Search ID #: Z17625407

Date of Search: 2024-Jul-24

Time of Search: 08:54:30

Registration Number: 20121615425

Registration Date: 2020-Dec-16

Registration Type: LAND CHARGE

Registration Status: Current

Registration Term: Infinity

Exact Match on: Debtor No: 1

**Debtor(s)****Block****Status**

Current

1 KORITE INTERNATIONAL GP INC.  
BAY #167, 3953 112 AVE SE  
CALGARY, AB T2C 0J4

**Secured Party / Parties****Block****Status**

Current

1 CANADIAN IMPERIAL BANK OF COMMERCE  
595 BAY STREET, 5TH FLOOR  
TORONTO, ON M5G 2C2  
Email: X\_SEC\_Mail@cibc.com

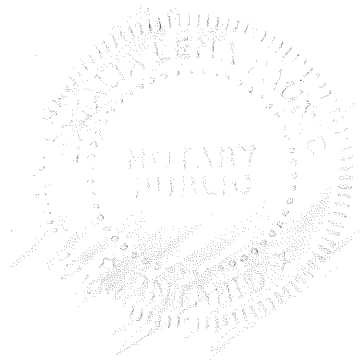
Result Complete

This is **Exhibit "M"** referred to in **Affidavit #1**  
of Kadira Carter made before me  
on August 26, 2024

*Natalie*

Commissioner for Taking Affidavits

LSO # 85691A





## LAND TITLE CERTIFICATE

S	LINC	SHORT LEGAL	TITLE NUMBER
	0022 183 198	4;21;7;18;NW	731 062 804
	0022 183 206	4;21;7;18;NE	
	0022 183 214	4;21;7;18;SW	
	0022 183 222	4;21;7;18;SE	

## LEGAL DESCRIPTION

## FIRST

MERIDIAN 4 RANGE 21 TOWNSHIP 7  
SECTION 18  
THOSE PORTIONS OF THE NORTH WEST QUARTER  
WHICH LIE TO THE EAST OF THE ST. MARY'S RIVER AS SHOWN ON THE TOWNSHIP  
PLAN DATED ON THE 27TH DAY OF JUNE 1893  
CONTAINING 8.50 HECTARES (21 ACRES) MORE OR LESS  
EXCEPTING THEREOUT ALL MINES AND MINERALS  
AND THE RIGHT TO WORK THE SAME

## SECOND

MERIDIAN 4 RANGE 21 TOWNSHIP 7  
SECTION 18  
ALL THAT PORTION OF THE NORTH EAST QUARTER  
WHICH LIES TO THE EAST OF THE ST. MARY'S RIVER  
AS SHOWN ON THE TOWNSHIP PLAN DATED 27 JUNE 1893.  
CONTAINING 57.9 HECTARES (143 ACRES) MORE OR LESS.  
EXCEPTING THEREOUT THE POTHOLE RIVER AS SHOWN ON  
SAID TOWNSHIP PLAN.  
EXCEPTING THEREOUT ALL MINES AND MINERALS  
AND THE RIGHT TO WORK THE SAME

## THIRD

MERIDIAN 4 RANGE 21 TOWNSHIP 7  
SECTION 18  
ALL THAT PORTION OF THE SOUTH WEST QUARTER  
WHICH LIES TO THE EAST OF THE ST. MARY'S RIVER  
AS SHOWN ON THE TOWNSHIP PLAN DATED 27 JUNE 1893.  
CONTAINING 7.892 HECTARES (19.50 ACRES) MORE OR LESS.  
EXCEPTING THEREOUT ALL MINES AND MINERALS  
AND THE RIGHT TO WORK THE SAME

## FOURTH

MERIDIAN 4 RANGE 21 TOWNSHIP 7

( CONTINUED )

SECTION 18  
 ALL THAT PORTION OF THE SOUTH EAST QUARTER  
 WHICH LIES TO THE EAST OF THE ST. MARY'S RIVER  
 AS SHOWN ON THE TOWNSHIP PLAN DATED 27 JUNE 1893.  
 CONTAINING 52.802 HECTARES (130.50 ACRES) MORE OR LESS.  
 EXCEPTING THEREOUT ALL MINES AND MINERALS  
 AND THE RIGHT TO WORK THE SAME

ESTATE: FEE SIMPLE

MUNICIPALITY: LETHBRIDGE COUNTY / CARDSTON COUNTY

REGISTERED OWNER(S)					
REGISTRATION	DATE (DMY)	DOCUMENT	TYPE	VALUE	CONSIDERATION
731 062 804	17/10/1973			\$33,256	

OWNERS

TWOGEE DEVELOPMENTS LTD.  
 OF BOX 326  
 LETHBRIDGE  
 ALBERTA

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION	DATE (D/M/Y)	PARTICULARS
9136EC	17/10/1929	CAVEAT CAVEATOR - FORTISALBERTA INC. 320-17 AVE SW CALGARY ALBERTA T2S2V1 AGENT - BRADLEY D CHISHOLM AFFECTED LAND: 4;21;7;18;SE 4;21;7;18;NE "LYING S OF POTHOLE RIVER & PTN, LYING N OF S 990 FT" (DATA UPDATED BY: 951008210 ) (DATA UPDATED BY: TRANSFER OF CAVEAT 021177996) (DATA UPDATED BY: TRANSFER OF CAVEAT 071156276)
751 083 733	08/08/1975	UTILITY RIGHT OF WAY GRANTEE - FORTISALBERTA INC. 320 - 17 AVENUE S.W. CALGARY

( CONTINUED )

## ENCUMBRANCES, LIENS &amp; INTERESTS

PAGE 3  
# 731 062 804

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
------------------------	--------------	-------------

ALBERTA T2S2Y1

AFFECTED LAND: 4;21;7;18;NE  
4;21;7;18;SE

"EASTERLY 35 FT"

(DATA UPDATED BY: TRANSFER OF UTILITY RIGHT  
OF WAY 001287259)

(DATA UPDATED BY: CHANGE OF NAME 051007171)

891 208 629 13/10/1989 EASEMENT

AFFECTED LAND: 4;21;7;18;NE  
4;21;7;18;SE

"FOR BENEFIT OF"

131 020 767 23/01/2013 CAVEAT

RE : LEASE INTEREST , ETC.  
CAVEATOR - KORITE MINERALS LIMITED.  
3333 - 8 ST SE  
CALGARY  
ALBERTA T2G3A4  
AGENT - ROBERT G KIDDINE

211 101 566 22/05/2021 CAVEAT

RE : AGREEMENT CHARGING LAND  
CAVEATOR - CANADIAN IMPERIAL BANK OF COMMERCE.  
595 BAY STREET, 5TH FLOOR  
TORONTO  
ONTARIO M5G2C2  
AGENT - JODI BERRY

TOTAL INSTRUMENTS: 005

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN  
ACCURATE REPRODUCTION OF THE CERTIFICATE OF  
TITLE REPRESENTED HEREIN THIS 23 DAY OF JULY,  
2024 AT 03:05 P.M.

ORDER NUMBER: 51149960

CUSTOMER FILE NUMBER: 500007/05947



\*END OF CERTIFICATE\*

( CONTINUED )

THIS ELECTRONICALLY TRANSMITTED LAND TITLES PRODUCT IS INTENDED FOR THE SOLE USE OF THE ORIGINAL PURCHASER, AND NONE OTHER, SUBJECT TO WHAT IS SET OUT IN THE PARAGRAPH BELOW.

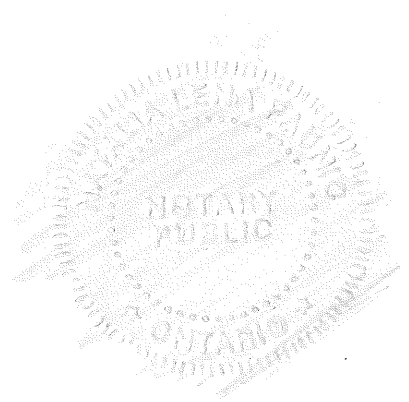
THE ABOVE PROVISIONS DO NOT PROHIBIT THE ORIGINAL PURCHASER FROM INCLUDING THIS UNMODIFIED PRODUCT IN ANY REPORT, OPINION, APPRAISAL OR OTHER ADVICE PREPARED BY THE ORIGINAL PURCHASER AS PART OF THE ORIGINAL PURCHASER APPLYING PROFESSIONAL, CONSULTING OR TECHNICAL EXPERTISE FOR THE BENEFIT OF CLIENT(S).

This is **Exhibit "N"** referred to in **Affidavit #1**  
of Kadir Carter made before me  
on August 26, 2024

*N. A. [Signature]*

Commissioner for Taking Affidavits

LSO # 85641A





## LAND TITLE CERTIFICATE

M	LINC	SHORT LEGAL	TITLE NUMBER
	0025 379 108	4;21;7;18;NE	159D182
	0025 379 116	4;21;7;18;SE	
	0025 379 124	4;21;7;18;NW,SW	

## LEGAL DESCRIPTION

## FIRST

ALL MINES AND MINERALS WITHIN, UPON OR UNDER:

MERIDIAN 4 RANGE 21 TOWNSHIP 7  
SECTION 18

THAT PORTION OF THE NORTH EAST QUARTER  
BOUNDED ON THE WEST BY THE RIGHT BANK OF ST. MARY'S RIVER AND  
BY THE EAST BOUNDARY OF THE WEST HALF OF SAID SECTION,  
AND ON THE NORTH BY THE LEFT BANK OF THE POT HOLE RIVER,  
AS SHOWN ON THE TOWNSHIP PLAN APPROVED 27 JUNE 1893  
CONTAINING 52.44 HECTARES (129.60 ACRES) MORE OR LESS  
AND THE RIGHT TO WORK THE SAME

## SECOND

ALL MINES AND MINERALS WITHIN, UPON OR UNDER:

MERIDIAN 4 RANGE 21 TOWNSHIP 7  
SECTION 18

THAT PORTION OF THE SOUTH EAST QUARTER DESCRIBED AS FOLLOWS:  
COMMENCING AT THE NORTH EAST CORNER OF SAID QUARTER SECTION,  
THENCE SOUTH ALONG THE EAST BOUNDARY THEREOF TO A POINT THEREON  
990 FEET NORTH FROM THE SOUTH EAST CORNER THEREOF,  
THENCE WEST PARALLEL WITH THE SOUTH BOUNDARY THEREOF TO IS  
INTERSECTION WITH THE RIGHT BANK OF SAID ST. MARY'S RIVER,  
THENCE NORTHERLY AND WESTERLY FOLLOWING THE SINUOSITIES OF THE  
RIGHT BANK OF SAID RIVER TO ITS INTERSECTION WITH THE WEST BOUNDARY  
OF SAID QUARTER SECTION,  
THENCE NORTH ALONG SAID WEST BOUNDARY TO ITS INTERSECTION WITH THE  
NORTH BOUNDARY THEREOF,  
THENCE EAST ALONG SAID NORTH BOUNDARY TO THE PLACE OF COMMENCEMENT,  
AS SHOWN ON THE TOWNSHIP PLAN APPROVED 27 JUNE 1893  
CONTAINING 36.55 HECTARES (90.38 ACRES) MORE OR LESS  
AND THE RIGHT TO WORK THE SAME

( CONTINUED )



THIRD

ALL MINES AND MINERALS WITHIN, UPON OR UNDER:

MERIDIAN 4 RANGE 21 TOWNSHIP 7  
 SECTION 18  
 THAT PORTION OF THE WEST HALF  
 WHICH IS BOUNDED ON THE NORTH WEST, WEST, AND SOUTH WEST BY THE  
 RIGHT BANK OF ST. MARY'S RIVER,  
 AS SHOWN ON THE TOWNSHIP PLAN APPROVED 27 JUNE 1893  
 CONTAINING 16.40 HECTARES (40.50 ACRES) MORE OR LESS  
 AND THE RIGHT TO WORK THE SAME

ESTATE: FEE SIMPLE

MUNICIPALITY: CARDSTON COUNTY

REGISTERED OWNER(S)				
REGISTRATION	DATE (DMY)	DOCUMENT TYPE	VALUE	CONSIDERATION
159D182	03/11/1969			REF. 151I61

OWNERS

TWOGEE DEVELOPMENTS LTD.  
 OF ACADIA BUILDING  
 612-3 AVE S  
 LETHBRIDGE  
 ALBERTA

ENCUMBRANCES, LIENS & INTERESTS		
REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
991 205 223	21/07/1999	CAVEAT RE : PETROLEUM AND NATURAL GAS LEASE CAVEATOR - BONAVISTA PETROLEUM LTD. PO BOX 22192 BANKERS HALL CALGARY ALBERTA T2P4A5 AGENT - SUE JOHNSON
131 020 767	23/01/2013	CAVEAT RE : LEASE INTEREST , ETC. CAVEATOR - KORITE MINERALS LIMITED. 3333 - 8 ST SE CALGARY

## ENCUMBRANCES, LIENS &amp; INTERESTS

PAGE 3  
# 159D182

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
------------------------	--------------	-------------

ALBERTA T2G3A4  
AGENT - ROBERT G KIDDINE

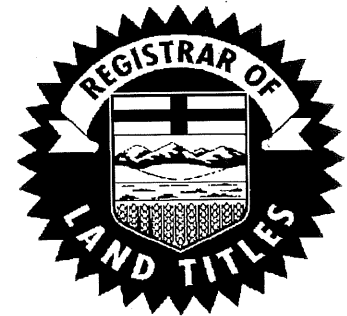
211 101 566 22/05/2021 CAVEAT  
RE : AGREEMENT CHARGING LAND  
CAVEATOR - CANADIAN IMPERIAL BANK OF COMMERCE.  
595 BAY STREET, 5TH FLOOR  
TORONTO  
ONTARIO M5G2C2  
AGENT - JODI BERRY

TOTAL INSTRUMENTS: 003

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN  
ACCURATE REPRODUCTION OF THE CERTIFICATE OF  
TITLE REPRESENTED HEREIN THIS 23 DAY OF JULY,  
2024 AT 03:05 P.M.

ORDER NUMBER: 51149960

CUSTOMER FILE NUMBER: 500007/05947



\*END OF CERTIFICATE\*

THIS ELECTRONICALLY TRANSMITTED LAND TITLES PRODUCT IS INTENDED  
FOR THE SOLE USE OF THE ORIGINAL PURCHASER, AND NONE OTHER,  
SUBJECT TO WHAT IS SET OUT IN THE PARAGRAPH BELOW.

THE ABOVE PROVISIONS DO NOT PROHIBIT THE ORIGINAL PURCHASER FROM  
INCLUDING THIS UNMODIFIED PRODUCT IN ANY REPORT, OPINION,  
APPRAISAL OR OTHER ADVICE PREPARED BY THE ORIGINAL PURCHASER AS  
PART OF THE ORIGINAL PURCHASER APPLYING PROFESSIONAL, CONSULTING  
OR TECHNICAL EXPERTISE FOR THE BENEFIT OF CLIENT(S).

This is **Exhibit "O"** referred to in **Affidavit #1**  
of Kadir Carter made before me  
on August 26, 2024

*Natalie*

Commissioner for Taking Affidavits

LSO #85641A



**FORBEARANCE AGREEMENT**

This Forbearance Agreement (this “**Agreement**”) is dated as of April 1, 2024 (the “**Effective Date**”),

AMONG:

**CANADIAN IMPERIAL BANK OF COMMERCE**

(the “**Lender**”)

AND:

**KORITE INTERNATIONAL LIMITED PARTNERSHIP**

(the “**Borrower**”)

AND:

**KORITE INTERNATIONAL GP INC.**

(the “**General Partner**”)

AND:

**EACH OF CLEAR NORTH CAPITAL HOLDINGS INC., DYL HOLDINGS INC.,  
JC RIVER ROCK HOLDINGS LTD., and HAPPY ENDINGS HOLDCO LTD.**

(collectively, the “**Limited Recourse Guarantors**”, and each a “**Limited Recourse Guarantor**”)

WHEREAS:

- A. The Lender has made certain credit facilities available to the Borrower pursuant to the terms and conditions of the credit agreement dated as of December 18, 2020 between the Borrower, as borrower, the General Partner, as guarantor, and the Lender, as lender, as amended by the first amending agreement dated as of January 18, 2021, the second amending agreement dated as of July 10, 2023 and the third amending agreement dated as of December 18, 2023 (collectively, the “**Credit Agreement**”).
- B. To secure the payment and performance of the Obligations under the Credit Agreement and other Loan Documents, the Obligors granted each of the Security to which it is a party in favour of the Lender.
- C. The Borrower failed to repay the Obligations in full on the Maturity Date and the Borrower has requested that the Lender forbear from initiating proceedings to enforce the payment and performance of its Obligations under the Loan Documents.
- D. The Lender has agreed to such forbearance on the strict condition that the Borrower strictly complies with the terms and conditions of this Agreement.

NOW THEREFORE, in consideration of the premises, covenants and agreements set out herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each of the parties hereto, the parties covenant and agree as follows:

1. **Interpretation.** All capitalized terms used herein that are not otherwise defined shall have the meanings set out in the Credit Agreement, and:

“**Asset Purchase**” means a purchase by an arm’s length party of all or substantially all of the assets, properties and undertaking of the Borrower.

“**CNC**” means Clear North Capital Holdings Inc.

“**Equity Purchase**” means a purchase by an arm’s length party of all or substantially all of the issued and outstanding Equity Interests in the Borrower and the General Partner.

“**Liquidity**” means, on any date, the sum of (i) the aggregate amount of unrestricted cash and cash equivalents of the Borrower held in Deposit Accounts held with the Lender and in which the Lender has a first priority Security Interest, plus (ii) the excess of the aggregate principal amount of the Revolving Facility over the aggregate Revolving Credit Utilization on such date.

2. **Acknowledgment of Indebtedness, Guarantees and Security.**

- 2.1. Each of the Borrower, the General Partner, and the Limited Recourse Guarantors hereby acknowledges, confirms and agrees that:

- (a) the Borrower is indebted to the Lender pursuant to the Loan Documents in the amount of **CAD\$4,622,682.29** and **US\$3,677,948.54** as of the Effective Date, plus interest thereon which continues to accrue at the rates set out in the Loan Documents (collectively, the “**Indebtedness**”);
- (b) each of the Security and other Loan Documents to which it is party are valid and enforceable in accordance with their terms and shall remain in full force and effect for the benefit of the Lender following the execution of this Agreement; and
- (a) the Borrower has failed to repay the Obligations in full to the Lender on the Maturity Date, and the Lender is therefore entitled to immediately enforce the repayment of the Indebtedness (together with all other Obligations) and to immediately enforce on the Security.

- 2.2. The Lender acknowledges that nothing herein creates any additional liability or obligations upon the Limited Recourse Guarantors other than those contained in Section 5.3 and the obligations contained in the Limited Recourse Guarantee and Pledge Agreement to which each Limited Recourse Guarantor is a party.

3. **Term.**

- 3.1. This Agreement shall expire on **June 30, 2024** (the “**Termination Date**”) unless extended in writing by the Lender.

- 3.2. Upon the Termination Date, the Lender may extend the term of this Agreement on terms and conditions that it considers appropriate in its sole and unfettered discretion at such time, including without limitation, requiring payment of an extension or forbearance fee.
4. **Conditions and Deliverables.**
- 4.1. Notwithstanding any other provision of this Agreement, the effectiveness of this Agreement is subject to and conditional on the fulfilment of the following:
- (a) the Lender shall have received this Agreement, duly executed and delivered by each of the Borrower, the General Partner and Limited Recourse Guarantors.
5. **General Covenants and Acknowledgments of the Borrower.**
- 5.1. The Borrower hereby acknowledges, confirms, covenants and agrees as follows:
- (a) that each of the recitals to this Agreement is true;
- (b) to comply with all of the terms of this Agreement;
- (c) to comply with the terms of the Loan Documents, except to the extent those terms are specifically amended by this Agreement;
- (d) that, from and after the Termination Date, any of the Obligations shall be repayable by the Borrower upon written demand by the Lender;
- (e) to take all reasonable steps, without causing a default under this Agreement, to prevent any creditor of the Borrower from obtaining a judgment or from commencing any execution proceedings against it or its personal property;
- (f) to repay (or cause to be repaid) all Indebtedness and all other Obligations to the Lender on or before the Termination Date (as may be extended pursuant to Section 3 hereof);
- (g) that it has no claim or causes of action against the Lender, either in respect of the Loan Documents, or otherwise; and
- (h) to reimburse the Lender for all professional fees and expenses incurred by the Lender to date (to the extent not already reimbursed) and to pay all additional professional fees and expenses incurred by the Lender for legal or other professional services (on a solicitor and own client basis), including payment of the fees which the Lender incurs as a result of the preparation or implementation of this Agreement, the realization upon all or part of the Security or other Loan Documents.
- 5.2. The Borrower hereby further covenants and agrees to:
- (a) provide the Lender with notice as soon as practicable upon the occurrence of any material change affecting the Borrower's business operations, including without limitation, any:
- (i) material write down in the value of the Borrower's assets or inventory;
- (ii) bulk sale of inventory outside the ordinary course of business; or

- (iii) change in the ownership structure of the Borrower or General Partner;
  - (b) maintain at all times Liquidity of not less than \$35,000;
  - (c) provide the Lender with updates, in a manner satisfactory to the Lender and on a bi-weekly basis, in respect of the ongoing sales process of the Borrower;
  - (d) carry on business in the normal course and in material compliance with all Applicable Laws;
  - (e) provide the Lender with such financial reporting or other information in respect of the Borrower as the Lender may reasonably request;
  - (f) on or before June 15, 2024, provide to the Lender copies of all offers received by the Borrower in respect of an Asset Purchase; and
  - (g) if the Borrower has received an offer for an Asset Purchase, use commercially reasonable efforts to consummate such Asset Purchase on or before June 30, 2024.
- 5.3. CNC hereby further covenants and agrees to:
- (a) on or before June 15, 2024, provide to the Lender copies of all offers received by the Borrower or CNC in respect of an Equity Purchase; and
  - (b) if the Borrower or CNC has received an offer for an Equity Purchase, use commercially reasonable efforts to consummate such Equity Purchase on or before June 30, 2024.
- 5.4. The Borrower hereby covenants and agrees that it **shall not**, without the prior written consent of the Lender:
- (a) pay any dividend or make any other distribution to holders of Equity Interests;
  - (b) repay any loans to holders of Equity Interests or other non-arms' length persons;
  - (c) issue any unissued shares in its capital or grant any option or right to acquire unissued shares (other than shares issued or options granted as part of employee compensation);
  - (d) approve any transfer of its Equity Interests;
  - (e) borrow monies from any person or persons on the security of its assets, except with the written consent of the Lender, which may be unreasonably withheld;
  - (f) pay any director's fees (provided that nothing in this Agreement shall be construed as restricting the reimbursement of a director for costs and expenses incurred in his or her capacity as such);
  - (g) increase any remuneration to any present directors, officers or consultants;
  - (h) incur or commit to any capital or other expenditures, except to the extent permitted under this Agreement;

- (i) transfer, assign, convey, mortgage, charge or otherwise dispose of any real or personal property or interest in real or personal property other than in the ordinary course of business, as may be permitted under the Credit Agreement;
  - (j) commence any litigation other than for the purpose of collecting debts owed to it;
  - (k) pass a resolution or institute proceedings for its bankruptcy, winding up, liquidation or dissolution, consent to the institution or filing of any petition or proceeding with respect thereto or file a petition or commence a proceeding or action seeking reorganization, re-adjustment, rearrangement, restructuring, composition or summary relief under any Canadian or any other Applicable Law (including, without limitation, seek creditor-protection pursuant to the *Bankruptcy and Insolvency Act* (Canada) or *Companies' Creditors Arrangement Act* (Canada), or consent to the filing of any such petition or to the appointment of a receiver, receiver-manager, liquidator, trustee or similar officer of itself or any of its real or personal property; or
  - (l) compromise or otherwise affect the interests of the Lender pursuant to the Loan Documents other creditor-protection proceeding under the *Bankruptcy and Insolvency Act* (Canada) or the *Companies' Creditors Arrangement Act* (Canada) or otherwise.
- 5.5. As further consideration of the Lender's forbearance on the terms and conditions set out in this Agreement, each of the Borrower, the General Partner and Limited Recourse Guarantors hereby acknowledges, confirms and agrees that, should there be an Event of Default as defined in Section 9 herein, they will not oppose and instead hereby expressly consents to the Lender commencing realization proceedings pursuant to the terms of the Security and this Agreement.
6. **Lender's Covenants.**
- 6.1. During the term of this Agreement, and provided that the Borrower is not in default hereunder, the Lender shall forbear from enforcing the immediate repayment of the Indebtedness and other Obligations, or realizing on the Security, except as provided for herein, until the Termination Date.
- 6.2. Notwithstanding Section 6.1 above and forbearance hereunder, the Borrower shall continue to satisfy and perform all mandatory repayment and prepayment obligations with respect to principal, fees and other charges pursuant to the Loan Documents and shall pay interest on any outstanding principal from time to time as required under the Loan Documents.
7. **Tolling of Applicable Limitation Periods.**
- 7.1. As further consideration of the Lender's forbearance on the terms and conditions set out in this Agreement, each of the Borrower, the General Partner, and Limited Recourse Guarantors hereby acknowledges, confirms and agrees that, until the earlier of: (i) the Termination Date (as may be extended pursuant to Section 3 hereof); or (ii) such date as the Lender has made additional demand following the Effective Date for repayment of the Obligations:
- (a) any applicable limitation periods, including without limitation those as prescribed by the *Limitations Act* (Alberta), for the commencement of any actions as between the Lender and the Borrower, the General Partner or Limited Recourse Guarantors relating to matters referenced herein are hereby suspended as of the date of this Agreement;



- (b) they are estopped from raising or arguing in any manner that limitation periods have continued to accrue while the agreement to not commence any action contained in this Agreement remains in effect, and that this Agreement may be produced to a court of competent jurisdiction in any proceedings between or involving the parties hereto to conclusively establish that the accrual of all limitation periods was postponed by this Agreement.

8. **Acknowledgments and Releases.**

- 8.1. Each of the Borrower, the General Partner, and the Limited Recourse Guarantors hereby acknowledges, confirms and agrees that:
  - (a) absent the terms of this Agreement, the Lender is entitled to repayment of all Obligations and to immediately collect the Indebtedness and to enforce on the Security and other Loan Documents; and
  - (b) it has no claims or causes of action against the Lender of any kind, and no defences to the right of the Lender to receive repayment of the Obligations or to enforce on the Security or other Loan Documents. If any claims, causes of action, or defences do exist or arise, it hereby releases the Lender from any such claims or causes of action, and waives any such defences.

9. **Events of Default and Termination.**

- 9.1. It shall be an event of default (an “Event of Default”) under this Agreement if, at any time after the Effective Date:
  - (a) the Borrower fails to duly perform or observe any term, covenant or obligation contained in the Loan Documents, Security or this Agreement (other than Section (a)), other any defaults existing as of the Effective Date;
  - (b) the Borrower fails to comply with Section (a) and such failure continues for five (5) Business Days;
  - (c) any encumbrancer or creditor of the Borrower takes possession of, or takes steps to realize or execute against any real or personal property of the Borrower, and such steps to realize or execute are not stayed or terminated within five (5) Business Days;
  - (d) any of the real or personal property of the Borrower becomes subject to a lien, charge, security interest or other encumbrance ranking in priority to the security interests of the Lender, including without limitation, any court-ordered charges pursuant to interim or “debtor-in-possession” financing;
  - (e) there has been a change in the affairs of the Borrower or in its security position, from and after the date hereof, that could reasonably be expected to cause a Material Adverse Effect; and
  - (f) the Borrower, without the prior written consent of the Lender:

- (i) passes a resolution or institutes proceedings for its bankruptcy, winding-up, liquidation or dissolution or consents to the institution or filing of any petition or proceeding with respect thereto;
  - (ii) files a petition or commences a proceeding or action seeking reorganization, re-adjustment, rearrangement, restructuring, composition or similar relief under any Canadian or other Applicable Law or consents to the filing of any such petition or to the appointment of a receiver, receiver-manager, liquidator, trustee or similar officer of itself or of any of its real or personal property;
  - (iii) files a proposal for the benefit of its creditors, prepares a plan of arrangement or compromise, or takes any other action, that affects or compromises the Obligations owing to the Lender;
  - (iv) the Borrower is adjudged or deemed to be bankrupt; or
  - (v) takes any action in furtherance of any of the foregoing; or
- (g) the Borrower or CNC, as representative for the holders of the Equity Interests in the Borrower, as applicable, fails to receive any offer for an Asset Purchase or an Equity Purchase by June 15, 2024.

9.2. Upon the occurrence of an Event of Default, the Lender may, at its option:

- (a) immediately declare this Agreement to be of no further force of effect;
- (b) immediately commence enforcement or other realization proceedings with respect to any of the Security or other Loan Documents;
- (c) appoint (privately or by way of court order) an agent, receiver or receiver-manager of the Borrower, or any of the real or personal property of the Borrower;
- (d) realize on the shares of the Borrower in accordance with the Pledge Agreements; or
- (e) pursue such other remedies as it deems appropriate.

## 10. **Indemnity.**

10.1. The Borrower hereby covenants and agrees to indemnify and save harmless the Lender and any agent for the Lender from and against any and all actions, causes of action, liabilities, claims or demands (collectively, "**Claims**") arising out of this Agreement or the performance of the Lender of its duties and obligations herein, except for any Claims resulting from the Lender's gross negligence, wilful misconduct or fraud.

## 11. **General Provisions.**

11.1. Time shall be of the essence of this Agreement.

11.2. This Agreement is binding upon and will enure to the benefit of the Lender, the Borrower, the General Partner, Limited Recourse Guarantors, and their respective heirs, executors, administrators, successors and assigns.

- 11.3. Should any provision of this Agreement be declared or held invalid or unenforceable by a court of competent jurisdiction, then such invalidity or unenforceability will not affect the validity or enforceability of any or all of the remaining provisions of this Agreement which will continue in full force and effect and be construed as if this Agreement had been executed without the invalid and unenforceable provision.
- 11.4. **Each of the Borrower, the General Partner, and Limited Recourse Guarantors acknowledges and confirms that it has received independent legal advice with respect to the execution of this Agreement and all related documentation, and confirms that it is entering into this Agreement on its own free will without any coercion or duress having been imposed upon it by the Lender or any other party.**
- 11.5. Each of the Borrower, the General Partner, and Limited Recourse Guarantors shall execute such other and further documents and assurances as may be necessary or will do such other acts and things as may be required in order to carry out the transactions contemplated by this Agreement.
- 11.6. 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 therein. The parties hereto irrevocably attorn to the exclusive jurisdiction of the Alberta Court of King's Bench or any successor court thereto in connection with, related to or in any way arising from this Agreement.
- 11.7. This Agreement may be executed by any method of electronic execution and in any number of counterparts, and delivered by way of facsimile, email or other mode of electronic delivery (including in Portable Document Format), and each of which when delivered shall be deemed to be an original and all of which together shall constitute one and the same document.
- 11.8. This Agreement is supplemental to the Security and other Loan Documents. The Security and other Loan Documents, as supplemented by this Agreement, remain in full force and effect and are hereby ratified and confirmed. The provisions of this Agreement are in addition to, and not in substitution for, the provisions of the Security and other Loan Documents. In an event of any conflict between the terms of the Credit Agreement and the terms of this Agreement, the provisions of this Agreement shall govern to the extent necessary to remove the conflict.
- 11.9. This Agreement shall be operative and binding on each Person who has executed and delivered this Agreement notwithstanding that this Agreement might not have been executed by all proposed signatories.

*[Signatures pages follow]*

IN WITNESS WHEREOF the parties have executed this Agreement as of the Effective Date.

**CANADIAN IMPERIAL BANK OF COMMERCE,**  
as the Lender

By:



\_\_\_\_\_  
Name: Matthew O'Connell  
Title: Authorized Signatory



\_\_\_\_\_  
Name: Kadir Carter  
Title: Authorized Signatory

**KORITE INTERNATIONAL LIMITED  
PARTNERSHIP,**  
by its general partner,  
**KORITE INTERNATIONAL GP INC.**

By:

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

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

**KORITE INTERNATIONAL GP INC.**

By:

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

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

IN WITNESS WHEREOF the parties have executed this Agreement as of the Effective Date.

**CANADIAN IMPERIAL BANK OF COMMERCE,**  
as the Lender

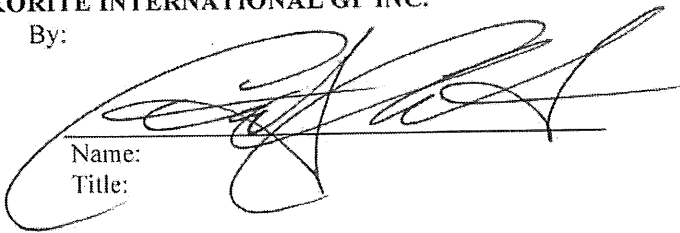
By:

\_\_\_\_\_  
Name: Matthew O'Connell  
Title: Authorized Signatory

\_\_\_\_\_  
Name: Kadira Carter  
Title: Authorized Signatory

**KORITE INTERNATIONAL LIMITED  
PARTNERSHIP,**  
by its general partner,  
**KORITE INTERNATIONAL GP INC.**

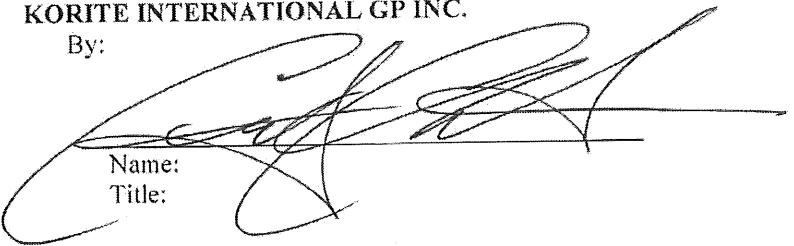
By:

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

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

**KORITE INTERNATIONAL GP INC.**

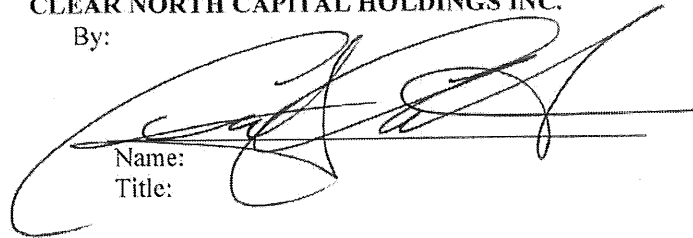
By:

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

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

**CLEAR NORTH CAPITAL HOLDINGS INC.**

By:

  
Name:  
Title:

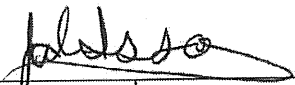
**DYL HOLDINGS INC.**

By:

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


**JC RIVER ROCK HOLDINGS LTD.**

By:

  
\_\_\_\_\_  
Name: John TSSA  
Title: President

**HAPPY ENDINGS HOLDCO LTD.**

By:

  
\_\_\_\_\_  
Name: JAMES CHOWL  
Title: President

This is **Exhibit "P"** referred to in **Affidavit #1**  
of Kadira Carter made before me  
on August 26, 2024

*Natalie P.*

Commissioner for Taking Affidavits

LSO #85641A



Ryan Laity  
T: 604-632-3544  
rlaity@blg.com

Borden Ladner Gervais LLP  
1200 Waterfront Centre  
200 Burrard St, P.O. Box 48600  
Vancouver BC V7X 1T2  
Canada  
T 604-687-5744  
F 604-687-1415  
blg.com



**File No. 500007/005947**

July 24, 2024

**DELIVERED BY REGISTERED MAIL**

**Korite International GP Inc.**  
Suite 1700, 715 – 5th Avenue S.W.  
Calgary, Alberta T2P 0N2

**Korite International GP Inc.**  
4200 Bankers Hall West, 888 - 3rd Street S.W.  
Calgary, Alberta T2P 5C5

Attention: Cody Church

Dear Sirs/Mesdames:

**Re: Loans by Canadian Imperial Bank of Commerce to Korite International Limited Partnership**

We are solicitors for Canadian Imperial Bank of Commerce (the “**Lender**”) with respect to the loans advanced by the Lender to Korite International Limited Partnership (the “**Borrower**”) pursuant to the credit agreement dated December 18, 2020, as amended by a first amending agreement dated as of January 28, 2021, a second amending agreement dated as of July 10, 2023, and a third amending agreement dated as of December 18, 2023 (collectively, the “**Credit Agreement**”). Pursuant to the Credit Agreement, the Lender has made various facilities available to the Borrower (the “**Loans**”).

In connection with the Credit Agreement and the Loans, Korite International GP Inc. (the “**GP**”) granted an unlimited guarantee, dated December 18, 2020 in favour of the Lender guaranteeing the payment and performance of all obligations owing to the Lender under the Credit Agreement and the Loans (the “**Guarantee**”).

Further, the GP granted various security documents in favour of the Bank (collectively, the “**Security**”), including without limitation:

- (a) a general security agreement dated December 18, 2020 in which the GP granted a security interest in favour of the Lender in all of the GP’s present and after acquired personal property; and



- (b) a pledge of equity interests agreement dated December 18, 2020 in which the GP granted a security interest in favour of the Lender in all of the GP's equity interests in the capital of the Borrower.

The Borrower failed to repay the Loans on or before the Maturity Date (as defined in the Credit Agreement) and the Borrower entered into a forbearance agreement dated April 1, 2024 (the "**Forbearance Agreement**") among, *inter alios*, the Borrower, the GP and the Lender. The Borrower has subsequently failed to repay all Obligations to the Lender on or before the Termination Date (as defined in the Forbearance Agreement). Further, pursuant to the Forbearance Agreement, the Borrower has agreed that from and after the Termination Date, any of the Obligations shall be repayable by the Borrower upon written demand by the Lender.

Accordingly, the Lender declares all amounts outstanding pursuant to the Loans to be immediately due and owing, and we hereby demand payment of all amounts due and owing under the Credit Agreement. As of July 17, 2024, the amount owing under the Guarantee is **CAD\$4,760,117.76** and **USD\$3,804,991.49** plus interest and costs payable thereon (collectively, the "**Outstanding Amount**").

Payment of the Outstanding Amount, plus interest from July 17, 2024 to the date of payment and the Lender's legal costs in connection therewith, should be made by bank draft or certified cheque within 10 days of the date of this letter payable to Canadian Imperial Bank of Commerce, 81 Bay Street, 30th Floor, Toronto ON M5J 0E7 Attention: Kadira Carter. Prior to making payment, however, please contact Kadira Carter at Kadira.Carter@cibc.com for the Outstanding Amount as of the date payment is to be made.

If payment of the Outstanding Amount is not made within 10 days of the date of this letter, we will take such measures as we consider necessary in order to protect the Lender's rights and security, without further notice to you. In this regard, we enclose Notices of Intention to Enforce Security under Section 244(1) of the *Bankruptcy and Insolvency Act* R.S.C. 1985, c.B 3.

If you agree to the Lender proceeding to enforce on the Security prior to the expiry of the 10 day notice period set out in the enclosed Section 244 Notices, please sign and return the Consent and Waiver attached thereto.

Yours truly

**BORDEN LADNER GERVAIS LLP**

  
By: Ryan Laity

RML/LKB

Enclosures

FORM 86  
PURSUANT TO THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3.  
(Subsection 244(1))

**NOTICE OF INTENTION TO ENFORCE SECURITY**

TO: Korite International GP Inc.  
Suite 1700, 715 – 5th Avenue S.W.  
Calgary, Alberta T2P 0N2

AND TO: Korite International GP Inc.  
4200 Bankers Hall West, 888 - 3rd Street S.W.  
Calgary, Alberta T2P 5C5

TAKE NOTICE THAT:

1. Canadian Imperial Bank of Commerce (the “**Lender**”), a secured creditor, intends to enforce its security on the property of the insolvent person described below:
  - all present and after-acquired personal property of Korite International GP Inc. (the “**Debtor**”) and all proceeds thereof and therefrom; and
  - all present and after-acquired right, title and interest of the Debtor in and to the equity interests in the capital of Korite International Limited Partnership and all proceeds thereof and therefrom.
2. The security that is to be enforced includes the following:
  - a general security agreement dated December 18, 2020, granted by the Debtor, as debtor, in favour of the Lender; and
  - pledge of equity interests agreement dated December 18, 2020, granted by the Debtor, as debtor, in favour of the Lender,(collectively the “**Security**”).
3. The total amount of the indebtedness secured by the Security, as at July 17, 2024, is CAD\$4,760,117.76 and USDS3,804,991.49, plus accruing interest.
4. The secured creditor 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 consents to an earlier enforcement.

Dated at Vancouver, British Columbia, on July 24, 2024.

**CANADIAN IMPERIAL BANK OF  
COMMERCE,**  
by its solicitor:

  
\_\_\_\_\_  
Ryan Larty

**CONSENT AND WAIVER**

**THE UNDERSIGNED** hereby pursuant to Section 244(2) of the *Bankruptcy and Insolvency Act* waives the ten day period of notice required under Section 244 of the *Bankruptcy and Insolvency Act* (see extract below) and consents to the immediate enforcement by Canadian Imperial Bank of Commerce of the Security referred to in the Section 244 Notice dated July 24, 2024.

DATED at \_\_\_\_\_, \_\_\_\_\_, on \_\_\_\_\_ 2024, at \_\_\_\_\_  
a.m./p.m.

**KORITE INTERNATIONAL GP INC.**

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

Extract from the Bankruptcy and Insolvency Act

Section 244. Advance Notice

- (1) A secured creditor who intends to enforce a security on all or substantially all of
- (a) the inventory,
  - (b) the accounts receivable, or
  - (c) the other property

of an insolvent person that was acquired for, or is used in relation to a business carried on by the insolvent person shall send to that insolvent person, in the prescribed form and manner, a notice of that intention.

- (2) **Period of Notice.** - Where a notice is required to be sent under subsection (1), the secured creditor shall not enforce the security in respect of which the notice is required until the expiry of ten days after sending that notice, unless the insolvent person consents to an earlier enforcement of the security.
- (2.1) **No advance consent.** - [For the] purposes of subsection (2), consent to earlier enforcement of a security may not be obtained by a secured creditor prior to the sending of the notice referred to in subsection (1).
- (3) **Exception.** - This section does not apply, or ceases to apply in respect of a secured creditor
- (a) whose right to realize or otherwise deal with his security is protected by subsection 69.1(5) or (6); or
  - (b) in respect of whom a stay under sections 69 to 69.2 has been lifted pursuant to Section 69.4.
- (4) **Idem.** - This Section does not apply where there is a receiver in respect of the insolvent person.

Ryan Laity  
T: 604-632-3544  
rlaity@blg.com

Borden Ladner Gervais LLP  
1200 Waterfront Centre  
200 Burrard St, P.O. Box 48600  
Vancouver BC V7X 1T2  
Canada  
T 604-687-6744  
F 604-687-1415  
blg.com



**File No. 500007/005947**

July 24, 2024

**DELIVERED BY REGISTERED MAIL**

**Korite International Limited Partnership**  
Suite 1700, 715 – 5th Avenue S.W.  
Calgary, Alberta T2P 0N2

and

**Korite International Limited Partnership**  
Suite 1900, 350 - 7th Avenue S.W.  
Calgary, Alberta T2P 3N9

Attention: Cody Church

Dear Sirs/Mesdames:

**Re: Loans by Canadian Imperial Bank of Commerce to Korite International Limited Partnership**

We are solicitors for Canadian Imperial Bank of Commerce (the “**Lender**”) with respect to the loans advanced by the Lender to Korite International Limited Partnership (the “**Borrower**”) pursuant to the credit agreement dated December 18, 2020, as amended by a first amending agreement dated as of January 28, 2021, a second amending agreement dated as of July 10, 2023, and a third amending agreement dated as of December 18, 2023 (collectively, the “**Credit Agreement**”). Pursuant to the Credit Agreement, the Lender has made various facilities available to the Borrower (the “**Loans**”).

In connection with the Credit Agreement and the Loans, the Borrower granted various security documents in favour of the Lender (collectively, the “**Security**”), including without limitation:

- (a) a general security agreement dated December 18, 2020 in which the Borrower granted a security interest in favour of the Lender in all of the Borrower’s present and after acquired personal property; and
- (b) a debenture dated December 18, 2020 in favour of the Lender in connection with certain mineral properties situated in the Province of Alberta.

The Borrower failed to repay the Loans on or before the Maturity Date (as defined in the Credit Agreement) and the Borrower entered into a forbearance agreement dated April 1, 2024 (the "**Forbearance Agreement**") among, *inter alios*, the Borrower and the Lender. The Borrower has subsequently failed to repay all Obligations to the Lender on or before the Termination Date (as defined in the Forbearance Agreement). Further, pursuant to the Forbearance Agreement, the Borrower has agreed that from and after the Termination Date, any of the Obligations shall be repayable by the Borrower upon written demand by the Lender.

Accordingly, the Lender declares all amounts outstanding pursuant to the Loans to be immediately due and owing, and we hereby demand payment of all amounts due and owing under the Credit Agreement. As of July 17, 2024, the amount owing under the Credit Agreement is CAD\$4,760,117.76 and USD\$3,804,991.49 plus interest and costs payable thereon (collectively, the "**Outstanding Amount**").

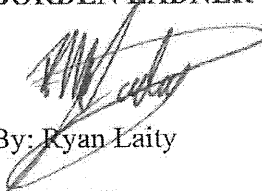
Payment of the Outstanding Amount, plus interest from July 17, 2024 to the date of payment and the Lender's legal costs in connection therewith, should be made by bank draft or certified cheque within 10 days of the date of this letter payable to Canadian Imperial Bank of Commerce, 81 Bay Street, 30th Floor, Toronto ON M5J 0E7 Attention: Kadira Carter. Prior to making payment, however, please contact Kadira Carter at Kadira.Carter@cibc.com for the Outstanding Amount as of the date payment is to be made.

If payment of the Outstanding Amount is not made within 10 days of the date of this letter, we will take such measures as we consider necessary in order to protect the Lender's rights and security, without further notice to you. In this regard, we enclose Notices of Intention to Enforce Security under Section 244(1) of the *Bankruptcy and Insolvency Act* R.S.C. 1985, c. B 3.

If you agree to the Lender proceeding to enforce on the Security prior to the expiry of the 10 day notice period set out in the enclosed Section 244 Notices, please sign and return the Consent and Waiver attached thereto.

Yours truly

**BORDEN LADNER GERVAIS LLP**

  
By: Ryan Laity

RML/LKB

Enclosures

FORM 86  
PURSUANT TO THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3.  
(Subsection 244(1))

**NOTICE OF INTENTION TO ENFORCE SECURITY**

TO: Korite International Limited Partnership  
Suite 1700, 715 – 5th Avenue S.W.  
Calgary, Alberta T2P 0N2

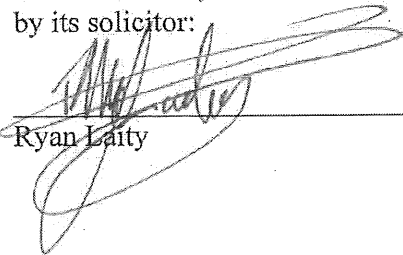
AND TO Korite International Limited Partnership  
Suite 1900, 350 - 7th Avenue S.W.  
Calgary, Alberta T2P 3N9

TAKE NOTICE THAT:

1. Canadian Imperial Bank of Commerce (the “**Lender**”), a secured creditor, intends to enforce its security on the property of the insolvent person described below:
  - all present and after-acquired personal property of Korite International Limited Partnership (the “**Debtor**”) and all proceeds thereof and therefrom; and
  - all Mineral Rights, Mineral Agreements and all Minerals produced from the Lands (in each case, as such terms are defined in the Debenture, as defined below) and all proceeds thereof and therefrom.
2. The security that is to be enforced includes the following:
  - a general security agreement dated December 18, 2020, granted by the Debtor, as debtor, in favour of the Lender; and
  - a debenture dated December 18, 2020 (the “**Debenture**”), granted by the Debtor, as debtor, in favour of the Lender,(collectively, the “**Security**”).
3. The total amount of the indebtedness secured by the Security, as at July 17, 2024, is CAD\$4,760,117.76 and USDS3,804,991.49, plus accruing interest.
4. The secured creditor 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 consents to an earlier enforcement.

Dated at Vancouver, British Columbia, on July 24, 2024.

**CANADIAN IMPERIAL BANK OF  
COMMERCE,**  
by its solicitor:

  
\_\_\_\_\_  
Ryan Laity

**CONSENT AND WAIVER**

**THE UNDERSIGNED** hereby pursuant to Section 244(2) of the *Bankruptcy and Insolvency Act* waives the ten day period of notice required under Section 244 of the *Bankruptcy and Insolvency Act* (see extract below) and consents to the immediate enforcement by Canadian Imperial Bank of Commerce of the Security referred to in the Section 244 Notice dated July 24, 2024.

DATED at \_\_\_\_\_, \_\_\_\_\_, on \_\_\_\_\_ 2024, at \_\_\_\_\_  
a.m./p.m.

**KORITE INTERNATIONAL LIMITED  
PARTNERSHIP, by its general partner,  
KORITE INTERNATIONAL GP INC.**

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

Extract from the Bankruptcy and Insolvency Act

Section 244. Advance Notice

- (1) A secured creditor who intends to enforce a security on all or substantially all of
- (a) the inventory,
  - (b) the accounts receivable, or
  - (c) the other property
- of an insolvent person that was acquired for, or is used in relation to a business carried on by the insolvent person shall send to that insolvent person, in the prescribed form and manner, a notice of that intention.
- (2) **Period of Notice.** - Where a notice is required to be sent under subsection (1), the secured creditor shall not enforce the security in respect of which the notice is required until the expiry of ten days after sending that notice, unless the insolvent person consents to an earlier enforcement of the security.
- (2.1) **No advance consent.** - [For the] purposes of subsection (2), consent to earlier enforcement of a security may not be obtained by a secured creditor prior to the sending of the notice referred to in subsection (1).
- (3) **Exception.** - This section does not apply, or ceases to apply in respect of a secured creditor
- (a) whose right to realize or otherwise deal with his security is protected by subsection 69.1(5) or (6); or
  - (b) in respect of whom a stay under sections 69 to 69.2 has been lifted pursuant to Section 69.4.
- (4) **Idem.** - This Section does not apply where there is a receiver in respect of the insolvent person.

This is **Exhibit "Q"** referred to in **Affidavit #1**  
of Kadira Carter made before me  
on August 26, 2024

*Natalie [Signature]*

Commissioner for Taking Affidavits

LSO #85641A





**CANADIAN IMPERIAL BANK OF COMMERCE****Payout Statement**

KORITE INTERNATIONAL LIMITED PARTNERSHIP as at August 1, 2024

**CAD Facilities**

Facility	Currency	Principal Outstanding	Interest Owing	Total
Operating Revolver	CAD	\$3,224,544.71	\$475,272.77	\$3,699,817.48
BDC BCAP Term Loan	CAD	\$910,000.00	\$103,133.52	\$1,013,133.52
Visa Credit Card	CAD	\$40,000.00	\$0.00	\$40,000.00
<b>Total</b>	<b>CAD</b>			<b>\$4,752,951.00</b>

**USD Facilities**

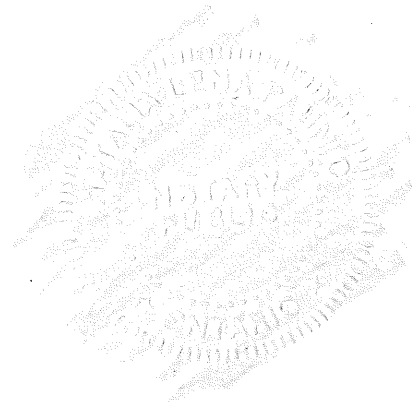
Claim	Currency	Principal Outstanding	Interest Owing	Total
USD Term Loan	USD	\$3,309,238.00	\$515,263.59	\$3,824,501.59
<b>Total</b>	<b>USD</b>			<b>\$3,824,501.59</b>

This is **Exhibit "R"** referred to in **Affidavit #1**  
of Kadir Carter made before me  
on August 26, 2024

*Natalyn*

Commissioner for Taking Affidavits

LSO #85641A



COURT FILE NUMBER

COURT

JUDICIAL CENTRE

PLAINTIFF

DEFENDANTS

DOCUMENT

ADDRESS FOR  
SERVICE AND  
CONTACT  
INFORMATION  
OF PARTY FILING  
THIS DOCUMENT

COURT OF KING'S BENCH OF ALBERTA

CALGARY

CANADIAN IMPERIAL BANK OF  
COMMERCE

KORITE INTERNATIONAL LIMITED  
PARTNERSHIP AND KORITE  
INTERNATIONAL GP INC.

**CONSENT TO ACT AS RECEIVER**

Ryan Laity/Jennifer Pepper  
Borden Ladner Gervais LLP  
1900, 520 – 3<sup>rd</sup> Avenue SW  
Calgary, AB T2P 0R3  
Telephone: (604) 632-3544/(604) 640-4106  
Email: rlaity@blg.com/ jpepper@blg.com  
File No. 500007/005947

Clerk's Stamp

KSV Restructuring Inc. hereby consents to its appointment to act as receiver of Korite International Limited Partnership and its general partner, Korite International GP Inc. pursuant to the terms of the proposed form of receivership order, in accordance with, *inter alia*, the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 and the *Judicature Act*, RSA 2000, c J-2.

DATED at the City of Calgary, in the Province of Alberta, this \_\_\_ day of August, 2024.

**KSV RESTRUCTURING INC.**

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

Name:

Title: