



DIVISIONS

Mountain View Financial
First Calgary Financial
Chinook Financial
Legacy Financial

2720, 700 – 9th Ave SW
Calgary, AB T2P 3V4

Writer's Direct Line: [Phone number]
E-Mail: [Email address]

April 19, 2021

CanadaBis Capital Inc.
255C Clearview Drive
Red Deer, Alberta T4E 3B6

Attention: Mr. Travis McIntyre

Dear Sir:

RE: COMMITMENT LETTER

Connect First Credit Union Ltd. (hereinafter called the "Credit Union") is pleased to advise that the following credit facilities have been approved on the terms and conditions set forth below. If you agree with these terms and conditions please sign the duplicate copy of this letter under the heading "Acceptance" and return same to the writer's attention.

Borrower: CanadaBis Capital Inc.

Corporate Guarantor(s): Stigma Pharmaceuticals Inc.
Full Spectrum Labs Ltd.
Goldstream Cannabis Ltd.
1998643 Alberta Ltd.
2103157 Alberta Ltd.



Credit Facility 1: Commercial Mortgage Loan

Amount of Loan: \$8,850,000.00 available as follows:

Tranche 1 - \$7,210,000.00, subject to conditions of credit (a)

Tranche 2 - \$1,640,000.00, subject to conditions of credit (a)

Purpose: Refinance debt, providing equity repatriation for working capital purposes

Interest Rate: The interest rate is a fixed rate of 4.35% per annum, calculated daily, payable monthly in arrears (the "Mortgage Interest Rate")

Term: 5 Years from the Interest Adjustment Date

Amortization: 10 Years from the Interest Adjustment Date

Repayment:

Interest calculated at the Mortgage Interest Rate shall accrue from the date of the advance and be paid on the fifth day of the month following the date of advance (the "Interest Adjustment Date"). Thereafter on the fifth day of each month, during the term, the payment outlined below on account of principal and interest shall be due and payable.

<u>Term</u>	<u>Payment Amount</u>
5 year closed	\$91,081.43

Prepayment:

The Borrower when not in default under this Credit Facility, shall have the following privileges:

- a) In any calendar year, the Borrower shall have the privilege of prepaying additional amounts of principal under the Credit Facility without notice or bonus provided that the aggregate amount thereof in such calendar year does not exceed 20% of the Original Principal amount of this Credit Facility (the "Annual Prepayment"). The Annual Prepayment is not cumulative.
- b) The Borrower shall have the privilege, once in any calendar year, of increasing the amount of the monthly payment by not more than 20% of the amount of the monthly payment then payable under the Credit Facility (the "Increase Privilege"). The Increase Privilege is not cumulative.

In the event the Borrower has exercised the "Increase Privilege" contained in this Credit Facility, then the Borrower shall, once in any calendar year, have the privilege of decreasing the amount of the then monthly payment payable under the Credit Facility to an amount which is not less than the amount of monthly payment payable at the beginning of the current term. For purposes hereof "current term" means the term of the Credit Facility in the event there has been no extension or renewal of such term, and if such term has been extended or renewed then it means the extended or renewed term commencing on the first day of the extended or renewed term.



- c) The Borrower shall have the privilege of prepaying the entire balance outstanding under this Credit Facility (the "Full Payout Privilege") upon payment of a bonus equal to the greater of (i) an additional three (3) months' interest on the outstanding Principal Amount of the Credit Facility at the interest rate then payable under the Credit Facility, and (ii) an amount in compensation for loss of interest, if any, where the interest rate then payable under this Credit Facility is greater than the Credit Union's current interest rate for reinvestment for the remainder of the term of this Credit Facility. The current interest rate for reinvestment is the Credit Union's stated rate in effect on the date the Full Payout Privilege payment is made for new loans of a similar kind offered for a term not greater than (i) the remainder of the current term of the Credit Facility, and (ii) the next shorter term offered, provided that where the remainder of the term of the Credit Facility is less than the next shorter term offered, the Credit Union's stated rate for the next shorter term shall apply. The bonus payable hereunder shall be calculated by the Credit Union and, in the absence of an obvious error, shall be conclusive.
- d) For better certainty, the bonus payable in respect of the Full Payout Privilege shall be calculated on the aggregate principal amount of the Full Payout Privilege payment irrespective as to whether or not the Borrower has or has not made or is entitled or not entitled to make an Annual Prepayment in respect of the calendar year in which the Full Payout Privilege payment is made.

Review Date:

The next annual review date has been established as of December 31, 2021 but may be changed at the discretion of the Credit Union.

Credit Facility 2: Authorized Overdraft (AOD)

Amount: Up to a maximum of \$750,000.00

Purpose: Working capital AOD to assist day to day operating requirements

Interest Rate:

The committed rate in respect of the AOD is the Credit Union's Prime Lending Rate plus 1.00% per annum, calculated daily, payable monthly in arrears. The Credit Union's Prime Lending Rate means the annual rate of interest announced from time to time by the Credit Union. As of the date hereof the Credit Union's Prime Lending Rate is 2.45% per annum.

Repayment:

Payable on demand but until demand, interest only is payable monthly in arrears on the first day of each month.

Review Date:

The next annual review date has been established as of December 31, 2021 but may be changed at the discretion of the Credit Union.

Non-refundable Application Fee:



\$(Fee) (Received)

Late Financial Reporting Fee:

\$(Fee) per occurrence

Annual Review Fee:

\$(Fee)

Renewal Fee of Credit Facility 1:

(Fee)% of the principal balance outstanding at renewal

Prepaid Legal Fees:

The Borrower will be responsible for direct payment of the Credit Union's and Borrower's own lawyer's fees, disbursements and GST for this transaction.

Financial Covenants:

- a) The Borrower shall at all times maintain a Debt Service Coverage Ratio of not less than 1.40:1 to be tested annually.

Debt Service Coverage Ratio is defined as net operating income for the current year, plus interest paid during the year, plus depreciation / amortization expensed during the year, less dividends declared or shareholder loan repayments, Less related party debt repayment and/or investment in related parties, divided by the sum of all principal and interest paid by the Borrower within the same period on all the Credit Union and third party loans.

- b) The Borrower shall at all times maintain a **Debt to Equity Ratio** of not greater than 1.00:1.00 to be tested annually.

Debt to Equity Ratio is defined as the Borrower's total liabilities, as defined by Accounting Standards for Private Enterprises ("ASPE") / International Financial Reporting Standards ("IFRS"), including the redemption value of any preferred shares not formally postponed to the Credit Union, excluding shareholder loans formally postponed and assigned to the Credit Union, divided by the Borrower's total equity, as defined by ASPE / IFRS, plus shareholder loans formally postponed and assigned to the Credit Union. At the discretion of the Credit Union adjustments to total equity may be made for items such as intangibles and appraisal surplus.

- c) The Borrower shall at all times maintain a **Current Ratio** of not less than 1.25:1 to be tested Monthly

Current Ratio is defined as the Borrower's current assets, as defined by Accounting Standards for Private Enterprises ("ASPE") / International Financial Reporting Standards ("IFRS"), divided by the Borrower's current liabilities, as defined by ASPE / IFRS.



Financial Reporting Requirements:

Monthly:

- a) In-house financial statements (balance sheet and income and expense statement) as at month end, by the 20th day of the following month;
- b) Aged list of accounts receivable as at month end, by the 20th day of the following month;
- c) Aged list of accounts payable as at month end, by the 20th day of the following month;
- d) List of inventory as at month end, by the 20th day of the following month;
- e) Monthly management commentary on Borrower's performance as it relates to financial projections.

Annually:

Within 120 days of the Borrower's fiscal year-end, the Borrower will provide the following:

- a) Audited, accountant prepared financial statements of the Borrower;
- b) Status of any and all Health Canada Licenses (the "Licenses").

Authorization is provided to the Credit Union to contact the Accounting firm of the Borrower and Guarantor(s) to obtain copies of all financial statements and to answer questions relating to same.

Pre-disbursement Conditions:

The Credit Union's obligation to advance and/or establish the credit facilities is conditional upon receipt by the Credit Union of the following, all in form and substance satisfactory to it.

- a) Completion and, where applicable, registration of all security required to be provided hereunder;
- b) Membership with the Credit Union;
- c) Receipt of a satisfactory phase 1 environmental site assessment of 124 Leva Avenue, Red Deer County, Alberta prepared by an environmental consultant acceptable to the Credit Union. The report is to be addressed to the Credit Union or one of its Divisions or be accompanied by a transmittal letter authorizing the Credit Union or one of its Divisions to rely on the report for mortgage lending purposes.

Conditions of Credit:



- a) credit facility 1 is to be set up with a 2-tranche availability, as per below:
 - i. Tranche 1 i/a/o \$7,210,000 to be advanced upon completion of all pre-disbursement conditions and registration of security; \$274,449.00 will be held back from the advance of Tranche 1 and placed into a GIC with the Credit Union until builder's lien, registered at Land Title's Office in favor of Eagle Builders, is discharged.
 - ii. Tranche 2 i/a/o \$1,640,000 to be advanced upon receipt of completed 2021-year end audited financial statements; to be reviewed to ensure all financial covenants/benchmarks have been met/exceeded and subsequently approved by the Credit Union's credit department
- b) No related party pay-downs to be completed without prior approval by the Credit Union (as per conditions #1 (ii) above);
- c) The Borrower to be and remain the sole legal and beneficial owner of the Licenses;
- d) The Borrower shall not take any action, or fail to perform the necessary action, to impede, jeopardize or otherwise place any risk on their ability to renew or maintain: (i) the Licenses; or (ii) any material licenses, permits or approvals required to operate the Borrower's business, all of which would reasonably be expected to have a material adverse effect;
- e) The Borrower shall with due diligence and in a reasonable manner, enforce the rights granted to it under and in connection with the Licenses, and without limiting the foregoing, the Borrower shall consistently apply the same yield improvement initiatives to the product produced in the new cannabis facility as across the Borrower's other grow operations. The Borrower shall further ensure on a best effort's basis that the appropriate yield improvement initiatives, as well as all other applicable growing techniques and growing capacity, are in place to maximize the Borrower's production and that may positively influence growing capacity of cannabis on the new cannabis facility;
- f) The Borrower shall not dispose of or abandon any right, title or interest in the Licenses; and
- g) The Borrower shall apply for and obtain each future license on or before such time as it shall be required by applicable law and provide evidence of any applications and/or future licenses to the Credit Union if requested.

Other Conditions:

- a) Reasonable out of pocket expenses to be paid by Borrower (e.g. legal fees, appraisal fees, interim inspection fees and Land Title searches). Expenses to be discussed between Borrower and the Credit Union, prior to undertaking;
- b) Implementation and continuation the credit facilities is subject to periodic review, at least annually, by the Credit Union, and is also subject to no material adverse changes in the financial position of the Borrower;
- c) Borrower and Guarantors will not further encumber the property, assets and undertaking without prior written consent by the Credit Union;



- d) Notwithstanding any other provisions herein, it is hereby acknowledged and agreed that no obligations or liabilities, whether actual or contingent, of CanadaBis Capital Inc. are personally binding upon, and neither resort nor recourse shall be had to, nor shall satisfaction be sought from, the private property of any kind whatsoever (including, without limitation, any private property consisting of or arising from a distribution by CanadaBis Capital Inc. of any nature) of any of the trustees of CanadaBis Capital Inc., any registered or beneficial holder of securities (including shares) of CanadaBis Capital Inc., or any annuitant under a plan of which a holder of securities (including shares) of CanadaBis Capital Inc. acts as trustee or carrier, or any officers, employees or agents of CanadaBis Capital Inc., and it is hereby further acknowledged and agreed that all obligations and liabilities of CanadaBis Capital Inc., shall be satisfied only out of and recourse shall be limited exclusively to the property and assets of CanadaBis Capital Inc.

Events of Default

In addition to the Events of Default set out in Schedule "A" attached hereto if one of the following Events of Default occurs, the Credit Union may, at its option, declare the unpaid principal amount of the advanced and accrued interest thereon, to be immediately due and payable and the Borrower shall forthwith pay all such amounts owing; the Security shall become enforceable by the Credit Union and the obligation for any further credit advances shall cease, when:

- a) The Borrower fails to make any payment of interest or principal when due;
- b) There is a breach by the Borrower or any Guarantor of any terms or conditions contained in the Commitment Letter or any of the Security;
- c) There is a change in applicable laws which fundamentally changes the nature of the Borrower's business and would reasonably be expected to have a material adverse effect;
- d) There is any action, or failure to take the necessary action, which impedes, jeopardizes or otherwise places any risk to maintain the Borrower's Licenses or other material licenses, permits or approvals required to operate the Borrower's business and would reasonably be expected to have a material adverse effect;
- e) A Guarantor purports to terminate or terminates its liability under its guarantee or its liability with respect to any future advances under this Commitment Letter;
- f) Any governmental authority shall take any action to condemn, seize or appropriate any material property of the Borrower or any Guarantor unless such governmental authority has paid a fair and reasonable expropriation amount;
- g) An Act respecting cannabis and to amend the Controlled Drugs and Substances Act, the Criminal Code and other Acts, S.C. 2018, c. 16 (as amended from time to time), is repealed; or
- h) Revocation of any material license, permit or approval from any governmental authority with respect to the Borrower's business which would reasonably be expected to have a material adverse effect.



The Credit Union will provide the Borrower a 30-day cure period to rectify the above-mentioned events, with reasonable notice, before the events of default are enforced.

Syndication:

The Borrower and the Guarantors hereby acknowledge that the Credit Union is entitled to syndicate any portion of the proposed credit facilities to third parties without notice. The Borrower and Guarantors further acknowledge that should the Credit Union decide to syndicate any portion of the credit facilities that they will be required to provide information respecting the Borrower and the Guarantors, if any, to any potential syndication partner, providing that any such potential syndication partner agree to maintain such information in confidence. In the event of any syndication of the credit facilities, the Credit Union shall be the sole administrator of the credit facilities and will hold all Security exclusively in its own name. Notwithstanding the foregoing, any syndication partner will be entitled to all information in the possession of the Credit Union from time to time with respect to the credit facilities.

Renewal of Loan Beyond Maturity Date:

In the event that the Borrower fails to repay the outstanding principal and interest balance of the credit facilities on the maturity date, or fails to accept a renewal offer tendered by the Credit Union within the reasonable time period permitted by the Credit Union's offer to renew (where such failure to repay or renew, as aforesaid, is not attributable to the Credit Union), and provided that there are no arrears in principal and interest under the loan, then the Credit Union may, at its sole option, extend the term of a loan for such period from the expiry date to be determined by the Credit Union in its sole discretion. In such case, the loan from the date of this extension (and not for any period before) shall bear interest both before and after this new maturity at an interest rate being the greater of the contractual rate of interest or a rate equivalent to the Credit Union's Prime Rate plus Five (5%) percent per annum, as it may vary and be determined as provided below. This interest rate shall be determined by the Credit Union on the first Banking Day of the month in which the term of the loan expires and thereafter on the first Banking Day of each month until full repayment of the loan in principal, interest, costs and accessories. Unpaid interest accrued on the principal also bears interest at the same rate.

This interest shall be calculated daily and payable monthly. In the event that the renewal or repayment of the Credit Union's monies owing has not been finalized within the extension period, then there shall be no further extensions and the Credit Union will be at liberty to exercise any remedies available to it under the loan and the Security.

For the purposes of this clause, the Credit Union's Prime Rate is defined as the annual rate of interest announced from time to time by the Credit Union as being a reference rate then in effect for determining interest rates on Canadian dollar commercial loans.

For the purposes of this clause, "Banking Day" is defined as a day on which the head office of the Credit Union is open for business and which is not a Saturday, Sunday or civic or statutory holiday.

When the term is extended as mentioned above, the balance of the loan of principal and interest, as well as unpaid costs and accessories (money owed) may be paid in full on the expiry date or at any time during the extension period, without notice or bonus. However, if not paid before, they shall be paid at expiry of the extension period.



A processing fee representing the greater of [Fee] or [Fee] of the outstanding principal balance at the expiry date shall be automatically added to the principal balance if this extension period is utilized.

Security and Other Documents:

The Borrower agrees to provide to the Credit Union in form and substance satisfactory to it and its solicitors, all security and supporting agreements requested by the Credit Union including the following documentation (the “Security”) which will be held by the Credit Union as security for the credit facilities and all other direct and indirect liabilities of the Borrower and the Guarantors (or any of them) to the Credit Union from time to time.

Documentation to be Obtained:

- a) Membership/Account opening documents

Security to be obtained for All Credit Facilities:

- a) All corporate documents, including:
- Resolution of Directors re Banking and Security,
 - Officer’s Certificate with constating documents attached or Notarized copies of all Certificates, Articles and By-laws, and
 - Certificate of Non-restriction
- b) Borrowing Resolution in the amount of \$9,600,000.00
- c) A General Security Agreement comprising a **first** charge security interest over all present and after acquired personal property, to be registered at Alberta, British Columbia, Saskatchewan, and Ontario Personal Property Registries
- d) Unlimited Guarantee and Postponement of Claim granted by Full Spectrum Labs Ltd. (including Guarantee Certificate with Section 45, other supporting documents), **supported by:**
- A General Security Agreement comprising a **first** charge security interest over all present and after acquired personal property, to be registered at Alberta Personal Property Registry
- e) Unlimited Guarantee and Postponement of Claim granted by Goldstream Cannabis Inc. (including Guarantee Certificate with Section 45, other supporting documents), **supported by:**
- A General Security Agreement comprising a **first** charge security interest over all present and after acquired personal property, to be registered at Alberta Personal Property Registry
- f) Account Set off Agreement over GIC in the amount of \$274,449.00
- h) Assignment and Postponement of all related party debt in the amount of \$1,640,000.00 to be signed by all relative parties, acknowledged by Borrower and to be registered at Alberta Personal Property Registry



- i) Direction and Authority to Pay
- j) An Opinion of Counsel to the Borrower and the corporate guarantors in such form as the Credit Union shall require
- k) A Satisfactory Opinion of Counsel to the Credit Union in a form satisfactory to it
- l) Such other supporting documentation as the Credit Union or its solicitors, in the course of finalization, may determine as necessary for the protection of the advances

Security to be Obtained for Credit Facility 1:

- a) Loan and Security Agreement in the amount of \$8,850,000.00
- b) Unlimited Guarantee and Postponement of Claim granted by 1998643 Alberta Ltd. (including Guarantee Certificate with Section 45, other supporting documents), **supported by:**
 - A First Charge Demand Collateral Mortgage in the amount of \$8,850,000.00, over the property which is municipally described as:

255C Clearview Drive, Red Deer County, AB
and legally described as:
Plan 0820855, Block 1, Lot 17
(hereinafter referred to as "Property 1")

Although the Credit Union's mortgage will be registered at 15.00% the Credit Union is only entitled to interest at the committed rate
 - A First Assignment of All Rents and Leases
 - A General Security Agreement comprising a first charge security interest over all present and after-acquired personal property located at or on or related to the Property 1, registered at Alberta Personal Property Registry
- c) Unlimited Guarantee and Postponement of Claim granted by Stigma Pharmaceuticals Inc. (including Guarantee Certificate with Section 45, other supporting documents), **supported by:**
 - A General Security Agreement comprising a **first** charge security interest over all present and after acquired personal property, to be registered at Alberta Personal Property Registry
- d) Environmental Indemnity Agreement in an unlimited amount from the Borrower and Guarantors
- e) The Credit Union's Master form Title Insurance Policy to be obtained through First Canadian Title or Chicago Title; *(To include Super Priority Lien Endorsement)*



- f) Evidence of General Liability Insurance in a minimum amount of \$5,000,000.00, showing the Credit Union as additional insured, and assignment of adequate all risk insurance over Property 1, showing the Credit Union as first loss payee via Standard Mortgage Endorsement Clause as follows:

Building	Replacement Cost
Business Interruption/Rental Loss	Actual Loss Sustained

*Insurance Certificate will be reviewed by the Credit Union approved Insurance Consultant.
Insurance Review fee will be deducted from initial loan advance.*

Security to be Obtained for Credit Facility 2:

- a) Overdraft Protection Agreement in the amount of \$750,000.00
- b) Unlimited Guarantee and Postponement of Claim granted by 2103157 Alberta Ltd. (including Guarantee Certificate with Section 45, other supporting documents), **supported by:**

- A First Charge Demand Collateral Mortgage in the amount of \$750,000.00, over the property which is municipally described as:

124 Leva Avenue, Red Deer County, AB

and legally described as:

Plan 1421970, Block 8, Lot 5

(hereinafter referred to as "Property 2" and together with Property I, collectively, the "Properties")

Although the Credit Union's mortgage will be registered at 15.00% the Credit Union is only entitled to interest at the committed rate

- A First Assignment of All Rents and Leases
 - A General Security Agreement comprising a first charge security interest over all present and after-acquired personal property located at or on or related to the Property 2, registered at Alberta Personal Property Registry
- c) Environmental Indemnity Agreement in an unlimited amount from the Borrower and Guarantors
- d) The Credit Union's Master form Title Insurance Policy to be obtained through First Canadian Title or Chicago Title; *(To include Super Priority Lien Endorsement)*
- e) Evidence of General Liability Insurance in a minimum amount of \$5,000,000.00, showing the Credit Union as additional insured, and assignment of adequate all risk insurance over Property 2, showing the Credit Union as first loss payee via Standard Mortgage Endorsement Clause as follows:

Building	Replacement Cost
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Business Interruption/Rental Loss

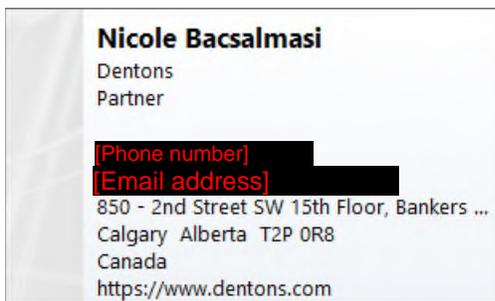
Actual Loss Sustained

*Insurance Certificate will be reviewed by the Credit Union approved Insurance Consultant.
Insurance Review fee will be deducted from initial loan advance.*

All the above documentation will be prepared by the Credit Union's solicitors. The Credit Union's solicitor in this transaction is:



The Borrower's solicitors in this transaction is:



Your acceptance of this letter will constitute authority for the Credit Union to instruct its solicitors to prepare the necessary documentation

Commitment Expiry Date:

In the event initial advance of Credit Facility 1 does not take place by October 31, 2021, this commitment expires.

Additional Terms and Conditions:

The attached Schedule "A" outlines additional terms and conditions that form part of this Commitment Letter.

The terms of this Commitment Letter are open for acceptance by the Borrower and the Guarantors executing the duplicate copy of this letter where indicated below and returning it to our office at #2720, 700 – 9th Avenue, S.W., Calgary, Alberta, T2P 3V4, on or before 3:00 p.m. on **May 27, 2021**, after which date and time, this offer shall lapse if it is not accepted.



CanadaBis Capital Inc.

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April 19, 2021

This Commitment Letter and any amendments, renewals or replacements thereof may be executed 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. Counterparts may be executed in original, faxed or electronic PDF format and the parties adopt any signatures received by a receiving fax machine or electronic transmission as original signatures of the parties.

We wish to thank you for allowing the Credit Union the opportunity of being of assistance to you.

Yours truly,

CONNECT FIRST CREDIT UNION LTD.

"Signed"

Krista Evans, Account Manager
Corporate & Commercial Banking

Encs.



ACCEPTANCE

We hereby **accept and agree** to the credit facilities on the terms and conditions outlined by the Commitment Letter dated April 19, 2021, 2021 on this ____ day of ____, 2021.

CanadaBis Capital Inc. – Borrower

Per: "Signed"

(Affix Corporate Seal)

Per: _____

Stigma Pharmaceuticals Inc. – Corporate Guarantor

Per: "Signed"

(Affix Corporate Seal)

Per: _____

Full Spectrum Labs Ltd. – Corporate Guarantor

Per: "Signed"

(Affix Corporate Seal)

Per: _____

Goldstream Cannabis Inc. – Corporate Guarantor

Per: "Signed"

(Affix Corporate Seal)

Per: _____

1998643 Alberta Ltd. – Corporate Guarantor



CanadaBis Capital Inc.

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April 19, 2021

Per: "Signed"

(Affix Corporate Seal)

Per: _____

2103157 Alberta Ltd. – Corporate Guarantor

Per: "Signed"

(Affix Corporate Seal)

Per: _____



**SCHEDULE “A”
ADDITIONAL TERMS AND CONDITIONS**

Representations and Warranties:

Each of the Borrower and the Guarantors, to the extent applicable, represents and warrants to the Credit Union that:

- a. It is a corporation validly incorporated and subsisting under the laws of the jurisdictions where it has been incorporated, and that it is duly registered or qualified to carry on business in all jurisdictions where the character of the properties owned by it or the nature of its business transacted make such registration or qualification necessary;
- b. The execution and delivery of this Commitment Letter and of the Security has or will have been duly authorized by all necessary actions and does not:
 - i) violate any law or any provisions of its charter,
 - ii) result in a breach of, a default under, or the creation of any encumbrance on its properties or assets under any agreement or instrument to which it or any of its properties and assets may be bound or affected, and
 - iii) require any regulatory approval which has not been obtained;
- c. No event has occurred which is or which, with the giving notice, lapse of time or other condition, would constitute an event having material adverse effect on its financial condition under or in respect of any agreement, undertaking, or instrument to which it is a party or to which it or any of its properties or assets may be subject.

Events of Default:

It is an event of default (“Event of Default”) if any one or more of the following events has occurred and is continuing:

- a. The non-payment, when due, of principal, interest or any other amount due under this Commitment Letter;
- b. The breach by the Borrower or any Guarantors under any provision of this Commitment Letter or any other agreement with the Credit Union;
- c. The default by the Borrower or any Guarantors under any obligation to repay borrowed money other than amounts due under this Commitment Letter, or in the performance or observance of any agreement or condition in respect of such borrowed money as a result of which the maturity of such obligation is accelerated or may be accelerated;
- d. If any representation or warranty made herein shall be false or inaccurate in any adverse respect;



- e. If in the opinion of the Credit Union, acting reasonably, there is:
 - i) A material adverse change in, or a material adverse effect upon, the financial condition, operations, assets, business, properties or prospects of the Borrower or any Guarantors
 - ii) A material impairment of the ability of the Borrower or any Guarantors to perform any of their obligations under any of the Security, or
 - iii) A material adverse effect upon any substantial portion of the assets or the Properties subject to the Security in favor of the Credit Union or upon the legality, validity, binding effect, rank or enforceability of any Security.
- f. If an order is made or an effective resolution is passed for the winding-up of the Borrower or any Guarantors or if a petition is filed for the winding-up of the Borrower or any Guarantor;
- g. If the Borrower or any Guarantor becomes insolvent, or makes an assignment or bulk sale of its assets, or if a petition in bankruptcy is filed or presented against the Borrower or any Guarantor;
- h. If any proceeding with respect to the Borrower or any Guarantor is commenced under the *Companies' Creditors Arrangements Act (Canada)*;
- i. If any execution, sequestration, writ of enforcement or any other process of any court becomes enforceable against the Borrower or any Guarantors, or if a distress or analogous process is levied upon the property of the Borrower or any Guarantors or any part thereof, provided that such execution, sequestration, writ of enforcement or other process is not in good faith being contested by any Borrower or any Guarantors, or
- j. If the Borrower or any Guarantor ceases or threatens to cease to carry on its business or if the Borrower or any Guarantor commits or threatens to commit any act of bankruptcy.

Remedies in the Event of Default on Credit Facilities:

If an Event of Default occurs, the Credit Union has the right in addition to its other rights at law or in equity to require immediate payment in full of all credit facilities.

Right of Termination:

The Credit Union shall have the right to terminate this Commitment Letter and be relieved of all obligations in connection therewith in the event any of the following events should occur:

- a. The Borrower or any Guarantor fails or is unable or is unwilling for any reason whatsoever to comply with any of the terms and conditions set out in this Commitment Letter within the time indicated for such compliance; or
- b. The Borrower or any Guarantor fails or refuses to execute any documentation requested by our solicitors or to deliver such documentation to our solicitors; or



- c. The net proceeds of the loan have not been fully advanced on or before the commitment expiry date referred to herein; or
- d. The Borrower refuses to accept the funds when advanced; or
- e. The Borrower or any Guarantor or any other person or corporation whose covenant is required shall become bankrupt, or subject to bankruptcy, receivership or insolvency proceedings; or
- f. There has been, in the sole opinion of the Credit Union, acting reasonably, a material adverse change in the condition of the Properties or the Borrower or any Guarantor or in the actual or anticipated revenues from the Properties; or
- g. Urea formaldehyde foam insulation or any construction material containing asbestos or other substance considered harmful by the Credit Union has been used or will be used in the Properties; or there is in, or on about the Properties any product or substance including, without restriction, PCBs contaminants or hazardous materials, equipment or anything which does, or is likely to, constitute an environmental hazard or contravenes any environmental law, regulation, order, decree or directive; or
- h. The Borrower has not complied with all the provisions of the *Builders' Lien Act* of Alberta and amendments thereto, to our satisfaction; or
- i. The Credit Union or its solicitor, acting reasonably, is not satisfied with the matters set out under the heading "Title"; or
- j. All legal matters and documentation relating to the transaction has not been completed to the Credit Union's and its counsel's satisfaction.

If the Credit Union elects to terminate this Commitment Letter or the credit facilities set out therein prior to the advance of the entire amount under the credit facilities, the amount advanced under the credit facilities, if any, together with interest thereon at the rate set out herein shall become immediately due and payable and the Credit Union shall, whether or not any proceeds have been advanced, be entitled to retain the Commitment Fee as compensation for all damages sustained by it, it being agreed that the amount of such Commitment Fee is a fair estimate of the damages which will be suffered by the Credit Union in such event.

Collection, Use, Disclosure and Release of Financial and Other Information and Materials:

For the purposes of making, administering, reporting, selling or assigning in whole or in part, in connection with securitization or otherwise, and collecting the credit facilities, the following parties (collectively, "Authorized Parties") will be reviewing and examining financial and other information and materials provided to or obtained by the Credit Union concerning the credit facilities, the Borrower and the Guarantors:

- a) The Credit Union and/or any holder or servicer of the credit facilities or of an interest therein from time to time and/or their respective affiliates and/or agents;
- b) Rating agencies, purchasers or investors and prospective purchasers or investors;



- c) Respective third party advisors of the parties listed in a) and b) above, such as lawyers, accountants, real estate brokers, investment dealers and underwriters, consultants, and appraisers; and,
- d) Credit verification sources.

The Borrower and the Guarantors, acknowledge and irrevocably consent to the foregoing and irrevocably agree that, in such manner as the Authorized Parties may determine to be necessary or desirable for these purposes, the Authorized Parties may disclose, release, exchange and share such information and materials:

- a) To and with any Individual(s), corporations(s) or other entities designated from time to time to hold title to the credit facilities and/or security documents as custodian(s) or agent(s);
- b) To and with each other;
- c) The Borrower and the Guarantors, hereby consents to the Authorized Parties conducting such credit inquires, as they may from time to time consider advisable for these purposes; and,
- d) The provisions of this paragraph shall apply until all loans have been fully and completely repaid and the security documents have been discharged.

Evidence of Advances:

The Borrower and the Guarantors, agree that the Credit Union's records evidencing an advance shall be complete and final proof, absent manifest error, that funds have been advanced under any one or more of the credit facilities set forth in the Commitment Letter and may, from time to time dependent upon the type of credit facilities made available, be evidenced by other documentation such as, for example and without limitation, promissory notes, direct deposits, drafts or cheques made payable to other parties including solicitors and agents and any other means by which the Credit Union provides value to the Borrower under any one or more of the credit facilities.

Noteless Advances:

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



Automatic Debit:

The Borrower authorizes and directs the Credit Union to automatically debit payment, by mechanical, electronic, or manual means, payable by the Borrower under this Commitment Letter or by the Borrower under the Security, as defined below, including, but not limited to, the repayment of principal and the payment of interest, fees, and all charges for the keeping of the accounts of the Borrower.

Taxes:

All realty taxes and local improvement assessments are to be paid by the Borrower or its tenants to the municipality when due and you shall provide the Credit Union annually, if requested, with receipted copies of the realty tax bills for the Properties. The Credit Union may, at its sole option, require that the Borrower pays on the monthly payment date provided for herein one-twelfth of the annual realty taxes payable or estimated by the Credit Union to be payable for the forthcoming year. Any deficiency between actual and estimated taxes shall be payable to the Credit Union forthwith upon demand.

Insurance:

The Borrower will insure and keep fully insured the Properties and all tangible personal property against the following perils:

- a. With respect to all buildings and other improvements now or hereafter situated on the Properties and all insurable property included within the buildings, coverage against loss or damage by fire and other insurable hazards defined in an "All Risks" insurance policy for the full replacement cost with the same/adjacent site requirement removed and with automatic vacancy permit;
- b. Equipment breakdown insurance, if applicable, for the full replacement cost of the equipment and all improvements thereon or such lesser amount as shall be acceptable to the Credit Union;
- c. Business interruption or rental loss insurance acceptable to the Credit Union for an indemnity period of not less than 12 months and with coverage of not less than 100% of the resulting loss or rent or other revenue received from the operation of the building;
- d. Loss or damage of all personal property by fire or other insurable hazards, including theft, in an amount not less than the full replacement cost thereof, and
- e. Commercial general liability insurance to an amount not less than \$5,000,000 on an occurrence basis.

The policies of insurance to be maintained shall contain a stated amount co-insurance clause or not be subject to any co-insurance clauses and shall be in form and with insurers satisfactory to the Credit Union. The insurance shall include the agreement of the insurer that the policy will not be cancelled without at least thirty (30) days prior written notice of cancellation to the Credit Union. The Credit Union shall be named as the first mortgagee and loss payee subject to the standard Insurance Bureau of Canada Standard Mortgage Clause. The Credit Union will be included as an additional insured on the Commercial General Liability coverage.



The Borrower, at least ten (10) days prior to the advance of any funds, will furnish to the Credit Union or its solicitors evidence of insurance.

Title:

The Corporate Guarantor, 1998643 Alberta Ltd. is the legal owner of Property 1 and has good title in fee simple.

The Corporate Guarantor, 2103157 Alberta Ltd. is the legal owner of Property 2 and has good title in fee simple.

The Properties and all improvements thereon shall have been duly authorized and comply in all respects with all applicable laws, by-laws, government requirements, whether federal, provincial or municipal including, without restriction, those dealing with planning, zoning, use, occupancy, subdivision, parking, historical designations, fire, access, loading facilities, landscaped areas, pollution of the environment, toxic materials or other environmental hazards, building construction, public health and safety and there shall be no outstanding work orders against the Properties or the improvements or any part thereof.

The Borrower shall provide such certificates or other written confirmation as the Credit Union's solicitors may reasonably require, certifying that no control orders, stop orders or prosecutions exist with respect to the Properties or any activity or operation carried out thereon pursuant to any federal, provincial, municipal or local environmental, health and safety laws, statutes and regulations as may apply to the Properties or the activities or operations carried out thereon.

Leases:

In the event a Property is leased, it shall be in accordance with the terms set out in the lease document(s) between landlord and each tenant. The Borrower will provide at the Credit Union's request, executed copies of such leases for our review which must be in a form and upon terms acceptable to the Credit Union. The Borrower will also provide to our solicitors an estoppel certificate with the written acknowledgement of each tenant as to the status of its tenancy at the time of advance of funds. At the time of advance of the funds each tenant must be in possession of the whole of its leased premises, carrying on business thereon and paying rent pursuant to the terms of the lease and the landlord and tenant shall otherwise have performed all their obligations contained in the lease.

The Credit Union may at its option require that all present and future leases of a Property be postponed by way of a registered postponement agreement in favour of the Credit Union's interest in such Property.

In the event the forgoing is required, the Credit Union agrees to execute a non disturbance agreement with a tenant, in a form acceptable to the Credit Union.

Payment of Costs:

The Borrower agrees to pay all expenses, fees and charges incurred by the Credit Union in relation to all loans and credits, the preparation and registration of all security, enforcement or preservation of any or all of the Credit Union's rights and remedies, whether or not any such documentation is completed or any funds are advanced, including but not limited to legal expenses (on a solicitor-and-its-own-client full



indemnity basis), costs of accountants, engineers, architects, consultants, appraisers and the costs of any and all searches and registrations the Credit Union or its solicitor deems either necessary or desirable.

Signs:

In the event this loan is for the purpose of providing financing for a building or other major improvements to be constructed on a Property, the Credit Union shall have the right to require a sign or signs supplied by it to be erected and maintained by you on the Property in a location acceptable to the Credit Union, which sign or signs shall indicate that the Credit Union has provided financing for the Property.

Environmental Representations:

As set out in the security documentation.

Mandatory Membership:

Membership with the Credit Union requires that every Borrower invest a minimum of \$1.00 in Common Shares of the Credit Union and such ownership and membership must be maintained so long as there are any monies and obligations outstanding by the Borrower to the Credit Union.

Amendment:

Any amendment to this Commitment Letter or security documents must be in writing and signed by the Borrower, Guarantors, and the Credit Union.

Assignment:

The Borrower understands and acknowledges that, after the occurrence of an Event of Default which is continuing, the Credit Union shall have the unrestricted right to sell or assign the credit facilities or any loan thereunder, and/or the security documents (including this Commitment Letter) or any parts thereof to a third party of its choice. The Borrower consents to the disclosure by the Credit Union to any such assignee and its agents of personal information of the undersigned relating to the credit facilities, and/or the security documents (including this Commitment Letter) or any parts thereof and consents to the collection and use of such personal information by such assignee and its agents. The Borrower also consents to the collection and use of said personal information by third parties involved in the assignment or sale of the credit facilities and the further disclosure of such information to the third parties' agents and assignees and those parties' subsequent collection and use of the information, in each case, for the purpose of the ongoing management of the credit facilities.

Governing Law:

This Commitment Letter constituted by your acceptance shall be governed by the laws of the Province of Alberta.



Headings:

The headings contained in this letter are for reference only and shall not constitute any part of the terms and conditions contained herein.

Payments:

Unless otherwise directed and agreed to by the Credit Union all amounts payable by the Borrower hereunder shall be paid to the Credit Union at its Commercial Banking Office/Branch, 2720, 700 – 9th Avenue SW, Calgary, Alberta T2P 3V4, in Canadian dollars.

Successors and Assigns:

Subject to the provisions hereof, this Commitment Letter shall enure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns.

Severability:

Each provision of this Commitment Letter is severable and any term or provisions hereby declared to the contrary to, prohibited by, or invalid under applicable laws or regulations shall be inapplicable and deemed omitted herefrom, but shall not invalidate the remaining terms and provisions hereof.

Conflict:

The terms and conditions of this Commitment Letter shall not be merged by and shall survive the execution, delivery and registration of any and all security documents. In the event of a conflict between the terms of this Commitment Letter and the terms of any security document, the terms of this Commitment Letter shall prevail. For clarity, the mention of a provision in either the Commitment Letter and not in the Security or vice versa shall not constitute a conflict but shall be deemed to be supplemental and in addition to any of the terms and conditions available under either the Facilities or the Security as the case may be.

Time:

Time shall in all respects be of the essence hereof.

Waiver:

No terms or requirement of this Commitment Letter or any security documents may be waived or varied orally or by any course of conduct or any officer, employee, or agent of the Credit Union. Any failure by the Credit Union to exercise any rights or remedies hereunder or under any of the Security shall not constitute a waiver thereof.

