



2720, 700 – 9<sup>th</sup> Ave SW  
Calgary, AB T2P 3V4

Writer's Direct Line: [Redacted - personal information]

E-Mail: [Redacted - personal information]

September 24, 2021

Zedcor Inc  
Suite 300 – 151 Canada Olympic Road SW  
Calgary, Alberta T3B 6B7

**Attention: Amin Ladha and Todd Ziniuk**

Dear Members:

**RE: COMMITMENT LETTER**

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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:** Zedcor Inc

**Guarantor:** Zedcor Security Solutions Corp.

<b>Credit Facilities</b>	<b>New/Existing</b>	<b>Authorized Amount</b>
Term Loan	New	\$6,100,000.00
Masterline	New	\$3,000,000.00
Authorized Overdraft	New	\$3,000,000.00
Letter of Credit	New	\$200,000.00

**Credit Facility 1:           Term Loan**

**Amount:**                       \$6,100,000.00 available in a single advance

**Purpose:**                        To refinance Maynbridge debt and provide working capital for growth initiatives

**Interest Rate:**

The Committed Rate is a fixed rate of 5.15% per annum, calculated daily, payable monthly in arrears

**Term:**                            60 months

**Amortization:**               60 months

**Repayment:**

Monthly blended payments of Principal and Interest of \$115,534.20. The blended payments may be adjusted at any time at the Credit Union's sole discretion

**Prepayment:**

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

The Borrower shall have the privilege of prepaying the entire balance outstanding under this Credit Facility (the "Full Payout Privilege") subject to the payment of a bonus equal to the greater of (i) three (3) months' interest on the outstanding Principal Amount of the Credit Facility at the interest rate then payable under the Credit Facility, or (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 applicable Government of Canada Bond rate or Treasury Bill yield.

Applicable Government of Canada Bond or Treasury Bill is that with 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 current interest rate for reinvestment 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.

**Credit Facility 2:           MasterLine**

**Authorized Limit:**           Up to a maximum of \$3,000,000.00

**Purpose:**                        To assist Borrower with purchase of capital assets, vehicles or equipment

**Interest Rate:**

The committed rate is the Credit Union's Prime Lending Rate plus 2% 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:** To be determined with each loan segment advanced under the MasterLine.
- Term:** Not to exceed 60 months per loan segment.
- Security:** New supplemental commitment letter outlining the terms and conditions will be issued for each loan segment advanced under MasterLine.
- Prepayment:** To be determined with each loan segment advanced under the MasterLine.

### **Drawdown Conditions of Masterline Facility**

The Credit Union is to provide the Borrower a re-advanceable Masterline to purchase new serial number itemed goods, with the following drawdown conditions:

- a. Borrower to fund the purchases with existing working capital
- b. Borrower to provide the Credit Union, no more than monthly, invoices to the Credit Union of all serial numbered capex purchases in that period
- c. The Credit Union to confirm assets are free of liens, via PPR searches
- d. Minimum tranche under this facility to be \$250,000.00
- e. The Credit Union to fund 75% of purchase price, with Borrower maintaining 25% equity in equipment
- f. Borrower is responsible for paying G.S.T.
- g. Tranches to be set up with a committed 5-year term, 5 year amortization at a rate of Prime +2.0%
- h. All tranches are open, with no prepayment restrictions
- i. Facility is re-advanceable, with any principal paydown to increase the available limit, to the maximum of \$3,000,000
- j. \$ [Redacted fee] fee will be collected for each loan advanced under the Masterline facility.
- k. Borrower or Corporate Guarantor may submit invoices up to 6 months after purchase to draw down facility.

**Credit Facility 3:            Authorized Overdraft**

**Amount:**                    Up to a maximum of \$3,000,000.00

**Purpose:**                     To finance day to day operating requirements

**Interest Rate:**

The committed rate is the Credit Union's Prime Lending Rate plus 1.5% 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.

**Conditions of Margining:**

Advances will be contained within the lesser of:

- a)        the authorized overdraft limit, or
- b)        the difference obtained as follows
  - i.        75% of the Credit Union's valuation of assigned, good quality accounts receivable after deducting the entire amount on accounts past due 90 days or more, accounts in dispute, intercompany accounts, contra accounts, holdbacks, foreign accounts and any other accounts deemed unacceptable by the Credit Union; when more than 10% of the total receivable from a particular customer is more than 90 days past due, the entire receivable from that customer is to be deducted in calculating qualifying receivables (minuend)  
  
          Minus
  - ii.       priority payables including, but not limited to employee payroll deductions, Workers Compensation Board Premiums and GST (subtrahend) Advances are to be margined monthly

**Repayment:**

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

**Credit Facility 4:            Letter of Credit**

**Amount:**                    \$200,000.00

**Purpose:**                     Letter of Credit issued to Collabria to establish Corporate Mastercard for the Borrower

**Interest Rate:** Prime + 1.5% per annum, calculated daily (if the Letter of Credit is called)

**Maturity Date:** 5 years

**Review Date:**

The next annual review date for all Credit Facilities has been established as of May 31, 2022 but may be changed at the discretion of the Credit Union.

**Non-refundable Application Fee:**

\$ [Redacted - fee.] for all Credit Facilities (\$ [Redacted - fee.] collected, \$ [Redacted - fee.] remaining will be deducted from initial loan advance)

**Late Financial Reporting Fee:**

\$ [Redacted - fee.] per occurrence

**Annual Review Fee:**

\$ [Redacted - fee.] is due and payable on annual review date

**Other Fee:**

\$ [Redacted - fee.] will be collected for each loan advanced under the Masterline facility

**Prepaid Legal Fees:**

Estimated legal fees of \$ [Redacted - fee.] plus GST plus estimated disbursements of \$ [Redacted - fee.] plus GST are payable upon acceptance of the Commitment Letter. (Total cost is \$ [Redacted - fee.] )

**NOTE:** The above legal fees and disbursements are estimate only of the costs of the Credit Union's lawyers for this transaction. In addition to these fees, the Borrower will be responsible for direct payment of the Borrower's own lawyer's fees/disbursements/G.S.T. for this transaction.

**Financial Covenants:**

**a. Debt Service Coverage Ratio – fiscal year ending December 31, 2021**

The Borrower's Debt Service Coverage Ratio shall be not less than 1.25:1 based on the financial statements for the fiscal year ending December 31, 2021

Formula:

$EBITDA \div \text{Debt Service Obligations} \geq 1.25x$

Definitions:

EBITDA means EBITDA on a consolidated basis from continuing operations for the fiscal year ending December 31, 2021 and specifically, income before taxes + depreciation + amortization + other non-cash expenses + stock-based compensation + interest expense; extraordinary gains and losses are excluded from EBITDA

Debt Service means the sum of principal & interest payments projected for the fiscal year ending December 31, 2022 on all funded debt of the Borrower on a consolidated basis not specifically postponed to the Credit Union and assuming full drawdown of the Authorised Overdraft facility and the Masterline.

**b. Debt Service Coverage Ratio – fiscal years ending December 31, 2022 and beyond**

Formula:

$EBITDA \div Debt\ Service\ Obligations \geq 1.25x$

Definitions:

EBITDA means EBITDA on a consolidated basis from continuing operations for the fiscal year under review and specifically, income before taxes + depreciation + amortization + other non-cash expenses + stock-based compensation + interest expense; extraordinary gains and losses are excluded from EBITDA

Debt Service means the sum of principal & interest payments for the corresponding fiscal year paid by the Borrower on a consolidated basis on all funded indebtedness not specifically subordinated to the Credit Union.

**c. Funded Debt to EBITDA Ratio**

The Borrower on a consolidated basis shall at all times maintain a Funded Debt to EBITDA ratio of not more than 3:1, to be tested annually beginning with the fiscal year ending December 31, 2022

EBITDA means EBITDA on a consolidated basis from continuing operations for the fiscal year under review and specifically, income before taxes + depreciation + amortization + other non-cash expenses + stock-based compensation + interest expense; extraordinary gains and losses are excluded from EBITDA

Funded Debt is defined as total borrowings of the Borrower on a consolidated basis advanced inclusive of long-term debt, short term borrowings, capital leases excluding leases for premises and advanced portion of authorized overdraft agreements. The Credit Union to obtain formal assignment/postponement of Shareholder loans, therefore will be excluded from debt, as well as any capital leases that pertain to leased premises.

Funded Debt to EBITDA ratio to commence testing at the culmination of the Borrower's 2022 fiscal year (Annual review to be conducted by May 31, 2023) – Currently projected to be met at 2.25x

**Financial Reporting Requirements:**

**Annually:**

Within 120 days of each fiscal year-end the Borrowers will provide the following:

- a. Audited financial statements of Zedcor Inc. on a consolidated basis
- b. Updated appraisals of all equipment encumbered by CFCU on a biennial basis (Commencing with 2023 annual review)
- c. Confirmation of renewal of insurance coverage.

**Monthly:**

Within 25 days of each month end, the Borrower will provide the following:

- a. Monthly profit & loss statement including year to date figures and corresponding figures for the prior year
- b. Balance sheet as at the end of the month of the current year and corresponding figures for the prior year
- c. A/R & AP aged listing
- d. Priority payable listing
- e. Tower listing, along with location
- f. Signed monthly margin report (by signing officer for the Borrower) on the Credit Union form, within 25 days of previous month end

Authorization is provided to the Credit Union to contact the Accounting firm of the Borrower and Guarantor 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 to establish the Credit Facility 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
- b) Receipt of satisfactory Transmittal letter from [Redacted - confidential.] authorizing the Credit Union to rely on the appraisal of Machinery and Equipment dated [Redacted - confidential.] for lending purposes
- c) Review and Acceptance of Q2 Financial statements of the borrower confirming there has been no material change to the income statement or balance sheet of the management prepared statements and that all covenants remain met (Received).
- d) Evidence of satisfactory insurance in place.

**Other Conditions:**

- a) The Borrower is to maintain a deposit account with a branch of the Credit Union. All revenues and expenses are to flow through that account.

- b) The Legal fees and disbursements incurred by the Credit Union's solicitors and their agents for the preparation and registration of the security and supporting documents are for the account of the Borrowers.
- c) Estimated Legal fees of counsel to the Credit Union are to be paid by the Borrower to the Credit Union at the time of acceptance of the commitment letter
- d) In addition to these fees the Borrowers will be responsible for payment directly to its solicitors of their Legal fees and disbursements relating to the execution and registration of these documents.
- e) Out-of-pocket expenses to be paid by Borrowers (e.g. legal fees, appraisal fees, interim inspection fees and Land Title Searches).
- f) 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 or the Corporate Guarantor
- g) The Borrowers will not undertake any further encumbrances without the prior written consent of the Credit Union, with the exception of vehicle and property leases.
- h) Repayment of Shareholder loans is permitted, provided it does not put the borrower into a Covenant breach

**Renewal of Loan Beyond Maturity Date:**

In the event that the Borrower fails to repay the outstanding principal and interest balance of the loan(s) 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 \$ [Redacted - fee.] or [Redacted - 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 Guarantor (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:**

- a) All corporate documents, including:
  - Resolution of Directors re Banking and Security,
  - Certified Copy of Resolution of the Directors,
  - Incumbency Certificate,
  - Officer's Certificate with constating documents attached or Notarized copies of all Certificates, Articles and By-laws, and
  - Certificate of Non-restriction
  - Business Resolution re: Signing Officers and Directors
- b) Overdraft Protection Agreement in the amount of \$3,000,000.00
- c) A General Security Agreement comprising a first charge security interest over all present and after acquired personal property, registered at Personal Property Registry
- d) Unlimited Guarantee and Postponement of Claim from Zedcor Security Solutions Corp, (including supporting corporate documents) supported by:
  - i. General Security Agreement comprising a first charge security interest over all

present and after-acquired personal property including but not limited to the serial numbered goods, registered at Personal Property Registry

ii. Assignment of receivables

- e) Loan Agreement in the amount of \$6,100,000.00 (Term Loan)
- f) Letter of Credit in the amount of \$200,000.00 (Collabria Guarantee)
- g) Masterline Agreement in the amount of \$3,000,000.00 (Re-advanceable Equipment Line). Promissory Note will be required per tranche
- h) A formal Assignment and Postponement of Shareholders' Loans/Affiliated Company Loans in the amount of \$2,928,000.00 from DSS Holdings Inc, acknowledged by the Borrower, registered at Personal Property Registry.
- i) Evidence of Commercial 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 security pledged showing the Credit Union as first loss payee as follows:

Equipment

Full covering replacement cost for the first five years of equipment life, depreciated cost thereafter

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

- j) Direction and Authority to Pay
- k) An Opinion of Counsel to the Borrower and the Corporate Guarantor in such form as the Credit Union shall require
- l) A Satisfactory Opinion of Counsel to the Credit Union in a form satisfactory to it
- m) 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

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

Leon Brener Law  
100 – 522 11<sup>th</sup> Avenue SW  
Calgary AB T2R 0C8  
Attention: Lawrence Leon

Please advise of the name, address and contact information of your solicitor:

Dentons Canada LLP  
1500, 850 - 2nd Street SW  
Calgary, AB T2P 0R8  
Attention: Lucas Tomei

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 the initial advance is not disbursed by March 31, 2022, 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 Guarantor executing the duplicate copy of this letter where indicated below and returning it together with the pre-paid legal fee of \$ [Redacted - fee] to our office at #2720, 700 – 9<sup>th</sup> Avenue, S.W., Calgary, Alberta, T2P 3V4, on or before 3:00 p.m. on October 8, 2021, after which date and time, this offer shall lapse if it is not accepted.

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 and Commercial Banking

Encs.

**ACCEPTANCE**

We hereby **accept and agree** to the Credit Facilities on the terms and conditions outlined by the Commitment Letter dated September 24, 2021 on this 18th day of October, 2021.

**Zedor Inc – Borrower**

**Per:** "Signed"

*(Affix Corporate Seal)*

**Per:** "Signed"

**Zedor Security Solutions Corp – Guarantor**

**Per:** "Signed"

*(Affix Corporate Seal)*

**Per:** "Signed"

## **SCHEDULE "A"** **ADDITIONAL TERMS AND CONDITIONS**

### **Representations and Warranties:**

Each of the Borrower and the Guarantor(s), 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 Guarantor(s) under any provision of this Commitment Letter or any other agreement with the Credit Union;
- c. The default by the Borrower or any Guarantor(s) 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 Guarantor(s)
  - ii) A material impairment of the ability of the Borrower or any Guarantor(s) 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 property 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 Guarantor(s) or if a petition is filed for the winding-up of the Borrower or any Guarantor(s);
- g. If the Borrower or any Guarantor(s) 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(s);
- h. If any proceeding with respect to the Borrower or any Guarantor(s) is commenced under the *Companies' Creditors Arrangements Act*;
- i. If any execution, sequestration, writ of enforcement or any other process of any court becomes enforceable against the Borrower or any Guarantor(s), or if a distress or analogous process is levied upon the property of the Borrower or any Guarantor(s) 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 Guarantor(s), or
- j. If the Borrower or any Guarantor(s) ceases or threatens to cease to carry on its business or if the Borrower or any Guarantor(s) 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(s) 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(s) 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(s) or any other person or corporation whose covenant is required shall become bankrupt, or subject to bankruptcy, receivership or insolvency proceedings; or
- f. 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 Guarantor(s), if any:

- 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 Guarantor(s), if any, acknowledges and irrevocably consents to the foregoing and irrevocably agrees 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 Guarantor(s), if any, 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.

**Commercial Loan Insurance Plan:**

It is understood that unless you submit an Application for Commercial Loan Insurance Plan (“Application”), and it has been approved by CUMIS Life Insurance Co. as the insurer, you will not be covered under the Commercial Loan Insurance Plan for any facilities under this Letter of Agreement and would be ineligible to submit a claim should you undergo an insurable event.

**Evidence of Advances:**

The Borrower and the Guarantor(s), if any, 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.

**Insurance:**

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

- a. Equipment Breakdown insurance, if applicable, for the full replacement cost of the Property and all improvements thereon or such lesser amount as shall be acceptable to the Credit Union;
- c. 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 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.

#### **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.

#### **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 (s), Guarantor (s), 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 – 9<sup>th</sup> 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 Credit 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.