



200, 2850 Sunridge Blvd NE  
Calgary, AB T1Y 6G2

Writer's [Redacted - Personal Information]  
E-Mail: [Redacted - Personal Information]

May 24, 2023

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.

**Guarantors:** Zedcor Security Solutions Corp.  
Zedcor Security Solutions (USA) Inc.

| <b>Credit Facilities</b> | <b>New/Existing</b> | <b>Authorized Amount/Current Principal Balance Outstanding</b> |
|--------------------------|---------------------|--|
| Term Loan                | Existing            | \$4,319,166.03   |
| Masterline               | Existing/Amended    | \$15,000,000.00  |
| Authorized Overdraft     | Existing            | \$3,000,000.00   |
| Letter of Credit         | Existing            | \$240,000.00   |

**Credit Facility I:**        **Term Loan - Existing**

**Loan Number:**         **723111822695**

**Amount:**                \$4,319,166.03 *Principal balance outstanding as of May 24, 2023*

**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

**Remaining Term:**            41 months (the "Maturity Date")

**Remaining Amortization:**    41 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.

All principal, interest and other sums payable or repayable under this Credit Facility I shall be indefeasibly paid in full by not later than the Maturity Date.

**Credit Facility 2:                   MasterLine – Existing/Amended**

**Authorized Limit:**               Up to a maximum of \$15,000,000.00 *(Increased from \$6,000,000.00)*

**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 6.70% per annum.

**Repayment:**                    To be determined with each loan segment advanced under the MasterLine.

**Term:**                             Not to exceed 60 months per loan segment (each a "Maturity Date")

**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.

**Conditions:**                    A fee of \$ [Redacted] will be collected for each loan advanced under the facility.

[Redacted - Commercially Sensitive Information.]

All principal, interest and other sums payable or repayable under this Credit Facility 2 shall be indefeasibly paid in full by not later than each respective Maturity Date.

### **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 ; 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 net of taxes;
- f. If an appraisal of the existing equipment is provided to the Credit Union confirming a Fair Market Value of \$9,416,000, then the Credit Union will provide 100% financing on the purchase price of new equipment. This is subject to satisfactory testing of the biannual appraisal;
- g. Borrower is responsible for paying G.S.T.;
- h. Tranches to be set up with a committed 5-year term, 5 year amortization at a rate of the Credit Union's Prime Lending Rate +2.0%
- i. All tranches are open, with no prepayment restrictions;
- j. Facility is re-advanceable, with any principal paydown to increase the available limit, to the maximum of \$15,000,000;
- k. A maximum amount of \$1,500,000 of the Masterline facility will be available for equipment that will be located outside of Canada. In the event that this sub-limit is not utilized then the full \$15,000,000 will be available for equipment located within Canada;
- l. \$Redacted fee fee will be collected for each loan advanced under the Masterline facility;
- m. Borrower or Guarantors may submit invoices up to 6 months after purchase to draw down on this Credit Facility.
- n. Trailing 4 quarter covenant compliance checklist, with confirmation of compliance of the financial covenants stated herein shall be delivered to the Credit Union; and
- o. Total tower fleet utilization on a consolidated basis must equal not less than 65% as of last quarter end reporting.

**Credit Facility 3: Authorized Overdraft (“AOD”) – Existing/Amended**

**Loan Number:** 723111811565

**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 1.50% 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 6.70% per annum.

**Conditions of Margining:**

Advances will be contained within the lesser of:

- a) the authorized overdraft limit, or
- b) the sum of:
  - 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);
  - ii. 50% of the Credit Union’s valuation of clearly defined non-capital inventory up to a maximum of \$1,000,000. No capital equipment inventory financed through Credit Facility 2 Masterline is eligible for margining;  
  
Minus
  - iii. priority payables including, but not limited to employee payroll deductions, Workers Compensation Board Premiums and GST (subtrahend).

Advances are to be margined monthly.

**Monthly Facility Fees:**

\$[Redacted - fee] per month, payable in advance on the first of each month.

**Repayment:**

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

The date of demand, if and when made by the Credit Union, shall be the “Maturity Date” for this Credit Facility 3. All principal, interest and other sums payable or repayable under this Credit Facility 3 shall be indefeasibly paid in full by not later than the Maturity Date.

**Credit Facility 4:                    Letter of Credit - Existing**

**Loan Number:**                    723112308074

**Amount:**                            \$240,000.00

**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 (If called) (the “Maturity Date”)

**Review Date:**

The next annual review date for all Credit Facilities has been established as of May 31, 2024 but may be changed at the discretion of the Credit Union.

All principal, interest and other sums payable or repayable under this Credit Facility 4 shall be indefeasibly paid in full by not later than the Maturity Date.

Credit Facility 1, 2, 3 and 4 shall be defined herein collectively as the “Credit Facilities”, and each separately as a “Credit Facility”.

**Non-refundable Application Fee:**

\$ [Redacted - fee] is due and payable upon acceptance of this Commitment Letter, and will be deducted from the Borrower's account [Redacted - Borrower's Account]

**Annual Review Fee:**

\$ [Redacted - fee] is due and payable on this annual review, and will be deducted from the Borrower's account [Redacted - Borrower's Account] upon acceptance of this Commitment Letter.

\$ [Redacted - fee] is due and payable starting from next annual review date of May 21, 2024

**Late Financial Reporting Fee:**

\$ [Redacted - fee] per occurrence

**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 (for a total of \$ [Redacted - fee]) are payable upon acceptance of the Commitment Letter.

**NOTE:** The above estimated legal fee and disbursements are an estimate only of the costs of the Credit Union's lawyers for this transaction. Any amount of legal fees, disbursements and GST above the estimated amounts above will in any event be payable by the Borrower. 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:**

**Debt Service Coverage Ratio – to be tested Quarterly on a trailing four quarter basis starting quarter ended June 30, 2023 and beyond**

- a) 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:

- i. 
$$\text{DSC before Corporate distributions} \geq 1.25:1$$
$$\text{EBITDA} \div \text{Debt Service Obligations}$$
- ii. 
$$\text{DSC after Corporate distributions} \geq 1:1$$

[EBITDA – Corporate Distributions] ÷ Debt Service Obligations

*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 projected for the corresponding fiscal year paid by the Borrower on a consolidated basis on all funded indebtedness not specifically subordinated to the Credit Union and assuming full drawdown of the Authorised Overdraft facility and the Masterline.*

*Corporate Distributions means payments of cash dividends, unfinanced Capital Expenditures and payments of principal and interest on subordinate indebtedness excluded from Debt Service by definition thereof, if any.*

Corporate Distributions are permitted provided the Borrower remains in compliance with the covenants, i.e., after giving effect to the Corporate Distributions, DSC  $\geq$  1.0x

**Funded Debt to EBITDA Ratio**

- b) 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 quarterly on a trailing four quarter basis starting the quarter ended June 30, 2023 and each calendar quarter thereafter.

*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*

*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.

**Financial Reporting Requirements:**

**Annually:**

Within 120 days of each fiscal year-end, the Borrower will provide to the Credit Union the following:

- a) Audited financial statements of Zedcor Inc. on a consolidated basis;
- b) Updated appraisals of all equipment encumbered by the Credit Union on a biennial basis

(Commencing with 2023 annual review);

- c) Confirmation of renewal of insurance coverage.

**Quarterly:**

Within 90-days of each quarter end, the Borrower will provide to the Credit Union the following:

- a) Unaudited internally prepared financial statements of Zedcor Inc. on a consolidated basis;
- b) Utilization table of total equipment fleet as of quarter end;
- c) Signed Compliance Certificate in a form satisfactory to the Credit Union.

**Monthly:**

Within 25 days of each month end, the Borrower will provide to the Credit Union 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) Fixed install product inventory with detailed breakdown as at the end of the month;
- e) Priority payable listing as at the end of the month;
- f) Tower listing, along with location;
- g) 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 Guarantors 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 Facilities or a Credit Facility is conditional upon receipt by the Credit Union of the following, all in form and substance satisfactory to it:

- a) Continued existence and validity of existing, completion of new and, where applicable, registration of all Security;
- b) Updated appraisal for existing Zedcor fleet with reasonable on-site inspection to be obtained before further advances on expanded Masterline Facility (*Credit Union*);

- c) Release of security registration in the province of British Columbia:
  - i. secured party is Maynbridge Capital Inc.; Debtors are Zedcor Industrial Services Corp., Zedcor Inc, and Zedcor Security Solutions Corp.; registration date is February 2, 2021; base registration number 747717M; registration date December 8, 2020; base registration number 642720M; (*Solicitor*)
- d) Release of security registration in the province of Manitoba:
  - i. secured party is ATB Financial; Debtor is Zedcor Security Solutions Corp.; registration date is October 27, 2020; registration number 2020017890508 (*Solicitor*)

**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 Borrower;
- 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 Borrower 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 Borrower (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 Guarantors;
- g) The Borrower will not undertake any further encumbrances without the prior written consent of the Credit Union, such consent may be withheld, delayed or conditioned at the sole and unfettered discretion 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 Credit Facilities on the respective Maturity Date, as applicable, 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 Credit Facilities, then the Credit Union may, at its sole option, extend the term of a Credit Facility for such period from the expiry date to be determined by the Credit Union in its sole discretion. In such case, the Credit Facility 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 Credit Facility 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 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 Guarantors (or any of them) to the Credit Union from time to time.

### **Documentation presently held and will continue to be held:**

- a) Membership/Account opening documents

**Security held and will continue to be held for all Credit Facilities:**

- 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
- b) Overdraft Protection Agreement in the amount of \$3,000,000.00 (*Credit Facility 3*);
- c) A General Security Agreement comprising a first charge security interest over all present and after acquired personal property of the Borrower, registered at Alberta 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 Zedcor Security Solutions Corp. including but not limited to the serial numbered goods, registered at Alberta Personal Property Registry;
  - ii. Assignment of receivables;
- e) Loan Agreement in the amount of \$6,100,000.00 (*Credit Facility 1*);
- f) 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 Alberta Personal Property Registry;
- g) 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 was reviewed by the Credit Union approved Insurance Consultant.*
- h) Direction and Authority to Pay;
- i) An Opinion of Counsel to the Borrower and the Guarantors in such form as the Credit Union

shall require;

- j) A Satisfactory Opinion of Counsel to the Credit Union in a form satisfactory to the Credit Union.

**Security currently held and will continue to be held for the Letter of Credit Facility:**

- a) A Loan Agreement in the amount of \$240,000.00;  
b) A Borrowing Resolution in the amount of \$240,000.00;  
c) An Indemnity Agreement;

**Security to be obtained:**

- a) A Borrowing Resolution in the amount of \$22,559,167.00.  
b) An Unlimited Guarantee and Postponement of Claim from Zedcor Security Solutions (USA) Inc., *(including supporting corporate documents)* supported by:
- General Security Agreement registered under Uniform Commercial Code comprising a first charge security interest over all present and after-acquired personal property of Zedcor Security Solutions (USA) Inc. including but not limited to all serial numbered goods on the guarantor to be registered under the Uniform Commercial Code in the jurisdiction of incorporation/existence of Zedcor Security Solutions (USA) Inc., and in other locations at the sole discretion of the Credit Union;
- c) A General Security Agreement provided by the Borrower comprising a first charge security interest over all present and after acquired personal property the Borrower, **registered in the Provinces of British Columbia, Manitoba and Ontario**
- d) A General Security Agreement provided by the Guarantor, Zedcor Security Solutions Corp. comprising a first charge security interest over all present and after acquired personal property of Zedcor Security Solutions Corp., **registered in the Provinces of British Columbia, Manitoba and Ontario**
- e) An Opinion of Counsel to the Borrower and the Guarantors in such form as the Credit Union shall require;
- f) A Satisfactory Opinion of Counsel to the Credit Union in a form satisfactory to the Credit Union; and
- g) 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 each Loan Segment under Masterline:**

- a) A Security to be determined by the Credit Union and obtained prior to advance of initial draw of each loan segment;
- b) A Loan Agreement will be required for each loan segment under the Masterline.

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



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

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The Security documentation shall be in the form used by the Credit Union and must in all respects be satisfactory to the Credit Union.

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

**Commitment Expiry Date:**

Notwithstanding any other provision herein, in the event the increase in Masterline Facility is not disbursed by November 30, 2023, 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, together with the pre-paid legal fees of \$[Redacted - fee] to our office at 200, 2850 Sunridge Blvd NE, Calgary, AB T1Y 6G2, on or before 3:00 p.m. on June 7, 2023, after which date and time, this offer shall lapse if it is not accepted.

Zedcor Inc.  
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May 24, 2023

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"*

Sourav Neogi, Relationship 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 May 24, 2023 on this 2nd day of June, 2023.

**Zedcor Inc. – Borrower**

**Per:** "Signed" (Affix Corporate Seal)

**Per:** "Signed"

**Zedcor Security Solutions Corp. – Guarantor**

**Per:** "Signed" (Affix Corporate Seal)

**Per:** "Signed"

**Zedcor Security Solutions (USA) Inc. – Guarantor**

**Per:** "Signed" (Affix Corporate Seal)

**Per:** "Signed"

## **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 the financial condition of the Borrower and the Guarantors, taken as a whole, 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, including, without limitation, the non-payment of any amount demanded hereunder, in accordance with the provisions hereof, within 14 days of such demand;
- 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, without prejudice to its ongoing right to demand repayment of the Credit Facility at any time hereunder, 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

- c. our solicitors or to deliver such documentation to our solicitors; or  
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 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 consent to the Authorized Parties conducting such credit inquiries, as they may from time to time consider advisable for these purposes; and,
- d) The provisions of this paragraph shall apply until the Credit Facilities and all other loans made available from time to time 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 Commitment Letter and would be ineligible to submit a claim should you undergo an insurable event.

**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.

**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 \$10,000,000 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 the Credit Facilities, 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, 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 and Guarantors consent 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 and the Guarantors also consent 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, the Security and/or this Commitment Letter.

**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 Commitment 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, 200, 2850 Sunridge Blvd NE, Calgary, AB T1Y 6G2, 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.