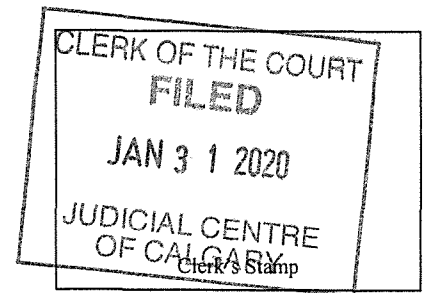


COURT FILE NUMBER	2001-00425
COURT	QUEEN'S BENCH ALBERTA
JUDICIAL CENTRE	CALGARY
PLAINTIFF	ROYAL BANK OF CANADA
DEFENDANTS	MCARTHUR FURNITURE (ALBERTA) LTD., MTK PROPERTIES LTD., THERESA POUND and EDWIN POUND
DOCUMENT	AFFIDAVIT
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	Carscallen LLP 900, 332 - 6 Avenue SW Calgary AB T2P 0B2 Telephone: (403) 262-3775 Facsimile: (403) 262-2952 Attention: Michael J. Whiting File No.: 22312.014



AFFIDAVIT OF EDWIN (TED) POUND
Sworn on January 31, 2020

I, EDWIN (TED) POUND, of the City of Calgary, in the Province of Alberta, SWEAR THAT:

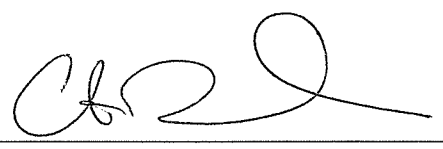
1. I am a Defendant in this matter and as such have a personal knowledge of the facts and matters hereinafter deposed to, save and except where stated to be based upon information and belief, in which case I do verily believe the same to be true.
2. I am the sole shareholder and sole director of 572843 Alberta Ltd. ("**572**"), a corporation incorporated under the laws of the Province of Alberta. Attached hereto and marked as **Exhibit "A"** to this my Affidavit is a copy of a corporate search for 572.
3. Arising from divorce settlement proceedings, my company, 572, is owed the sum of approximately \$2,200,000 (the "**Debt**") by McArthur Furniture (Alberta) Ltd. ("**McArthur**"), pursuant to a promissory note, which has been secured by MTK. As shown in the searches of registrations against McArthur and MTK in the Alberta Personal Property Registry ("**PPR**") located at Exhibit 6 (page 7 of 8) and Exhibit 11 (page 3 of 11) respectively, in the Affidavit of Marlene Starenky, sworn on January 9, 2020, this Debt is secured pursuant to a security agreement that was registered at the PPR on March 14, 2016.
4. On January 29, 2020, 572 (or its nominee) and the Defendant, MTK Properties Ltd. ("**MTK**"), entered into a conditional offer to purchase MTK's property located at 141 Gateway Drive NE, Airdrie, Alberta (the "**Airdrie Property**"), for a purchase price of \$4,800,000 (the "**Airdrie Property Offer**"). The Airdrie Property Offer has a scheduled closing date of March 31, 2020. Attached hereto and marked as **Exhibit "B"** and **Exhibit "C"** is a copy of the Airdrie Property Offer, and discussion letter from Canadian Western Bank, as discussed below.

5. 572 intends to pledge \$1,800,000 of the Debt towards the \$4,800,000 purchase price of the Airdrie Property, leaving \$3,000,000 to be financed.
6. I have received a letter of discussion from Canadian Western Bank ("CWB") in which CWB is discussing the establishment of a credit facility in favour 572 to finance the Airdrie Property. It is currently contemplated that CWB would finance the lesser of \$3,000,000 and 60% of the appraised value of the Airdrie Property.
7. One of the discussions points raised by CWB to finance the Airdrie Property has been a requirement that 572 continue to have the existing tenant, namely MTK, operating as McArthur Fine Furniture, lease the Airdrie Property immediately post-closing. As a result, 572 inserted a condition in the Airdrie Property Offer that MTK would enter into a lease agreement. That has now been completed as 572 and MTK operating as McArthur Fine Furniture have executed a 5 year lease agreement with respect to the Airdrie Property.
8. A further discussion point between myself and CWB has been a request by CWB that an updated appraisal be performed on the Airdrie Property. I understand from discussions with Robert Pound at McArthur, and do verily believe that McArthur intends to retain Altus Group Inc. to conduct the said appraisal.
9. I make this my Affidavit in response to the Application by the Royal Bank of Canada to appoint a Receiver and for no improper purpose.

SWORN BEFORE ME at Calgary, Alberta, this)
31 day of January, 2020)



Commissioner for Oaths in and for the
Province of Alberta)



EDWIN (TED) POUND)

Hema Ahuja
Barrister & Solicitor

Government of Alberta ■ Corporation/Non-Profit Search

Corporate Registration System

Date of Search: 2020/01/30
 Time of Search: 01:40 PM
 Search provided by: CARSCALLEN LLP
 Service Request Number: 32425293
 Customer Reference Number: 22312.014

THIS IS EXHIBIT "A"
 referred to in the Affidavit of
 Edwin (Ted) Pound
 Sworn before me this 31
 day of January A.D. 2020
 Hema Ahuja
 A Commissioner in and for the Province of Alberta

Corporate Access Number: 205728439
 Legal Entity Name: 572843 ALBERTA LTD.
 Legal Entity Status: Active
 Alberta Corporation Type: Numbered Alberta Corporation
 Registration Date: 1993/07/08 YYYY/MM/DD

Hema Ahuja
 Barrister & Solicitor

Registered Office:
 Street: 105 SPRING WATER CLOSE
 City: HERITAGE POINT
 Province: ALBERTA
 Postal Code: T1S 4K4

Email Address: EDWIN.POUND@YAHOO.COM

Directors:

Last Name: POUND
 First Name: EDWIN
 Middle Name: (TED)
 Street/Box Number: 105 SPRING WATER CLOSE
 City: HERITAGE POINT
 Province: ALBERTA
 Postal Code: T1S 4K4

Voting Shareholders:

Last Name: POUND
 First Name: EDWIN
 Middle Name: (TED)
 Street: 105 SPRING WATER CLOSE
 City: HERITAGE POINT

1/30/2020

Province: ALBERTA
Postal Code: T1S 4K4
Percent Of Voting Shares: 100

Details From Current Articles:

The information in this legal entity table supersedes equivalent electronic attachments

Share Structure: SEE ATTACHED SCHEDULE OF SHARE PROVISIONS
Share Transfers: SEE ATTACHED SCHEDULE OF RESTRICTIONS ON SHARE
Restrictions: TRANSFERS
Min Number Of Directors: 1
Max Number Of Directors: 7
Business Restricted To: NONE
Business Restricted From: NONE
Other Provisions: SEE ATTACHED SCHEDULE OF OTHER PROVISIONS

Holding Shares In:

Legal Entity Name

THE PINNACLE FINANCIAL GROUP INC.

Other Information:

Last Annual Return Filed:

File Year	Date Filed (YYYY/MM/DD)
2019	2019/07/04

Filing History:

List Date (YYYY/MM/DD)	Type of Filing
2015/12/21	Name/Structure Change Alberta Corporation
2016/05/13	Change Director / Shareholder
2019/07/04	Enter Annual Returns for Alberta and Extra-Provincial Corp.

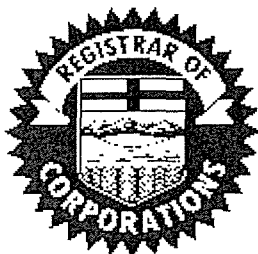
Attachments:

Attachment Type	Microfilm Bar Code	Date Recorded (YYYY/MM/DD)
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1/30/2020

Share Structure	ELECTRONIC	2015/12/21
Restrictions on Share Transfers	ELECTRONIC	2015/12/21
Other Rules or Provisions	ELECTRONIC	2015/12/21

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



CONDITIONAL OFFER TO PURCHASE
(hereinafter referred to as the "Offer")

THIS IS EXHIBIT " B "
referred to in the Affidavit of
Edwin (Ted) Pound
Sworn before me this 31
day of January A.D. 20 20
Alvin
A Commissioner in and for the Province of Alberta

To: MTK PROPERTIES LTD.

Hema Ahuja
Barrister & Solicitor

572843 Alberta Ltd., or its nominee, (the "Purchaser") hereby conditionally offer to purchase from MTK PROPERTIES LTD. (the "Vendor") the real property located at 141 Gateway Dr. NE, Airdrie, and legally described as Plan 081892; Block 5; Lot 1 (the "Property").

The Purchaser offer to purchase the Property on the following terms and conditions:

1. PRICE

The total purchase price shall be FOUR MILLION EIGHT HUNDRED THOUSAND DOLLARS (\$4,800,000.00) payable on such terms and conditions as the Purchaser and Vendor may hereafter mutually agreed upon.

2. DEPOSIT

A refundable \$10,000 will be held in trust.

3. CLOSING & POSSESSION

The date of possession and closing shall be March 31, 2020, or other such date as may be mutually agreed to in writing between the Purchaser and the Vendor ("Closing").

4. TITLE

Title to the Property shall be transferred to the Purchaser at Closing free and clear of all encumbrances whatsoever.

5. CONDITIONS FOR PURCHASE

a. This offer is subject to the following conditions precedent which are inserted for the sole benefit of the Purchaser and may be removed at the sole discretion of the Purchaser:

- i. The Vendor is at Closing the sole legal and beneficial owner of Property;
- ii. Confirmation to the satisfaction of the Purchaser that the Property is free and clear of all encumbrances;
- iii. Procurement of adequate financing by the Purchaser on terms satisfactory to the Purchaser;

- iv. Execution of a lease agreement between the Vendor and Purchaser, on such terms and conditions as the parties mutually agree

These conditions are inserted for the sole benefit of the purchaser and may be waived or satisfied by Purchaser. These conditions will be deemed to have been met or waived only when the Purchaser delivers to the Vendor notice in writing at the address herein provided.

6. REPRESENTATIONS AND WARRANTIES & ADDITIONAL COVENANTS

The Vendor hereby represents, warrants and covenants to the Purchaser as follows, and acknowledges that the Purchaser is relying upon such representations, warranties and covenants in connection with the purchase of the Property:

- a. The Vendor confirms that it has full power and authority to execute this Offer and fully perform all of its obligations and covenants herein, including the covenant to convey the Property to the Purchaser herein.
- b. No person, firm or corporation other than the Purchaser has any agreement, option or understanding or any right capable of becoming an agreement, option or right to purchase all or any part of the Property.
- c. No assessment for improvements has been made or filed constituting a lien against the Property. The Vendor has no knowledge of, nor has it received any notification of any proceedings respecting condemnation, expropriation, taking or reserving of all or any portion of Property.
- d. No notice of contravention of any statute, by-law, ordinance, rule or regulation of any regulatory body or authority arising from current use and occupancy of the Property has been received by the Vendor.
- e. There will be no liens, charges or encumbrances whatsoever against the said Property as at Closing.
- f. That the Vendor is not a non-resident of Canada or acting as trustee or agent for a non-resident of Canada within the meaning of Section 116 of the *Income Tax Act* (Canada).
- g. The Vendor warrants that to its knowledge the Property does not contain hazardous waste, toxic substances, pollutants, noxious substances which are covered by or are under federal, provincial or local government regulation, guideline or order on or under the site.

- h. The Property is not the site of any reported release or designated or subject to designation as a "contaminated site" under the *Environmental Protection and Enhancement Act (Alberta)*.
- i. There are no actions, suits or proceedings (whether or not purportedly on behalf of the Vendor) or which the Vendor has knowledge, pending or threatened against or affecting the Vendor at law or in equity or before by any federal, provincial, municipal or other government department, commission, board, bureau, agency or instrumentality, domestic or foreign, which might affect the Property.

7. INSURANCE

Until title of the Property is registered in the name of the Purchaser, the Property shall be at the sole risk of the Vendor. Upon issuance of title into the name of the Purchaser the Property shall be at the sole risk of the Purchaser.

8. CLOSING DOCUMENTATION

Prior to Closing, the Vendor agrees to deliver to the Purchaser's solicitors, in addition to any other closing documentation reasonably required, transfer document in registerable form for the Property within sufficient number of business days so as to enable the Purchaser's solicitors reasonable time for completion of registration of same.

The documents required to be delivered by the Vendor shall be delivered to the Purchaser's solicitors in trust on such conditions as the Vendor's solicitors may be reasonably require to protect the interests of the Vendor and to ensure the payment of the balance of the purchase price on the Closing Date. Such closing documents will be delivered by the Vendor's solicitors upon such reasonable and customary trust conditions as the Vendor's solicitors and the Purchaser's solicitors can agree and, failing agreement, as determined by arbitration. The Vendor's and Purchaser's solicitors shall have 48 hours to agree on a conveyancing solicitor to act as arbitrator for such purposes, failing which the matter is to be arbitrated by a single arbitrator in accordance with the provisions of the *Arbitration Act (Alberta)*.

Provided the Vendor is not in default hereunder, if the Purchase Price is not paid on the Closing Date to the Vendor's Solicitors for release to the Vendor upon transfer of title being registered in accordance with reasonable and customary trust conditions, the Vendor shall have the option, upon written notice to Purchaser to elect to either

- a. terminate this Offer, in which event the Purchaser shall have no interest in the Property and the Vendor and Purchaser shall have no further claims against each other whatsoever; or

- b. extend the Offer for a period specified by Vendor, in which event, in addition to the Purchase Price, the Vendor then shall be entitled to interest, on the portion of the Purchase Price outstanding, at the Royal Bank of Canada rate of Prime per annum calculated and compounded monthly from Closing until the entire Purchase Price has been paid and is releasable to the Vendor, pursuant to the terms hereof. Time shall remain of the essence.

9. GOODS AND SERVICES TAX

Vendor and Purchaser agree that should any goods and services taxes be applicable to the purchase and sale of the Property then it is included in the Purchase Price and remitted by the Vendor in accordance with applicable legislation.

10. NO COLLECTION OF GOODS AND SERVICES TAX

The Purchaser represents and warrants to the Vendor that the Purchaser is registered pursuant to subdivision (d) of Division V of Part 9 of the *Excise Tax Act* (Canada), as amended, the purposes of remission of GST on taxable supplies made by the Purchaser and the Purchaser is not an "individual" in accordance with the terms of Section 123 of the *Excise Tax Act* (Canada). Accordingly, pursuant to the provisions of Section 221 (2) of the Act, no amount is required to be remitted or shall be remitted by the Purchaser to the Vendor in respect of any GST, payable by the Purchaser in relation to its acquisition of the Property. Purchaser shall provide its GST Number to the Vendor prior to Closing.

11. NOTIFICATION

Any notice to be given under the provision of this Offer shall be given in writing and shall be delivered by personal delivery by registered mail, or by transmitted by facsimile as follows:

Vendor:	MTK PROPERTIES LTD. c/o 141 Gateway Drive NE Airdrie, AB T3E 6W4
Purchaser:	572843 Alberta Ltd. 105 Spring Water Close, Heritage Pointe, AB T1S 4K4 Attention: Edwin Pound
Purchaser's solicitor:	CARSCALLEN LAW FIRM Centrium Place 900, 332 6 Avenue SW Calgary, Alberta T2P 0B2 Attention: Aron Balakrishnan

Any notice shall, if mailed, be deemed to have been effectively given four business days after posting, if delivered, be deemed to have been given and received on the date on which it was delivered to the address provided herein (if a business day and, if not, the next succeeding business day) and if sent by facsimile transmission be deemed to have been given and received at the time of receipt unless actually received after 4:00 pm at the point of delivery or on a day that is not a business day in which case it shall be deemed to have been given and received on the next business day. A party may from time to time notify the other party in writing of a change of address or facsimile number. If the party giving the notice knows or ought reasonably to know of any difficulties with the postal system which might affect the delivery of mail, any notice shall not be mailed but shall be given by personal delivery or by facsimile.

12. MISCELLANEOUS

The Vendor and the Purchaser hereby agree that:

- a. Time shall be of the essence.
- b. This Offer shall ensure to the benefit of and be binding upon the heirs, executors, administrators, and the assigns of the parties hereto.
- c. The obligations of all parties hereunder shall continue in full force and effect and shall not be deemed to be merged in any conveyance or conveyances to be given to the Purchaser.
- d. This Offer to Purchase constitutes the entire agreement between the Vendor and the Purchaser and there is no representations, warranties, collateral agreements or conditions affecting the Property or the Offer arising out of acceptance of this Offer, other than as are set forth herein.
- e. This Offer shall be governed by the laws of the Province of Alberta.
- f. This Offer may be executed in separate counter parts by the parties and each counterpart shall when executed and delivered be an original document, but all counterparts shall together constitute one and the same instrument. Executed copies of the signature pages of this Offer sent by facsimile or transmitted electronically in either Tagged Image Format Files (TIFF) or Portable Document Format (PDF) shall be treated as originals, fully binding and with full legal force and effect, and the parties waive any rights they may have to object to such treatment, provided that this treatment shall be without prejudice to the obligation of the parties to exchange original signature as quickly as practicable after execution of this Offer, but failure to do so shall not affect the validity, enforceability or binding effect of this Offer.

13. FURTHER ASSURANCES

The Vendor and Purchaser covenant and agree to take all steps and sign all further documents as are reasonably required or necessary to give effect to the transactions set forth herein.

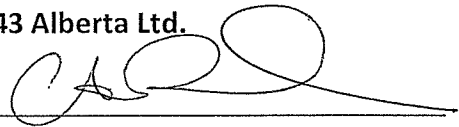
14. ACCEPTANCE

Unless otherwise agree to in writing between the Vendor and Purchaser, this offer shall expire if not accepted by the Vendor by signing below where indicated and returning a copy of this Offer by facsimile or delivery of the original to the Purchaser on or before 12:00 p.m. (Calgary time) on January 30, 2019.

SIGNED AND DATED BY THE PURCHASER as of this 27 day of January, 2020

572843 Alberta Ltd.

Per:


Ted Pound - President

ACCEPTED AND DATED BY THE VENDOR as of this 29 day of January, 2020

MTK PROPERTIES LTD.

Per:


Robert Pound - Director



CANADIAN
WESTERN BANK

January 30, 2020

E.A. (Ted) Pound
572843 Alberta Ltd

Dear Sirs:

Canadian Western Bank (the "Bank") is pleased to discuss the possibility of establishing in favour of 572843 Alberta Ltd (the "Borrower") a credit facility ("the Facility"). The objective of this letter is to confirm our understanding of your requirements and assist you in identifying any aspects requiring further negotiation.

1. LOAN AMOUNT:

- 1.1. Loan Segment (1): Term Loan: The lesser of \$3,000,000 and 60% of the appraised value of 141 Gateway Drive NE, Airdrie Alberta.

Collectively referred to as "the Loan".

2. PURPOSE OF LOAN:

Amounts advanced by the Bank are to be used by the Borrower as follows:

- 2.1. Loan Segment (1): To provide term financing to assist with the purchase of the property civically known as 141 Gateway Drive NE, Airdrie, Alberta and legally known as Plan 081892, Block 5, Lot 1, Airdrie Alberta.

3. ADVANCES:

- 3.1. Loan segment (1): Shall be advanced on a lump sum basis following satisfaction of the Conditions Precedent as set forth in Schedule "C" herein attached.

4. TERM AND LOAN MATURITY DATE:

- 4.1. Loan Segment (1): The Loan is repayable in full, together with all interest, costs and charges, the earlier of 60 months after draw down (the "Loan Maturity Date") or the date payment is demanded as a result of default by the Borrower.

5. INTEREST RATE:

Loans shall bear interest while outstanding before and after maturity and default at the following rates:

- 5.1. Loan Segment (1): The interest rate payable shall be a fixed annual rate, calculated and compounded monthly/semi-annually, not in advance which, subject to availability of funds, the Bank shall exercise its best efforts to obtain funds on a fixed rate basis acceptable to the Borrower and the Bank for the term selected. The following rates are provided for reference purposes only and are subject to fluctuations up to and including the date of drawdown.

TERM
5 Years

INTEREST RATE
4.75%

FLOATING

Unless otherwise specified, all interest shall be payable without demand on the dates specified by the Bank and shall be calculated daily, compounded monthly. Overdue interest shall bear interest at the same rate.

6606 MacLeod Trail SW, Calgary, AB T2H 0K6

t. 403.252.2299 | f. 403.252.2374

cwbank.com

THIS IS EXHIBIT "C"
referred to in the Affidavit of
Edwin (Ted) Pound
Sworn before me this 31
day of January A.D. 2020
Hema Ahuja
A Commissioner in and for the Province of Alberta

Hema Ahuja
Barrister & Solicitor

6. **REPAYMENT:**

- 6.1. Loan Segment (1): An interest adjustment shall be payable for the period from the date of advance to the first day of the month following the date of advance and shall be deducted from the amount of the advance. Thereafter, so long as the loan is not in default, the Borrower shall make monthly blended payments of principal and interest each in an amount sufficient to amortize the loan, at the interest rate, over a maximum 25* year period, payable the first day of each month. (* not to exceed 75% of the remaining economic life)

7. **PREPAYMENT:**

- 7.1. Prepayment shall not be permitted without the prior written consent of the Bank:
- 7.2. The Borrower may prepay the whole, but not part, of the sum unpaid principal balance under the loans at any time, by payment of a prepayment charge equal to the greater of the following:
- (a) three (3) months interest calculated on the unpaid principal balance at the rate provided herein; or
 - (b) a prepayment charge equal to the Bank's Unwinding Costs.

8. **AVAILABILITY:**

- 8.1. Subject to satisfaction or waiver by the Bank of all conditions, the Loans will be advanced in one lump sum.

9. **SECURITY AND SUPPORTING DOCUMENTS:**

The attached Schedule "A" forms part of this Agreement.

10. **INSURANCE:**

The attached Schedule "B" forms part of this Agreement.

- 10.1. Assignment of all risk (including, flood and collapse), fire and theft replacement cost insurance satisfactory to the Bank covering all machinery, equipment, fixtures and building which shall contain the Standard Mortgage Clause approved by the Insurance Bureau of Canada. The policy shall contain comprehensive general Public Liability coverage of not less than \$2,000,000 and Business Interruption Insurance of not less than \$300,000.00.
- 10.2. Assignment of Boiler Insurance. A copy of the Insurance Policy is to be provided upon acceptance of this Agreement as appropriate.

11. **FEES:**

Loan Segment (1)

- 11.1. The Borrower shall pay the sum of \$7,500.00 representing the application/commitment fee as follows:
- 11.2.
- 11.2.1. \$3,500.00 representing the application fee shall be payable upon acceptance of this agreement
 - 11.2.2. \$3,000.00 representing the commitment fee shall be payable upon issuance of the commitment letter.

Should the Bank fail to deliver a final commitment substantially as outlined in this agreement the application fee will be refunded to the Borrower.

If a formal commitment letter is issued and accepted the entire fee will be considered earned and will not be refundable under any circumstances.

11.3. The borrower shall pay an annual review fee of \$1,000.00 each year in conjunction with the annual review (based on the Borrower's fiscal yearend financial statements) to renew outstanding loans

12. **CONDITIONS PRECEDENT TO DRAWDOWN:**

The attached Schedule "C" forms part of this Agreement.

13. **GENERAL CONDITIONS/EVENTS OF DEFAULT:**

The attached Schedule "D" forms part of this Agreement.

14. **REPORTING REQUIREMENTS:**

The attached Schedule "E" forms part of this Agreement.

15. **STANDARD LOAN TERMS & DEFINITIONS:**

The attached Schedule "F" forms part of this Agreement.

16. **INTEREST AND FEES:**

The Bank has underwritten the Loan to the Borrower on the basis that the interest rate and fees provided for in this letter will be paid to the Bank over the period from the date of acceptance of this letter to the Loan Maturity Date and that the Loan will be fully repaid by the Loan Maturity Date. The Borrower acknowledges to the Bank that unless the Loan Maturity Date has been extended by agreement between the Borrower and the Bank by the Loan Maturity Date, then the Bank is entitled to be compensated for:

- (i) loss of ability to earn additional fee income on the Loan principal after the Loan Maturity Date;
- (ii) loss of opportunity to reinvest the Loan funds at then current market rates after the Loan Maturity Date; and
- (iii) the increased risk to the Bank of the Loan being outstanding after the Loan Maturity Date;

17. **PARTIAL DISCHARGES:**

17.1. Shall not be permitted.

18. **COSTS:**

The cost of all appraisals and environmental reports, the legal costs of the Bank on a solicitor-client basis, costs of the Bank's insurance consultant and all other reasonable out-of-pocket expenses incurred in the approval and making of the Loan and the preparation, execution, delivery and registration of the Security and Supporting Documents (including the cost of delivering copies of any documents required by law to be given to the Borrower or any other party) or in the collection of any amount owing under the terms of the Loan shall be for the account of the Borrower and may be debited to advances to be made under the terms of the Loan. Until paid, all such costs and expenses shall bear interest at the rate described in Section 3 of this Agreement.

19. **ASSIGNMENT BY BORROWER:**

The Borrower shall not assign or encumber its rights and obligations under the Loan, this Agreement or the whole or any part of any advance to be made hereunder, without the prior written consent of the Bank.

20. **BANK'S COUNSEL:**

Legal work and documentation to be performed at the Borrower's expense through the Bank's counsel:

Gary Cochrane

Faskens DuMoulin Martineau

21. **MATERIAL CHANGE:**

Acceptance of this Agreement by the Borrower provides full and sufficient acknowledgement that if, in the opinion of the Bank, any material adverse change in risk occurs, including without limiting the generality of the foregoing, any material adverse change in the financial condition of the Borrower, any obligation by the Bank to advance all or any portion of the loan may be withdrawn or cancelled at the sole discretion of the Bank, acting in a commercially reasonable manner.

22. **NON-MERGER:**

The terms and conditions set out herein shall not be superseded by nor merge in and shall survive the execution, delivery and/or registration of any instruments of security or evidences of indebtedness granted by the Borrower and/or any Guarantor hereafter, and the advancement of any funds by the Bank. In the event of a conflict between the security documents and the terms of this letter, the terms of the security documents shall govern.

24. **ACCOUNTING CHANGES:**

In the event that any Accounting Change (as defined below) shall occur and such change results in a change in the method of calculation of financial covenants, standards or terms in the Commitment Letter, then the Borrower and the Bank agree to enter into negotiations in order to amend such provisions of the Commitment Letter so as to reflect equitably such Accounting Changes with the desired result that the criteria for evaluating the Borrower's financial condition shall be substantially the same after such Accounting Changes as if such Accounting Changes had not been made. Until such time as an amendment shall have been executed and delivered by the Borrower to the Bank all financial covenants, standards and terms in this Agreement shall continue to be calculated or construed as if such Accounting Changes had not occurred.

Accounting Changes refers to changes in accounting principles required by the promulgation of any rule, regulation, pronouncement or opinion by the Canadian Institute of Chartered Accountants, and all events including changes resulting from implementation of the International Financial Reporting Standards to the extent required by the Canadian Accounting Standards Board.

ACCEPTANCE:

To become effective, this Agreement must be accepted in writing by the Borrower and all Guarantor.

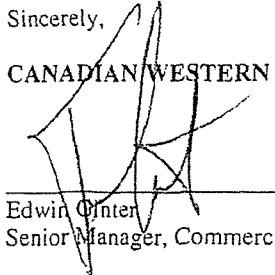
Please note that this paper is presented for discussion purposes only and does not represent a statement of intent or commitment, implied or otherwise, on the part of the Bank.

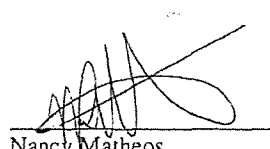
If you are in agreement with the above terms and conditions (which includes by reference, all of those terms and conditions set forth in all of the attached Schedules), please sign and return the enclosed copy of this letter together with your cheque for \$3,500.00, representing the application fee. This Agreement will expire if not accepted by January 31, 2020.

The foregoing Agreement is offered in good faith and is to be held in strict confidence.

Sincerely,

CANADIAN WESTERN BANK


Edwin Ointer
Senior Manager, Commercial Banking


Nancy Matheos
AVP and Deputy District Manager

ACKNOWLEDGEMENT:

The Borrower certifies that all information provided to the Bank is true and hereby accept the terms and conditions set forth in the above Agreement (including all Schedules attached thereto).

BORROWER: 572843 Alberta Ltd

Signed: _____

Signed: _____

Accepted: _____

Date

I acknowledge receiving advice of the Agreement described above and agree our/my guarantee is binding even if the Bank changes or waives compliance with the terms of this Agreement.

GUARANTOR:

Signed: _____

E.A. (Ted) Pound

Accepted: _____

SCHEDULE "A" – TERM LOANS/MORTGAGES**SECURITY**

All security documentation described herein must be prepared, executed and registered, as required by the Bank, prior to drawdown of any funds. The types of security, supporting resolutions and agreements to be provided by the Borrower to the Bank will be in form and content satisfactory to the Bank and/or its solicitors, and without restricting the generality of the foregoing, will include:

1. Promissory Note(s);
2. General Security Agreement providing a perfected first security interest in all of the Borrower's present and after acquired personal property;
3. Demand Collateral Mortgage in the amount of \$4,000,000 conveying a first charge over all real property described in Section 2 and owned by the Borrower. The mortgage document shall contain a "Due on Sale" clause, a readvancement clause and an environmental clause as well as a clause addressing the appointment of a Receiver Manager of the property in the event of default;
4. Assignment of Rents and/or Leases with Estoppel Certificate, registered on title;
5. Unconditional and Unlimited Environmental Agreement and Indemnity (Form 1164) executed by the Borrower and Guarantor;
6. Limited Liability Guarantee in the amount of \$1,000,000.00 in favour of the Bank guaranteeing all indebtedness of the Borrower to the Bank to be provided by E.A. (Ted) Pound;
7. Assignment and Postponement of Creditor's Claim provided by Jim Diamantopolus;
8. Assignment or Waiver of either
 - Insurance on the life of E.A. (Ted) Pound in the minimum amount of \$1,000,000 to be acknowledged by the Beneficiary;
 - OR
 - Creditor Life Insurance in the amount of \$1,000,000 covering the life of principal/guarantor in the Borrower;
9. Assignment of all risk Casualty and Liability insurance as set out under "Insurance", of the Agreement;
10. such of the following supporting documents as may be required by the Bank's solicitors:
 - (i) satisfactory Real Property Report/Surveyor's Certificate with respect to the mortgaged property previously described in Section 2;
 - (ii) satisfactory Zoning or Building Memorandum, or Letter from applicable Zoning official (Compliance Certificate), from the applicable municipal authority;
 - (iii) Tax Certificate showing all property taxes and charges paid or a holdback sufficient to pay taxes when due;
 - (iv) standard form documents relating to authorization of the borrowing and operation of the loan account;
 - (v) Statutory Declaration from the Borrower or the Officer or an officer of the Borrower as to residency, title, use of premises, actions or claims and such other matters as Canadian Western Bank's counsel may advise;
 - (vi) Loan Agreement;

- (vii) opinion of the Borrower's counsel on the security and supporting documents and title to the Property.
11. such additional security instruments, assurances and supporting documents (including legal opinion of the Borrower's solicitor) as the Bank may deem necessary or advisable for the purpose of obtaining and perfecting the foregoing security.

The Borrower and Guarantor acknowledge and agree to give the Bank other reasonable documents, assurances, information and covenants as the solicitors for the Bank may reasonably require with regard to the loan or the security documents to be given hereunder.

SCHEDULE "B" – TERM LOANS/MORTGAGES**INSURANCE**

1. All policies must show every Borrower as a named insured.
2. All policies covering physical loss or damage (that is, property, builders risk and boiler and machinery insurance) must be on a full replacement cost basis and:
 - (a) provide coverage for all risks of physical loss or damage, including, flood, sewer back-up and collapse;
 - (b) include insurance on the foundation and all parts below ground level;
 - (c) provide in case of destruction:
 - (i) that reconstruction will not be limited to "on the same or an adjacent site";
 - (ii) coverage for increased costs of reconstruction through by-law and code changes and demolition and debris removal for damaged and undamaged property and resultant loss of income;
 - (d) either contain a stated amount co-insurance clause or not be subject to co-insurance.
3. The Bank is to be shown both as mortgagee and loss payee under all policies covering physical loss or damage. Loss is to be payable using this wording:

"CANADIAN WESTERN BANK, 6066 Macleod Trail SW, Calgary, Alberta T2H 0K6 as first mortgagee and loss payee."

SCHEDULE "C" – TERM LOANS/MORTGAGES**CONDITIONS PRECEDENT TO DRAWDOWN**

The following conditions must be fulfilled prior to the Bank having any obligations to make any drawdown:

1. the Bank shall be satisfied with the business assets and financial condition of the Borrower and Guarantor and all security documentation and supporting agreements and documents must be completed in a form satisfactory to the Bank and its solicitors, and must be executed and registered as appropriate, and the Bank shall have received a solicitor's letter of opinion with respect to same;
2. satisfactory review by the Bank of the Borrower's financial statements and credit reports (or the Borrower's opening financial statement);
3. satisfactory review of the Personal Financial Statement (provided on the Bank's form) together with documents supporting the personal financial statement of the Guarantors
4. satisfactory review of the purchase agreement(s);
5. the Bank shall be provided with an appraisal of the subject lands confirming a market value of not less than \$5,000,000.00 (using the Cost, Income Approach and Direct Comparison methods of valuation) together with a assessment of the remaining economic life. Such appraisal shall be prepared by an appraiser approved by the Bank and shall be used for lending purposes. The appraisal is to be addressed to the Bank and shall be at the cost of the Borrower;
6. the Borrower shall cause to be conducted environmental assessments, audit and other inspections with respect to the mortgaged property and the business of the Borrower and the obligation of the Bank to advance funds hereunder shall be subject to the Bank receiving reports prepared by a Bank approved Environmental Consultant, satisfactory to the Bank in its sole discretion and subject to the Bank being satisfied in its sole discretion that there are no environmental matters that are adverse to the value of the mortgage property or the business of the Borrower; The ESA is to be supported by a reliance letter in favour of the Bank.
7. satisfactory review by the Bank of a roof report which addresses the current condition of the roof, estimated remaining life, current maintenance program in place and the level of deferred maintenance if any;
8. satisfactory review by the Bank of an engineer's report on the subject property with respect to the structural condition of the building;
9. the Borrower shall provide a property tax receipt confirming payment of all taxes including the current year;
10. provision of a purchase agreement satisfactory to the Bank;
11. provision of copies of all leases and addendums to leases and current rent roll for the Project confirming capacity to support the required Debt Service Coverage as outlined under Schedule "D";
12. the Bank shall be satisfied that the tenant is able to support the payments required to meet the debt servicing requirements.
13. the Bank shall be satisfied as to the zoning of the Project and the availability of all municipal and regulatory permits and approvals required for the operation of the Project;
14. any participation by way of equity, shareholders' loan, or other cash injection required under the terms of this agreement must be in place;
15. the Borrower will establish its primary banking with Canadian Western Bank.
16. the Bank will require two (2) full business days prior written notice of disbursement.

Consideration may be given to waiving conditions 7. and 8. should alternate information become available allowing the bank to confirm no concerns in this area.

SCHEDULE "D" – TERM LOANS/MORTGAGES
GENERAL CONDITIONS

The Borrower agrees:

1. no Event of Default has occurred and is continuing;
2. the Loan Maturity Date has not occurred;
3. the conditions of this Agreement and of all previous advances have been satisfied or waived;
4. the loan shall be advanced by April 1, 2020 unless otherwise extended by the Bank;
5. to maintain a "Debt Service Coverage Ratio" for each property of not less than 1.25 at all times;
Debt Service Coverage Ratio is defined as

X/Y where

X =

Triple Net Rent
Less

- Vacancy of 3%
- Maintenance and management of 5%

Y =

Annual Principal plus interest payments

6. no other loans may be secured against the Project, except the Subordinate Mortgages satisfactory to the Bank and, at the Borrower's option, a mortgage to secure Borrower's Equity contributed by the Guarantor or other affiliate of the Borrower, provided such mortgage is fully subordinated to the Security and supporting documents in accordance with a Priority and Standstill Agreement;
7. the Bank's opinions, approvals and decisions are in its sole discretion and are not subject to judicial review as to their reasonableness;
8. the Borrower shall remain the sole registered and beneficial owner of the Project until the Loan has been repaid in full, unless otherwise approved by the Bank;
9. to maintain adequate insurance on the property and acknowledges that failure to do so will hereby authorize the Bank to purchase insurance to protect the Bank's interest in the project to the value of the outstanding loan/mortgage. The Borrower authorizes the Bank to add the cost of said insurance to the loan/mortgage balance.

EVENTS OF DEFAULT:

1. The full amount of the indebtedness and liability of the Borrower then outstanding, together with accrued interest and any other charges then owing by the Borrower to the Bank shall, at the option of the Bank, forthwith be accelerated and be due and payable, and upon being declared to be due and payable, the securities shall immediately become enforceable and the Bank may proceed to realize and enforce the same upon the occurrence and during the continuance of any of the following events or circumstances (which events or circumstances are herein referred to as the "Events of Default"):
- (a) the Borrower or any Guarantor fails to make due, whether on demand or at a fixed payment date, by acceleration or otherwise any payment of interest, principal, fees, commissions or other amounts payable to the Bank;
 - (b) there is a breach by the Borrower of any other term or condition contained in this Agreement or in any other agreement to which the Borrower and the Bank are parties and the Borrower has not corrected such breach within 15 days of notice having been provided to the Borrower;

- (c) any default occurs under the terms of any security to be provided in accordance with this Agreement or under any other credit, loan or security agreement to which the Borrower are party and the Borrower have not corrected such breach within 15 days of notice having been provided to the Borrower;
- (d) any bankruptcy, re-organization, compromise, arrangement, insolvency or liquidation proceedings or other analogous proceedings are instituted by or against the Borrower and, if instituted against the Borrower are allowed against or consented to by the Borrower or are not dismissed or stayed within 60 days after such institution;
- (e) a receiver is appointed over any property of the Borrower or any judgement or order or any process of any court becomes enforceable against the Borrower or any property or any creditor takes possession of any property of the Borrower;
- (f) any adverse change occurs in the financial condition of the Borrower or any Guarantor;
- (g) any adverse change occurs in the environmental condition of:
 - (i) the Borrower, or either of them, or any Guarantor of the Borrower, or
 - (iii) any property, equipment, or business activities of the Borrower or any Guarantor of the Borrower.
- (h) the Borrower acknowledges that failure by any Guarantor of this Agreement to comply with the disclosure requirements set out in Section 45 of the Business Corporations Act (BCA) of Alberta shall constitute a default of the Borrower pursuant to this Agreement.

MISCELLANEOUS CONDITIONS:

1. The rights and remedies of the Bank pursuant to this Agreement and the securities taken pursuant hereto are cumulative and not alternative, and not in substitution for any other rights, remedies, or power of the Bank.
2. Any failure or delay by the Bank to exercise, or exercise fully, its rights and remedies pursuant to this Agreement and the securities taken pursuant hereto shall not be construed as a waiver of such rights and remedies.
3. In the absence of a formal Loan Agreement being entered into, this Agreement shall continue in full force and effect and shall not merge in any securities provided by the Borrower to the Bank.
4. the Bank reserves the sole and absolute right to syndicate part or all of the loan facility contemplated herein, with various syndication partners with whom the Bank syndicates loans from time to time, on terms and conditions satisfactory to the Bank;
5. This Agreement and the security documentation to be provided by the Borrower pursuant hereto shall be construed in accordance with and governed by the laws of the Province of Alberta.

SCHEDULE "E" – TERM LOANS/MORTGAGES
REPORTING REQUIREMENTS

The Borrower agrees to provide the undernoted information to the Bank:

Annually within 120 days of the Borrowers fiscal year end

1. an Officers Compliance Certificate form 1636, certifying that all lending conditions and requirements are being complied with;
2. Notice to Reader, annual financial statements of the Borrower prepared by a firm of qualified professional accountants
3. project rent rolls;
4. confirmation of Payable Status form 1054 on an annual basis;
5. Confirmation of property taxes having been paid up to date
6. Confirmation of insurance having been renewed
7. Copies of all new leases and copies of any amendments to existing leases

Upon request but not less frequently than every two years within 120 days of the Borrowers fiscal year end

8. updated personal net worth statements of Guarantors on the Canadian Western Bank forms duly completed and signed;

any further information, data, financial reports and records, accounting or banking statements, certificates, evidence of insurance and other assurances which the Bank may from time to time require in its sole discretion, acting reasonably.



SCHEDULE "F" – TERM LOANS/MORTGAGES

SCHEDULE – STANDARD LOAN TERMS

ARTICLE I – GENERAL

- 1.1. **Interest Rate.** You will pay interest on each Loan at nominal rates per year at the rate specified in this Agreement.
- 1.2. **Floating rate of interest.** Each floating rate of interest provided for under this Agreement will change automatically, without notice, whenever the Bank's Prime Rate or the U.S. Base Rate, as the case may be, changes.
- 1.3. **Payment of interest.** Interest is calculated on the daily balance of the Loan at the end of each day. Interest is due once a month, unless the Agreement states otherwise. Unless you have made other arrangements with us, we will automatically debit your Operating Account for interest amounts owing. If your Operating Account is in overdraft and you do not deposit to the account an amount equal to the monthly interest payment, the effect is that we will be charging interest on overdue interest (which is known as compounding). Unpaid interest continues to compound whether or not we have demanded payment from you or started a legal action, or get judgment, against you.
- 1.4. **Fees.** You will pay the Bank's fees for the Loans as outlined in the Agreement. You will also reimburse us for all reasonable fees (including legal fees on a solicitor and his own client basis) and out-of-pocket expenses incurred in registering any security, and in enforcing our rights under this Agreement or any security. We will automatically debit your Operating Account for fee amounts owing.
- 1.5. **Our rights re demand Loans.** We believe that the banker-customer relationship is based on mutual trust and respect. It is important for us to know all the relevant information (whether good or bad) about your business. Canadian Western Bank is itself a business. Managing risks and monitoring our customers' ability to repay is critical to us. We can only continue to lend when we feel that we are likely to be repaid. As a result, if you do something that jeopardizes that relationship, or if we no longer feel that you are likely to repay all amounts borrowed, we may have to act. We may decide to act, for example, because of something you have done, information we receive about your business, or changes to the economy that affect your business. Some of the actions that we may decide to take include requiring you to give us more financial information, negotiating a change in the interest rate or fees, or asking you to get further accounting assistance, put more cash into the business, provide more security, or produce a satisfactory business plan. It is important to us that your business succeeds. We may demand immediate repayment of any outstanding amounts under any demand Loan. We may also, at any time and for any cause, cancel the unused portion of any demand Loan.
- 1.6. **Payments.** If any payment is due on a day other than a Business Day, then the payment is due on the next Business Day.
- 1.7. **Applying money received.** If you have not made payments as required by this Agreement, or if you have failed to satisfy any term of this Agreement (or any other agreement you have that relates to this Agreement), or at any time before default but after we have given you appropriate notice, we may decide how to apply any money that we receive. This means that we may choose which Loan to apply the money against, or what mix of principal, interest, fees and overdue amounts within any Loan will be paid.
- 1.8. **Information requirements.** We may from time to time reasonably require you to provide further information about your business. We may require information from you to be in a form acceptable to us.
- 1.9. **Insurance.** You will keep all our business assets and property insured (to the full insurable value) against loss or damage by fire and all other risks usual for property such as yours (plus for any other risks we may reasonably require). If we request, these policies will include a loss payee clause (and if you are giving us mortgage security, a Standard Mortgagee Clause). As further security, you assign all insurance proceeds to us. If we ask, you will give us either the policies themselves or adequate evidence of their existence. If your insurance coverage for any reason stops, we may (but do not have to) insure the property. We will automatically debit your Operating Account for this amount. In the event there are no funds on deposit, we may add the insurance cost to your Loan. Finally, you will notify us immediately of any loss or damage to the property.
- 1.10. **Environmental Matters.** You will carry on your business, and maintain your assets and property, in accordance with all applicable environmental laws and regulations. If (a) there is any release, deposit, discharge or disposal of pollutants of any sort (collectively, a "Discharge") in connection with either your business or your property, and we pay any fines or for any clean-up, or (b) we suffer any loss or damage as a result of any Discharge, you will reimburse the Bank, its directors, officers, employees and agents for any and all losses, damages, fines, costs and other amounts (including amounts spent preparing any necessary environmental assessment or other reports, or defending any lawsuits) that result. If we ask, you will defend any lawsuits, investigations or prosecutions brought against the Bank or any of its directors, officers, employees and agents in connection with any Discharge. Your obligation to us under this section continues even after all Loans have been repaid and this Agreement has terminated.
- 1.11. **Consent to release information.** We may from time to time give any loan or other information about you to, or receive such information from, (a) any financial institution, credit reporting agency, rating agency or credit bureau, (b) any person, firm or corporation with whom you may have or propose to have financial dealings, and (c) any person, firm or corporation in connection with any dealings you have or propose to have with us. You agree that we may use that information to establish and maintain your relationship with us and offer any services as permitted by law, including services and products offered by our subsidiaries when it is considered that this may be suitable to you.
- 1.12. **Proof of debt.** This Agreement provides the proof, between the Bank and you, of the loans made available to you. There may be times when the type of loan you have requires you to sign additional documents. Throughout the time that we provide you loans under this Agreement, our loan accounting records will provide complete proof of all terms and conditions of your loan (such as principal loan balances, interest calculations, and payment dates).
- 1.13. **Renewals of this Agreement.** This Agreement will remain in effect for your Loans for as long as they remain unchanged. If there are no changes to the Loans this Agreement will continue to apply, and you will not need to sign anything further. If there are any changes, we will provide you with either an amending agreement, or a new replacement Letter, for you to sign.
- 1.14. **Confidentiality.** The terms of this Agreement are confidential between you and the Bank. You therefore agree not to disclose the contents of this Agreement to anyone except your professional advisors and where required by law.

1.15. **Pre-conditions.** You may use the Loans granted to you under this Agreement only if:

- (a) we have received properly signed copies of all documentation that we may require in connection with the operation of your accounts and your ability to borrow and give security;
- (b) all the required security has been received and registered to our satisfaction;
- (c) any special provisions or conditions set forth in the Agreement have been complied with; and
- (d) if applicable, you have given us the required number of days notice for a drawing under a Loan.

1.16. **Notices.** We may give you any notice in person or by telephone, or by letter that is sent either by fax or by mail.

1.17. **Non-Revolving Loans.** The following terms apply to each Non-Revolving Loan:

- (a) **Non-revolving Loans.** Unless otherwise stated in the Agreement, any principal payment made permanently reduces the available Loan Amount. Any payment we receive is applied first to overdue interest, then to current interest owing, then to overdue principal, then to any fees and charges owing, and finally to current principal.
- (b) **Floating Rate Non-Revolving Loans.** Floating Rate Loans may have either (i) blended payments or (ii) payments of fixed principal amounts, plus interest as described below:
 - (i) **Blended payments.** If you have a Floating Rate Loan that has blended payments, the amount of your monthly payment is fixed for the term of the loan, but the interest rate varies with changes in the Prime Rate or U.S. Base Rate (as the case may be). If the Prime Rate or U.S. Base Rate during any month is lower than what the rate was at the outset, you may end up paying off the loan before the scheduled end date. If, however, the Prime Rate or U.S. Base Rate is higher than what it was at the outset, the amount of principal that is paid off is reduced. As a result, you may end up still owing principal at the end of the term because of these changes in the Prime Rate or U.S. Base Rate. We will advise you from time to time of any changes in the blended payment necessary to maintain the original amortization period, should we chose to do so.
 - (ii) **Payments of fixed principal plus interest.** If you have a Floating Rate Loan that has regular principal payments, plus interest, the principal payment amount of your Loan is due on the payment date specified in the Agreement. Although the principal payment amount is fixed, your interest payment will usually be different each month, for at least one and possibly more reasons, namely: the reducing principal balance of your loan, the number of days in the month, and changes to the Prime Rate or U.S. Base Rate (as the case may be).
- (c) **Demand of Fixed Rate Term.** If you have a Fixed Rate Term Loan and we make demand for payment, you will owe us (i) all outstanding principal, (ii) interest, (iii) any other amount due under this Agreement, and (iv) a prepayment charge. The prepayment charge is equal to the greater of three (3) months interest calculated on the unpaid balance at the rate authorized or the Bank's Unwinding Costs.

ARTICLE 2 - DEFINITIONS

2.1. **Definitions.** In this Agreement, the following terms have the following meanings:

"*Agreement*" means the letter agreement between you and Canadian Western Bank to which this Schedule and any other Schedules are attached.

"*Business Day*" means any day (other than a Saturday or a Sunday) that the CWB Branch/Centre is open for business.

"*Cash Collateral Account*" means funds on deposit held by the Bank in an interest bearing account pending satisfaction of certain terms and/or conditions.

"*Cash Flow Coverage Ratio*" means for any fiscal year the ratio of X to Y where:

X =
Net profit after tax
+ amortization/depreciation
+ all interest expenses
+ all taxes
= EBITDA

Y =
All interest paid or accrued during the trailing fiscal year + the Borrower's actual principal payment obligations for the trailing fiscal year under the CWB credit facility and any other document or agreement including without limitation:

- in respect of any indebtedness for borrowed money as classified in the balance sheet of the Borrower and in accordance with generally accepted accounting principals; and
- in respect of any capital lease in accordance with generally accepted accounting principles entered into by the Borrower.

"*Customer Automated Funds Transfer (CAFT)*" is a WEB based service that provides non-personal customers the ability to make multiple electronic transactions for purposes of direct deposit for payroll or direct payment of accounts payable.

"*CWB Branch/Centre*" means the Canadian Western Bank branch or banking centre noted on the first page of this Agreement, as changed from time to time by agreement between the parties.

"*Demand Non-Revolving Loan*" means an installment loan that is payable upon demand. Such a Loan may be either at a fixed or a floating rate of interest.

"*Fixed Rate Loan*" means any loan drawn down, converted or extended under a Loan at an interest rate which was fixed for a term, instead of referenced to a floating rate such as the Prime Rate or U.S. Base Rate, at the time of such drawdown, conversion or extension.

"*Intangibles*" means assets of the business that have no value in themselves but represent value. They include such things as copyright, goodwill, patents and trademarks; franchises, licenses, leases, research and development costs, and deferred development costs.

"*Lease-Up Reserve*" means the amount of the Loan that is funded into a Cash Collateral Account pending lease-up of the Project in accordance with the Loan authorization.

"*Letter of Credit*" or "*L/C*" means a documentary or stand-by Letter of Credit, a Letter of Guarantee, or a similar instrument in form and substance satisfactory to us.

"*Lien*" includes a mortgage, charge, lien, security interest or encumbrance of any sort on an asset, and includes conditional sales contracts, title retention agreements, capital trusts and capital leases.

"*Loan*" means any loan segment referred to in the Agreement and if there are two or more segments, "Loan" includes reference to each segment.

"*Loan Amount*" of any Loan means the amount specified in the Agreement and if there are two or more segments, "Loan Amount" includes reference to each segment.

"*Loan Maturity Date*" means the date the loan is to be repaid or extended by for further term, at the option of the Bank

"*Mandatory Capital Expenditures*" means net capital expenditures incurred by you not financed by long term debt. Net capital expenditures means all capitalized fixed asset purchases less fixed asset sales.

"*Normal Course Lien*" means a Lien that (a) arises by operation of law or in the ordinary course of business as a result of owning any such asset (but does not include a Lien given to another creditor or to secure debts owed to that Loan) and (b) taken together with all other Normal Course Liens, does not materially affect the value of the asset or its use in the business.

"*Operating Account*" means the account that you normally use for the day-to-day cash needs of your business, and may be either or both of a Canadian dollar and a U.S. dollar account.

"*Postponed Debt*" means any debt owed by you that has been formally postponed to the Bank.

"*Prime Rate*" means the variable reference rate of interest per year declared by the Bank from time to time to be its Prime rate for Canadian dollar loans made by the Bank in Canada.

"*Principal Sum*" means the loan balance outstanding.

"*Priority Claims*" means priorities that are created when a borrower does not remit monies due for Income Tax, Workers Compensation, Canada Pension Plan, Employment Insurance, GST, Provincial Sales Tax, wage claims including unpaid holiday entitlement, unpaid utility bills and arrears of rent for business premises. These are considered to be deemed trust and rank in priority to all security interests.

"*Purchase Money Lien*" means a Lien incurred in the ordinary course of business only to secure the purchase price of an asset, or to secure debt used only to finance the purchase of the asset.

"*Shareholders' Equity*" means paid-in capital, retained earnings and attributed or contributed surplus.

"*Standard Overdraft Rate*" means the variable reference interest rate per year declared by the Bank from time to time to be its standard overdraft rate on overdrafts in Canadian or U.S. dollar accounts maintained with the Bank in Canada.

"*Tangible Net Worth*" means the total Shareholders' Equity, minus (a) amounts due from/investments in related parties, and the value of all intangibles, plus (b) all postponed debt.

"*Unwinding Costs*" means the costs the Bank incurs when a fixed rate loan is paid out early. The unwinding costs are based on an interest rate differential between the loan rate and the bid side yield for Government of Canada securities with the same maturity as the loan, for the remaining term of the loan at the time of repayment.

"*U.S. Base Rate*" means the variable reference rate of interest per year as declared by the Bank from time to time to be its base rate for U.S. dollar loans made by the Bank in Canada.