



COURT FILE NUMBER 25-2585991

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE CALGARY

APPLICANT IN THE MATTER OF THE NOTICE OF INTENTION TO FILE A PROPOSAL OF HOP COMPOST LTD.

DOCUMENT **ORDER**
(Approval of Administration Charge, Interim Financing and Interim Financing Charge)

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
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I hereby certify this to be a true copy of the original Order of which it purports to be a copy.

Dated this 27 day of Nov, 2019
For: Theresa Brown
Registrar at Calgary
Bankruptcy Division of the
Court of Queen's Bench of Alberta

File No.: 037296-00006/CJH

DATE ON WHICH ORDER WAS PRONOUNCED: November 27, 2019

LOCATION WHERE ORDER WAS PRONOUNCED: Calgary, Alberta

JUSTICE WHO MADE THIS ORDER: The Honourable Justice K.M. Horner

UPON THE APPLICATION of Hop Compost Ltd. ("Hop") filed November 27, 2019; AND UPON reading the Affidavit of Kevin Davies sworn November 26, 2019; AND UPON reading the Report of MNP Ltd., in its capacity as proposal trustee of Hop on the Cashflow Projections dated November 26, 2019; AND UPON hearing submissions by counsel for Hop and any other counsel or other interested parties present,

IT IS HEREBY ORDERED THAT:

SERVICE

1. The time for service of the notice of application for this order (the "**Order**") is hereby abridged and deemed good and sufficient and this application is properly returnable today, and no other than those persons served is entitled to service of the notice of application.

ADMINISTRATION CHARGE

2. Counsel to Hop, as security for the professional fees and disbursements incurred both before and after the granting of this Order, shall be entitled to the benefits of and are hereby granted a first ranking charge (the "**Administration Charge**") on all of the present and after-acquired assets, property and undertaking of Hop (the "**Property**"), which charge shall not exceed \$30,000, as security for their professional fees and disbursements incurred at the normal rates and charges of counsel to Hop, both before and after the making of this Order in respect of these proceedings.

INTERIM FINANCING

3. The terms of the interim financing facility, substantially in the form as set out in the term sheet dated as of November 27, 2019 (the "**Interim Financing Facility**") attached as Exhibit "A" to the Affidavit of Kevin Davies sworn November 26, 2019 be and is hereby approved.
4. Hop be and is hereby authorized to borrow up to \$265,000 from investors (together, the "**Interim Lenders**") by way of the Interim Financing Facility to be advanced to Hop by the Interim Lenders.
5. The Property of Hop shall be and hereby is subject to a charge in the amount of \$265,000 (the "**Interim Lenders' Charge**"), in order to secure repayment to the Interim Lenders of amounts advanced under the Interim Financing Facility, which Interim Lenders' Charge shall be subordinate to the Administration Charge and rank on a *pari passu* basis with the security interest of Business Development Bank of Canada ("**BDC**") in the within proceedings.
6. For clarity, the respective ranking of the charges on the Property and the security interests in the Property shall be as follows:
 - (a) First, the Administration Charge;

- (b) Second, the Interim Lenders' Charge and the security interest held by BDC, on a *pari passu* basis; and
 - (c) Third, the security interests held by other secured creditors over the Property, if any.
7. The filing, registration or perfection of the Administration Charge and the Interim Lenders' Charge (together, the "**Charges**") shall not be required, and the Charges shall be enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.
8. Service of this Order may be effected by facsimile, electronic mail, personal delivery or courier. Service is deemed to be effected the next business day following transmission or delivery of this Order.

" K. M. Horner "

J.C.Q.B.A