

COURT FILE NUMBER:

Clerk's Stamp

COURT COURT OF QUEEN'S BENCH
OF ALBERTA

JUDICIAL CENTRE CALGARY

PLAINTIFF ROYNAT INC.

DEFENDANTS 2127712 ALBERTA LTD., GORDON
ROGER SPALDING, and STEEVE
TOUPIN

DOCUMENT **AFFIDAVIT**

ADDRESS FOR SERVICE
AND CONTACT
INFORMATION OF
PARTY FILING THIS
DOCUMENT

McMillan LLP
421 7th Avenue SW, Suite 1700
Calgary, Alberta T2P 4K9
Phone: 403.215.2758
Fax: 403.531.4720
Attention: **Kourtney Rylands/Preet Saini**
Email: kourtney.rylands@mcmillan.ca/preet.saini@mcmillan.ca
File No. 277272

AFFIDAVIT OF CRYSTAL MARTIN

Sworn on August 12, 2021

I, Crystal Martin, of the City of Calgary, in the Province of Alberta, SWEAR AND SAY THAT:

1. I am a Senior Manager in the Investment Enhancement Group of Roynat Inc. ("**Roynat**" or the "**Lender**"), the applicant and a secured creditor of the respondent, 2127712 Alberta Ltd. (the "**Debtor**"). As such, I have personal knowledge of the facts and matters hereinafter deposed to except where stated to be based on information and belief and where so stated I verily believe the same to be true.
2. I make this affidavit in support of an application to appoint a receiver and manager, or alternatively, a receiver, over the property, undertakings, and assets of the Debtor.
3. I have reviewed the business records of the Lender relevant to the within proceedings and application and have satisfied myself that I am possessed of sufficient information and knowledge to swear this affidavit.
4. I am authorized to swear this affidavit on behalf of the Lender.

A. Loan Agreement

5. The Debtor is an Alberta corporation with a registered office address at 160 Griffin Ranch Road, Cochrane, Alberta. Attached as **Exhibit "A"** is a copy of an Alberta Corporate Registry search of the Debtor.
6. The Debtor borrowed money from the Lender pursuant to an offer to finance dated September 14, 2018 (the "**Loan Agreement**"). Attached as **Exhibit "B"** is a copy of the Loan Agreement.
7. Pursuant to the Loan Agreement, the Lender advanced \$2,610,000 to the Debtor for, among other things, the purchase of real property with a municipal address of 590 Griffin Road East, Cochrane, Alberta, and a legal description of:

THAT PORTION OF THE SOUTH EAST QUARTER OF SECTION 2
IN TOWNSHIP 26
RANGE 4
WEST OF THE 5 MERIDIAN
WHICH LIES SOUTH OF THE SOUTHERN LIMIT OF
THE RIGHT OF WAY OF THE CANADIAN PACIFIC RAILWAY
AS SHOWN ON PLAN R.Y. 10 AND EAST OF A LINE RUNNING
AT RIGHT ANGLES TO THE SOUTHERN LIMIT OF SAID QUARTER
SECTION FROM A POINT THEREIN DISTANT EASTERLY THEREON
1732 FEET FROM THE SOUTH WEST CORNER THEREOF,
CONTAINING 2.02 HECTARES (5 ACRES) MORE OR LESS
AND LYING NORTH OF THE BOW RIVER
EXCEPTING THEREOUT ALL MINES AND MINERALS
AND THE RIGHT TO WORK THE SAME

(the "**Property**").

8. Attached as **Exhibit "C"** is a copy of a certificate of title for the Property.
9. The Loan Agreement was made on the following terms and conditions, among others:
 - (a) the loan shall be repayable in 59 equal consecutive monthly payments in the amount of \$8,700 commencing on November 15, 2018, with a final principal payment in the amount of \$2,096,700 on October 15, 2023 (the "**Term Payments**");
 - (b) in addition to the Term Payments, the Debtor shall pay annually and within 135 days after fiscal year end, a "**Cash Sweep Payment**" as defined in the Loan Agreement, which is to

be calculated based on the annual financial results of the Debtor and guarantors, with a maximum payment of \$200,000 per annum or \$500,000 over the term of the loan;

(c) the Debtor and NASE shall:

- (i) not cause a cross default to any other indebtedness of the Borrower or NASE;
- (ii) not cause a cross default on all conditions between Roynat and BNS; and
- (iii) on request provide Roynat with evidence that all statutory remittances, including but not limited to source deductions for income tax, CPP and employment insurance premiums, are current (the “**Priority Remittances**”);

(d) the Debtor shall provide the following as security, among others:

- (i) a debenture in the principal amount of \$2,610,000 creating a first ranking fixed and specific charge on, and security interest in, the Property, and a security interest in all of the Debtor’s present and future personal and real property (the “**Debenture**”); and
- (ii) a general assignment of leases and rents in respect of the Property (the “**Assignment of Rents**” and collectively with the Loan Agreement and Debenture, the “**Loan and Security Agreements**”);
- (iii) individual agreement of guarantee of the debts and liabilities of the Borrower arising from the Loan Agreement up to the maximum principal amount of \$450,000.00 from each of the individual defendants (together, the “**Personal Guarantors**”);
- (iv) corporate agreement of guarantee of the debts and liabilities of the Debtor arising from the Loan Agreement from North American Steel Erectors Inc. (“**NASE**”);

(e) the Debtor shall pay interest at the rate of the Canadian Variable Rate (as defined in the Loan Agreement plus 3.75% per annum;

(f) the Debtor shall comply with the following reporting requirements:

- (i) Unaudited semi-annual financial statements of the guarantors with comparable information for the prior year, no later than 45 days following the end of such period;

- (ii) Annual notice to reader financial statements of the Debtor and annual review engagement financial statements of the guarantors, no later than 90 days following the end of each fiscal period;
 - (iii) Any other documents, reports and financial information that the Lender may reasonably require from time to time;
- (g) the Debtor and guarantors shall maintain and preserve their existence as a company and continue to run their businesses diligently, efficiently and prudently;
- (h) an Event of Default (all terms as defined in the Loan Agreement) occurs upon, among others: (i) failure of the Borrower to pay any principal, interest, charges or other amounts owing when due under the Loan Agreement or any other Financing Document; (ii) failure of the Borrower to honour one or several of its Covenants or obligations set out in the Loan Agreement or any other Financing Document; (iii) if the Lender considers in good faith that a Material Adverse Change has occurred or is about to occur in the financial condition of the Borrower or any guarantor; or (iv) if the Borrower or any guarantor commits an act of bankruptcy or enters bankruptcy proceedings;
- (i) on the occurrence of an Event of Default (all terms as defined in the Loan Agreement), among other remedies:
- (i) all amounts owing by the Debtor shall become immediately due and payable and bear interest at the Default Rate, being the interest rate otherwise applicable to the loan plus 3% per annum;
 - (ii) the Lender may exercise all rights and recourses available to it under the Loan Agreement and other Financing Documents; and
- (j) the Debtor and guarantors shall indemnify the Lender for any damages, claims, losses, liabilities or expenses borne or incurred by the Lender which can be attributed to the loan or result directly or indirectly therefrom.

B. Debenture and Assignment of Rents

10. Pursuant to the Debenture dated September 28, 2018, the Debtor granted the following security in favour of the Lender, among other things:
- (a) a security interest in all present and after acquired personal property of the Debtor; and
 - (b) a mortgage and charge against the Property.
11. Attached as **Exhibit "D"** is a copy of the Debenture.

12. In addition, the Debtor granted the Assignment of Rents dated September 28, 2018, in favour of the Lender.
13. Attached as **Exhibit “E”** is a copy of the Assignment of Rents.
14. The security interests created by the Debenture have been registered in the Alberta Personal Property Registry and with the Alberta Land Titles Office.
15. The security interests created by the Assignment of Rents have been registered with the Alberta Land Titles Office.
16. Attached as **Exhibit “F”** is a copy of a Personal Property Registry search for the Debtor.

C. Indebtedness

17. Based on my review of the records of the Lender as of August 10, 2021 the Debtor was indebted to the Lender pursuant to the Loan Agreement for principal and interest in the amount of \$2,420,322.19.
18. The Lender has also incurred professional fees, legal fees, costs, and enforcement expenses to date with respect to the Debtor, which the Lender is entitled to recovery of on a full indemnity basis pursuant to the Loan and Security Agreements (as defined below). Such professional fees, legal fees, costs and enforcement expenses continue to accrue.
19. All sums payable to the Lender by the Debtor as set out above are herein collectively referred to as the **“Indebtedness”**.

D. Default and Demand

20. Events of Default have occurred under the Loan and Security Agreements by reason of, among other things:
 - a. the Debtor’s failure to pay all sums of money when due. To date the Debtor has missed five Term Payments in an aggregate of \$43,500;
 - b. its failure to observe the covenants, conditions and provisions contained in the Loan and Security Agreements, and more specifically, failing to deliver annual financial statements for the 2020 fiscal year and failing to deliver semi-annual financial statements for the six months ended June 30, 2021;
 - c. its failure to repay amounts owing to BNS on account of its guarantee of the NASE Loans (as defined below), which constitutes a cross-default under the Loan and Security Agreements;

- d. failure of the guarantor, NASE, to pay Priority Remittances; and
 - e. a material adverse change in the position of the guarantor, NASE, and the bankruptcy of NASE.
21. On June 22, 2021, the Lender made demand of the Debtor and the Personal Guarantors for immediate payment in full of the Indebtedness as at June 15, 2021 (the “**Demands**”). The Lender also delivered a Notice of Intention to Enforce Security to the Debtor pursuant to section 244 of the *Bankruptcy and Insolvency Act* (the “**Notice**”). Attached collectively hereto as **Exhibit “G”** are copies of the Demands and Notice.
22. On July 29, 2021, a bankruptcy order was made against NASE on the application of BNS. Attached as **Exhibit “H”** is a copy of the bankruptcy order.
23. As of the date of this affidavit, the Debtor and the Personal Guarantors have not repaid any of the Indebtedness.

E. History of Efforts Made to Assist Debtor and NASE

24. The Lender is a wholly owned subsidiary of The Bank of Nova Scotia (“**BNS**”). BNS made loans to NASE, a company affiliated with the Debtor (the “**NASE Loans**”). The BNS loans to NASE were guaranteed by the Debtor. The Personal Guarantors own both NASE and the Debtor.
25. The Lender and BNS have made numerous efforts to date to assist the Debtor, NASE, and the Personal Guarantors with repayment.
26. NASE defaulted on its loans with BNS in the fall of 2020, by reason of, among other things, NASE’s failure to pay approximately \$1.7 million in Priority Remittances. On November 9, 2020, BNS demanded repayment in full from NASE and the Debtor for the amounts owing to BNS.
27. The default under the NASE Loans and the failure of the Debtor to repay its guarantee of the NASE Loans constituted a default under the Roynat Loan Agreement.
28. Between November of 2020 and February of 2021 Roynat and BNS attempted to negotiate a resolution with the Debtor and NASE which would allow the companies to repay their loans in full.
29. In February of 2021, counsel for BNS and counsel for NASE further negotiated the terms of a forbearance agreement which was delivered to the Debtor, NASE and the Personal Guarantors for execution.

30. NASE, the Debtor and the Personal Guarantors did not accept the forbearance agreement that was negotiated between the parties.
31. On April 14, 2021, BNS filed an application seeking a bankruptcy order against NASE. The application was scheduled for May 31, 2021, before a registrar in bankruptcy.
32. I am advised by Preet Saini, Associate at McMillan LLP and counsel for BNS, that:
 - a. Counsel for NASE acknowledged receipt of BNS' application materials on May 4, 2021;
 - b. On May 4, 2021, Mr. Saini asked counsel for NASE whether NASE would be opposing the application, as a contested application must be heard before a Justice and the application would need to be moved;
 - c. On May 28, 2021, being the Friday before the scheduled bankruptcy application was to be heard before a registrar, counsel advised that NASE would be opposing the application; and
 - d. BNS's application was adjourned to July 2, 2021, to be heard before a Justice.
33. Between May 28, 2021 and July 2, 2021, Roynat and BNS again offered to enter into a forbearance agreement with NASE and the Debtor.
34. On July 2, 2021, all parties agreed in principle on forbearance terms acceptable to NASE, the Debtor, Roynat and BNS. BNS' application was again adjourned to July 29, 2021 by consent. Roynat and BNS expected that the Debtor and NASE would execute the required documentation to formalize the agreed upon forbearance terms.
35. NASE and the Debtor failed to execute the required documentation.
36. I am advised by Mr. Saini that:
 - a. he appeared on July 29, 2021, on the commercial list before Justice C.M. Jones and made submissions on behalf of BNS seeking a bankruptcy order against NASE;
 - b. counsel for NASE attended the application and opposed the relief sought; and
 - c. Justice Jones granted the bankruptcy order against NASE.
37. The Debtor and NASE were each provided with ample time to either repay their respective debts or reach forbearance terms acceptable to the parties, but failed to do so.

F. The Appointment of a Receiver

38. The Lender is entitled to appoint a receiver and manager, or alternatively a receiver, upon the occurrence of any default by the Debtor under the terms of the Debenture.
39. In the circumstances, I believe that the appointment of a receiver and manager, or alternatively a receiver, of the property, undertakings, and assets of the Debtor is necessary to protect the Lender's interests, and to allow the Lender to preserve its security granted pursuant to the Debenture and to provide for an orderly disposition of the property, undertakings and assets of the Debtor.
40. Further, I believe that the appointment of MNP Ltd. as receiver and manager, or alternatively, as receiver, to deal with the property, undertakings and assets of the Debtor is the most efficient and cost effective means to manage and facilitate a sale of the assets or businesses, thereby maximizing any recovery for all stakeholders for the Debtor.
41. I am advised that MNP Ltd. has consented to it being appointed as receiver and manager, or in the alternative, as receiver, of the Debtor. Attached hereto as **Exhibit "I"** is the consent to act.

G. Proposed Sales Process

42. On August 10, 2021 MNP Ltd., the proposed receiver, delivered a letter to Roynat (the "**MNP Letter**") outlining a proposed sales process for the property of the Debtor (the "**Proposed Sales Process**"). Attached hereto as **Exhibit "J"** is a copy of the MNP Letter.
43. Roynat supports the Proposed Sales Process outlined in the MNP Letter.
44. Approval of the Proposed Sales Process will assist Roynat and the proposed receiver in managing costs and fees by avoiding the need for a subsequent application to approve the Proposed Sales Process.
45. It will also allow for the sale of the Property on an expeditious basis. As discussed above, the Debtor has been in default since the fall of 2020. Since November of 2020 Roynat has made two offers to the Debtor to enter into a forbearance agreement which have not been accepted. Approval of the Proposed Sales Process at this time will reduce further delays in listing the property of the Debtor for sale with the aim of maximizing the value of the property.
46. I make this Affidavit in support of an application to appoint a receiver in respect of all of the assets and undertakings of the Debtor and for the approval of the Proposed Sales Process outlined in the MNP Letter.

SWORN BEFORE ME at the City of)
Calgary, in the Province of Alberta, this)
12th day of August, 2021)
)
)
)
)
)
)

A Commissioner for Oaths in and for
Alberta

Crystal Martin

KRITIKA SHARMA
Barrister & Solicitor
A Commissioner for Oaths in and for Alberta

EXHIBIT “A”

**This is Exhibit “A” referred to in the Affidavit of
Crystal Martin**

Sworn before me this 12th day of August, 2021



**A Commissioner for Oaths
in and for the Province of Alberta**

KRITIKA SHARMA
Barrister & Solicitor
A Commissioner for Oaths in and for Alberta

Government Corporation/Non-Profit Search of Alberta ■ Corporate Registration System

Date of Search: 2021/02/19
Time of Search: 11:54 AM
Search provided by: MCMILLAN LLP
Service Request Number: 34893608
Customer Reference Number: 277272

Corporate Access Number: 2021277120
Business Number: 732476916
Legal Entity Name: 2127712 ALBERTA LTD.

Legal Entity Status: Active
Alberta Corporation Type: Numbered Alberta Corporation
Registration Date: 2018/06/26 YYYY/MM/DD

Registered Office:

Street: 160 GRIFFIN RANCH ROAD
City: COCHRANE
Province: ALBERTA
Postal Code: T4C2B8

Records Address:

Street: 160 GRIFFIN RANCH ROAD
City: COCHRANE
Province: ALBERTA
Postal Code: T4C2B8

Email Address: MGOSWAMI@NASTEELERECTORS.COM

Directors:

Last Name: SPALDING
First Name: GORDON
Street/Box Number: 10432 GLENROSE DRIVE
City: DELTA
Province: BRITISH COLUMBIA
Postal Code: V4C0A6

Last Name: TOUPIN
First Name: STEEVE
Street/Box Number: 264095 MONTERRA DRIVE

City: COCHRANE
Province: ALBERTA
Postal Code: T4C0A7

Voting Shareholders:

Last Name: SPALDING
First Name: GORDON
Street: 160 GRIFFIN RANCH ROAD
City: COCHRANE
Province: ALBERTA
Postal Code: T4C2B8
Percent Of Voting Shares: 50

Last Name: TOOPIN
First Name: STEEV
Street: 160 GRIFFIN RANCH ROAD
City: COCHRANE
Province: ALBERTA
Postal Code: T4C2B8
Percent Of Voting Shares: 50

Details From Current Articles:

The information in this legal entity table supersedes equivalent electronic attachments

Share Structure: THE CORPORATION IS AUTHORIZED TO ISSUE SHARES AS SET OUT IN THE ATTACHED SCHEDULE "A".
Share Transfers Restrictions: SEE ATTACHED SCHEDULE "B".
Min Number Of Directors: 1
Max Number Of Directors: 9
Business Restricted To: THERE SHALL BE NO RESTRICTIONS ON THE BUSINESS WHICH THE CORPORATION MAY CARRY ON.
Business Restricted From: THERE SHALL BE NO RESTRICTIONS ON THE BUSINESS WHICH THE CORPORATION MAY CARRY ON.
Other Provisions: SEE ATTACHED SCHEDULE "C".

Associated Registrations under the Partnership Act:

Trade Partner Name	Registration Number
BOW RIVER SELF STORAGE	TN21497003

RIVERSIDE STORAGE	TN21498050
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Other Information:

Last Annual Return Filed:

File Year	Date Filed (YYYY/MM/DD)
2020	2020/05/19

Filing History:

List Date (YYYY/MM/DD)	Type of Filing
2018/06/26	Incorporate Alberta Corporation
2018/11/22	Change Address
2020/02/23	Update BN
2020/05/19	Enter Annual Returns for Alberta and Extra-Provincial Corp.

Attachments:

Attachment Type	Microfilm Bar Code	Date Recorded (YYYY/MM/DD)
Share Structure	ELECTRONIC	2018/06/26
Restrictions on Share Transfers	ELECTRONIC	2018/06/26
Other Rules or Provisions	ELECTRONIC	2018/06/26

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.



EXHIBIT “B”

This is Exhibit “B” referred to in the Affidavit of

Crystal Martin

Sworn before me this 12th day of August, 2021



**A Commissioner for Oaths
in and for the Province of Alberta**

KRITIKA SHARMA
Barrister & Solicitor
A Commissioner for Oaths in and for Alberta

Roynat Inc.
Suite 1700 Brookfield Place
225, 6th Avenue SW
Calgary, Alberta
Canada T2P 1N2

T 1.403.508.8456
F 1.403.269-7701



September 14, 2018

Confidential

2127712 Alberta Ltd.
162 Bow Ridge Drive
Cochrane, Alberta T4C 1V7

Attention: Steeve Toupin, Secretary and Gordon Spalding, President

RE: Offer of Finance

Dear Sirs:

We are pleased to confirm that Roynat Inc. ("Roynat") offers to 2127712 Alberta Ltd. (the "Borrower") the financing described herein, on and subject to the terms and conditions described in the Financing Terms and Conditions attached hereto.

If the arrangements set out in this letter and in the attached Financing Terms and Conditions (collectively, the "Offer of Finance") are acceptable to you, please confirm your acceptance by signing the enclosed copy of this letter in the space indicated below, and return the same to us together with your cheque in the amount of \$3,625 in payment of the balance of the commitment fees set out in the Financing Terms and Conditions, as well as the enclosed privacy consent form and pre-authorized payment form, no later than September 20, 2018, failing which this Offer of Finance will be null and void.

By signing this Offer of Finance, you confirm that the products and services offered to you will not be used by persons other than those indicated herein, for whom those products and services are intended, unless information pertaining to such persons has been disclosed to Roynat by way of its standard "Third Party Determination" form.

Thank you for giving us the opportunity to contribute to your company's long-term financing. We appreciate your interest and look forward to receiving your acceptance.

Yours truly,

Roynat Inc.

Per:


Dex Gittens
Associate


Andrew Major
Director and District Manager

Address: Suite 1700, Brookfield Place 225 6th Avenue SW, Calgary, Alberta
Attention: Dex Gittens
Fax: (403) 508-6456
E-mail: dex.gittens@roynat.com

ACCEPTED this 20th day of September 2018.

Borrower:

2127712 Alberta Ltd.

Per: 
Name: Gordon Spalding
Title: President

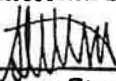
Per: 
Name: Steve Toupin
Title: Secretary

Address:
162 Bow Ridge Drive
Cochrane, Alberta T4C 1V7

Attention:
Fax: _____
E-mail: gspalding@nasteelerectors.com

Guarantor:

North American Steel Erectors Inc.

Per: 
Name: Steve Toupin
Title: President

Per: 
Name: Gordon Spalding
Title: VP Operations

Address:
162 Bow Ridge Drive
Cochrane, Alberta T4C 1V7

Attention:
Fax: _____
E-mail: stoupin@nasteelerectors.com

and by Guarantor:

Signature: 
Name: Steve Toupin

Address:
162 Bow Ridge dr
Cochrane, AB, T4C 1V7

Fax: _____
E-mail: stoupin@nasteelerectors.com

Signature: 
Name: Gordon Spalding

Address:
162 Bow Ridge dr
Cochrane, AB, T4C 1V7

Fax: _____
E-mail: gspalding@nasteelerectors.com

FINANCING TERMS AND CONDITIONS

Offer of Finance dated September 14, 2018

LENDER: Loan A: Roynat Inc.
("Roynat")

BORROWER: 2127712 Alberta Ltd. (the "Borrower")

CURRENCY: All sums indicated in this Offer of Finance (including all the Appendices hereto, this "Agreement") are in Canadian dollars, unless otherwise indicated.

PROGRAM

Availment of funds		Source of funds	
Purchase Property known as 590 Griffin Road East, Cochrane, Alberta T4C 2V8	\$3,000,000	Roynat Inc.: Loan A: Term Loan	\$2,610,000
		New Postponed Shareholder Loan	\$390,000
Total Step 1:	\$3,000,000	Total Step 1:	\$3,000,000
Total:	\$3,000,000	Total:	\$3,000,000

Changes may only be made to the program as described above (the "Program") with the prior written consent of Roynat.

LOAN: Loan A: Term loan for an amount in principal of \$2,610,000.
(the "Loan")

INTEREST: Loan A: Canadian Variable Rate plus 3.75% per annum. For information purposes only, the Canadian Variable Rate as of today's date is 2.33% per annum.

Interest accrued during each Interest Period with respect to the principal balance from time to time outstanding under the Loan shall be calculated and compounded monthly and payable monthly on the 15th day of each month. Any amount of principal or interest which is not paid when due

shall bear interest at the Default Rate, compounded monthly, both before and after maturity, default and judgment and shall be payable on demand.

After the first Advance, Roynat will provide the Borrower monthly with a written confirmation of the interest rate applicable to the Loan and the amount of interest payable during the current month at least five days prior to each interest payment date but the non-receipt of any such notice shall in no way limit or negate the obligations of the Borrower to pay interest on such payment date.

**OPTION TO CONVERT
TO / EXTEND A FIXED
RATE:**

The Borrower may, at any time during any period in which Loan A bears interest at the Canadian Variable Rate, or at least five (5) Business Days prior to the expiry of any period during which a Loan bears interest at a fixed rate, ask Roynat to convert this Loan to a loan bearing interest at a fixed rate or ask Roynat to set a new term during which this Loan will bear interest at a fixed rate, subject to the conditions set out in Appendix "A".

DISBURSEMENT DATE:

The full amount of the Loan must be disbursed no later than December 31, 2018 (the "Lapse Date") unless Roynat decides to extend this date at its absolute discretion, failing which all of Roynat's obligations hereunder, including Roynat's obligations to make any Advance hereunder, will terminate and be cancelled and Roynat will keep all the fees indicated under the heading "Fees" below.

FEES:

The Borrower shall pay Roynat the following fees:

1. A non-refundable commitment fee in the amount of \$14,500. The application fee in the amount of \$10,875 already paid is now earned and will be applied against the commitment fee. The balance of \$3,625 is earned and is due and payable in full at the time the Borrower accepts this agreement.
2. Stand-by fees in an amount equal to one percent (1%) per annum on the undisbursed portion of Loan A from November 30, 2018 until the date the Loan is disbursed in full. The stand-by fees are calculated daily and payable monthly on the 15th of each month and Roynat may, at its option, deduct any standby fees payable from amounts disbursed hereunder.
3. Late Reporting Fees: Late fees in the amount of \$200 per month per document for any delay over five (5) days in submitting to Roynat any of the documents that are to be submitted to it as stipulated under the "Financial Reporting" heading below.

4. Cancellation fees in an amount equal to three percent (3%) of the undisbursed portion of the Loan if the full amount of the Loan has not been disbursed by the Lapse Date at the latest for one of the following reasons:
- A. The Borrower has failed to raise the other sources of financing described in the Program or has chosen to use another lender to raise some or all of the financing described in the Program;
 - B. The Borrower has chosen not to follow up on this financing; however, the cancellation fees will not be payable in the event the financing is intended to finance an acquisition deal and that the financing cannot take place because the seller failed to meet its obligations;
 - C. The Borrower failed to disclose important information to Roynat prior to the Lapse Date; or
 - D. The Borrower failed to meet the conditions precedent to the disbursement of the Loan by the Lapse Date at the latest.

REPAYMENT:

The Loan principal is repayable as follows:

Number of payments	Amount of principal	Frequency	Due On	Ending On	Total \$
59	\$8,700	Monthly	Nov. 15, 2018	Sept. 15, 2023	\$513,300
1	\$2,096,700	Once	Oct. 15, 2023	Oct. 15, 2023	\$2,096,700
Total:					\$2,610,000

All principal and interest payments stipulated herein are payable in the currency in which the Advance was made on the 15th of each month, unless expressly specified otherwise. Notwithstanding the foregoing, Roynat may, at its absolute discretion, postpone the start date of the repayment schedule set out above in the event there is a delay in disbursing the Loan.

The balance of the principal, if any, together with any interest, costs or other amounts owing hereunder will be payable on the date of the last payment provided for above.

**CASH SWEEP
REPAYMENTS**

In addition to the payments required under Repayment, annually and within 135 days after fiscal year end, a "Cash Sweep Payment" principal payment shall be made. The Cash Sweep Payment shall be equal to 50% of the "Combined Free Cash Flow" which will be calculated based on the Combined financial results of the Borrower and Guarantor.

Combined Free Cash Flow is defined as net income plus depreciation and amortization and any non-cash expenses, minus scheduled principal payments on all long term debt and capital leases, minus unfinanced capital expenditures.

The maximum Cash Sweep Payment is \$200,000 per annum to a maximum of \$500,000 over the life of the loan.

Cash Sweep Payments shall be made such that the cumulative amount will reduce the Loan amount below \$1,600,000. Cash sweeps are applied penalty free.

PREPAYMENT:

If the Loan bears interest at a floating rate, the Borrower may make prepayments, in whole or in part, at any time, on payment of compensation equal to the greater of, (i) three percent (3%) of the principal repaid, or (ii) three (3) months' interest on the principal prepaid at the rate then applicable to this Loan, provided the funds used for prepayment have been internally generated from normal course business operations. If the funds are from any other source, then the payment of compensation to Roynat will be equal to the greater of, (i) six percent (6%) of the principal repaid, or (ii) six (6) months' interest on the principal prepaid at the rate then applicable to this Loan.

Notwithstanding the preceding, the Borrower may repay, once a year without penalty, on the anniversary date of the final disbursement of the Loan in question, an amount not exceeding 10% of the outstanding balance on the date of prepayment, non-cumulatively. This option does not apply if the Loan bears interest at a fixed rate.

Any principal prepaid shall be applied to the principal payable hereunder in inverse order of maturity.

**CONDITIONS
PRECEDENT:**

The disbursement of the first Advance is subject to the submission to Roynat of the following documents, in form and content acceptable to Roynat and its legal advisors, and to the fulfilment of the other conditions precedent stipulated herein:

1. Confirmation that the Program and any required funding has been carried out in accordance with its description under the heading

"Program" above without amendment.

2. A pre-authorized payment form (attached as **Appendix "D"**) together with a cheque from the Borrower marked "Void" in respect of the account from which payments will be withdrawn.
3. Roynat is to be satisfied with the quality, value, and eligibility of all assets to be financed.
4. Satisfaction of the insurance requirements.
5. Completion of legal documentation satisfactory to Roynat.
6. The other funds, if any, required to finance the Program have been provided.
7. Roynat is to be provided with authority by way of a Canada Revenue Agency Business Consent Form for the borrower permitting the release of information to Roynat Inc.
8. Completion of due diligence and additional information obtained as may be required.
9. Finalized copy of appraisal for the property located at 590 Griffin Road, Cochrane Alberta, completed by Colliers international, satisfactory to Roynat.
10. Finalized copy of Phase I Environmental report, completed by Golder and Associates, satisfactory to Roynat.
11. Copy of Maynard's tools and equipment appraisal, satisfactory to Roynat.
12. Confirmation of Errors and Omissions Insurance satisfactory to Roynat.
13. Confirmation of Bonding Insurance for all applicable active projects, satisfactory to Roynat.
14. Business interruption insurance with Roynat listed as a Loss Payee.
15. Borrower to hire a new accountant, satisfactory to Roynat.
16. Review of customer contracts, satisfactory to Roynat.
17. Review of supplier contracts, satisfactory to Roynat.
18. Fully executed copy of the Purchase and Sale Agreement of the property located at 590 Griffin Road East, Cochrane, Alberta.

19. Real Property Report on the property located at 590 Griffin Road East, Cochrane, Alberta. If unavailable we will require Title Insurance.
20. The other conditions precedent under the heading "Conditions Precedent" in Appendix "A".
21. Any other documents that Roynat may reasonably require.

SECURITY:

The obligations of the Borrower and, if applicable, each Guarantor under this Offer of Finance will be secured at all times by the following security in form and content acceptable to Roynat (collectively, the "Security Documents"):

A. Borrower

1. Debenture in the principal amount of \$2,610,000 creating a first ranking fixed and specific charge on, and security interest in, the real property located at 590 Griffin Road East, Cochrane, Alberta as well as a security interest in, all of the other present and future tangible personal and real property of the Borrower.
2. General Assignment of Leases and Rents in respect of the real property located at 590 Griffin Road East, Cochrane, Alberta.
3. Agreement to Assign Life Insurance in the amount of ~~\$2,400,000~~ ^{2,600,000} on the life of Steeve Toupin. *JKG*
4. Agreement to Assign Life Insurance in the amount of ~~\$600,000~~ ^{1,000,000} on the life of Gordon Spalding. *JKG*
5. Assignment of insurance appropriate to the risks involved, with loss payable to either/or (as their interests may appear) Roynat Inc. and Roynat Capital Inc. as mortgagee.

B. Guarantor

6. Personal guarantee limited to the amount of ~~\$720,000~~ ^{450,000} by Steeve Toupin, the "Guarantor". *JKG*
7. Personal guarantee limited to the amount of ~~\$180,000~~ ^{450,000} by Gordon Spalding, the "Guarantor". *JKG*
8. Corporate guarantee for the full amount of the Loan by North American Steel Erectors Inc. the "Guarantor" supported by General Security Agreement creating a first floating ranking security interest in all of the present and future tangible personal and real property of the Guarantor, subject only to Permitted Liens.

Steeve Toupin, Gordon Spalding and North American Steel Erectors Inc. are each a "Guarantor" and collectively "Guarantors".

C. General

9. Postponement and Subordination agreement between Roynat and Steve Toupin concerning the loan in the amount of \$962,000 granted by shareholder to the North American Steel Erectors Inc. on terms and conditions acceptable to Roynat.
10. Postponement and Subordination agreement between Roynat and Gordon Spalding concerning the loan in the amount of \$241,000 granted by shareholder to the North American Steel Erectors Inc. on terms and conditions acceptable to Roynat.
11. Any other security that Roynat and its legal advisors may reasonably require.

Roynat agrees to subordinate the priority of any security interests created pursuant to the Security Documents in favour of a financial institution that makes an operating credit available to the Borrower with respect to the Inventory, the proceeds of insurance from the Inventory and the accounts receivable of the Borrower, in accordance with a priority agreement acceptable in form and content to Roynat.

**FINANCIAL
COVENANTS:**

The following financial covenants must be complied with by the Borrower and will be verified by Roynat semi-annually, on the basis of the most recent Combined financial statements of 2127712 Alberta Ltd. and North American Steel Erectors Inc. submitted to Roynat pursuant hereto:

1. Maintain a Working Capital Ratio, on a combined basis, equal to or greater than 1.10:1 at all times.
2. Maintain a Debt Service Coverage Ratio, on a combined basis, equal to or greater than 1.20:1 at all times, tested semi-annually on a trailing twelve month basis.

As interim statements for 2127712 Alberta Ltd. are not completed, when testing this covenant on a semi-annual basis, we will add the triple net lease income of 2127712 Alberta Ltd., as well as its debt obligations with Roynat to the financial results of North American Steel Erectors Inc.

PROPERTY TAXES:

The Borrower undertakes to give to Roynat on an annual basis, upon receipt of and at least thirty (30) days before their due date, a copy of the property tax bills for the Property as well as proof of their payment without subrogation before their due date. In the event the Borrower fails to do so, the Borrower undertakes to give to Roynat, at the same time as the interest payments provided for herein, additional, equal and consecutive payments that are sufficient in Roynat's opinion to ensure that Roynat has the necessary funds to pay all the property taxes on the Real Property when due. As long as an Event of Default has not occurred, the amounts so remitted to Roynat shall be applied to the payment of the

property taxes on their due date; if these amounts are not sufficient to pay the said taxes in full, the Borrower shall remit the difference to Roynat at least five (5) days before the due date of the bills. Roynat is not responsible for any penalty, interest or other damages if the property taxes are not paid on time. After an Event of Default has occurred, Roynat may apply these funds collected for the taxes to the payment of any amounts owing to it at its discretion. Roynat shall credit annual interest equal to the Canadian Variable Rate less two percent (2%) per annum on the funds deposited, for the period during which they are not used.

OTHER COVENANTS:

- A.** Without Roynat's prior written consent, the Borrower and the Guarantor shall not:
1. Generate, contract, accept responsibility for or allow the existence of any debt other than (i) debt provided for in this Offer of Finance; (ii) deferred taxes; and (iii) other obligations that Roynat may approve in writing from time to time.
 2. Directly or indirectly, grant loans to, provide financial assistance in favour of, or make investments in any Person.
 3. Cause a cross default to any other indebtedness of the Borrower, Guarantor and any subsidiary companies.
 4. Cause a cross default on all conditions between Roynat and Bank of Nova Scotia.
 5. Cause or permit a change in Control for 2127712 Alberta Ltd. or North American Steel Erectors Inc. without Roynat's prior written consent.
- B.** The Borrower, and as applicable the Guarantors, shall:
6. On request provide Roynat with evidence confirming all super-priority remittances are current. Super-priorities include all statutory remittances including but not limited to source deductions for income tax, CPP, and employment insurance premiums.

The Borrower and Guarantor(s), as applicable, shall also comply with each of the covenants described in Appendix "A".

**FINANCIAL
REPORTING:**

As long as any Loan remains in effect or a sum due hereunder remains unpaid, the Borrower and Guarantor as applicable will submit to Roynat the following documents in form and content acceptable to Roynat:

1. Unaudited semi-annual financial statements of the Guarantor with comparable information for the prior year, no later than 45 days following the end of such period.
2. Annual notice to reader financial statements of the Borrower and annual review engagement financial statements of the Guarantor, no

later than 90 days following the end of each fiscal period.

3. Any other documents, reports and financial information that Roynat may reasonably require from time to time.

Notwithstanding the preceding, Roynat reserves the right to require in the future that the financial statements of the Borrower and Guarantors submitted to Roynat be audited, and the Borrower and Guarantor undertake to submit such financial statements to Roynat following a written request to that effect.

EXPENSES:

The Borrower undertakes to pay to Roynat on demand all the legal and other costs and expenses incurred by Roynat from time to time, including, without limitation, for, (i) the preparation, negotiation, signing and registration of the Financing Documents as well as any amendment or waiver of the terms thereof, (ii) perfecting and keeping perfected any security interests created by any of the Security Documents, (iii) maintaining the intended priority of any security interests created by any of the Security Documents, and (iv) if applicable, for any survey, appraisal and inspection charges concerning the Collateral and the fees and charges for any search regarding the grantor's title, the whole whether or not the Financing Documents are signed by the Borrower or whether an Advance has been made to the Borrower or not. The said legal and other costs payable at the time of the first Advance made hereunder shall be deducted from the first Advance.

COPIES:

This Offer of Finance and the Financing Documents and any other documents relating to the financing described herein may be executed in counterparts and by different parties in different counterparts, all of which when taken together will constitute a single agreement. Subject to applicable conditions precedent, a document will become effective when it has been executed by Roynat (if execution by Roynat is contemplated by the document) and Roynat has received counterparts of the document that, when taken together, bear the signatures of each of the other relevant parties. Delivery of an executed counterpart of a document or a signature page to the document by telecopy or by sending a scanned or other copy by electronic mail or similar means shall be as effective as delivery of an originally executed counterpart, but Roynat may from time to time require delivery of originally executed documents. Roynat may create and store copies of documents in any form as part of its business records, including by microfilm, photocopy and electronic image. Copies may be held in place of original documents and substituted for original documents for any purpose.

**ELECTRONIC
COMMUNICATION:**

In administering the financing described in this Offer of Finance and in otherwise dealing with any Obligor or officer of an Obligor, Roynat may rely and act on e-mail, telecopier and other electronic communications that it reasonably believes have been sent by or on behalf of the Obligor or officer of the Obligor, but Roynat may from time to time require that

communications from any Obligor or officer of an Obligor be in a non-electronic form specified by Roynat.

DEFINITIONS:

In this Offer of Finance, unless otherwise required by context:

1. "Combined" refers to the combined accounts of the Borrower, and North American Steel Erectors Inc. in accordance with GAAP and without duplication.
2. "Debt" shall mean the total liabilities of the person concerned including, without limitation, obligations for borrowed money, letters of credit or letters of guarantee and bankers' acceptances, capital lease obligations, obligations under sale-leaseback arrangements and the maximum redemption value of the shares of this persons' capital stock that are redeemable at the option of the holder or on a fixed date or at fixed intervals.
3. "Debt Service Coverage Ratio" shall mean, with respect to the person concerned, the ratio obtained by dividing [A] the sum of the net income, deferred income taxes, amortization and depreciation, interest on the term debt and capital leases, non-recurring or extraordinary items as approved by Roynat and gains or losses on disposals of assets by [B] the sum of the regular payments of principal and interest made or required to be made on the term debt and the capital leases, all over the last twelve (12) months.
4. "Working Capital Ratio" shall mean, with respect to the person concerned, the ratio obtained by dividing the amount of current assets by the amount of current liabilities, as determined according to the GAAP.

Additional defined terms may be found under the heading "Definitions" in the Standard Term and Conditions attached as **Appendix "A"**.

APPLICABLE LAWS:

This Offer of Finance shall be governed by and interpreted in accordance with the laws of the province of Alberta and the federal laws of Canada applicable therein (the "Applicable Jurisdiction"). Each of the parties hereby attorns to the exclusive jurisdiction of the courts of the Applicable Jurisdiction.

STANDARD TERMS AND CONDITIONS:

The Standard Terms and Conditions set out in **Appendix "A"** form an integral part of this agreement and contain additional standard terms and conditions including, Representations and Warranties, Covenants and Events of Default and other general conditions.

Financing Terms and Conditions
2127712 Alberta Ltd.

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Appendices to the Offer of Finance to 2127712 Alberta Ltd. dated September 14, 2018

APPENDIX "A"
STANDARD TERMS AND CONDITIONS

I. INTERPRETATION**A. Definitions**

In this Agreement, unless otherwise defined in the Financing Terms and Conditions or otherwise required by context:

1. **"\$"** shall mean the legal currency in Canada.
2. **"Advance"** shall mean any advance of funds made by Roynat under this Agreement.
3. **"AML Law"** is defined in Section III of this Appendix "A" Standard Terms and Conditions.
4. **"Business Day"** shall mean a day (other than a Saturday or Sunday) during which banks and stock markets are open in Toronto (Canada) and, in the case of drawings in US\$, in New York (USA).
5. **"Canadian Variable Rate"** shall mean the interest rate set for each Reference Period by adding 50 one hundredths of a percent (0.50%) to the arithmetic mean (rounded off to three decimal points) of the bankers' acceptance rate in Canadian dollars for this period established by referring to the rate posted on each Business Day around ten o'clock a.m. (10:00), Toronto time, on the Reuters screen on the CDOR page under "*BA 1 month*" (as defined by the International Swaps and Derivatives Association, Inc.). If such rate does not appear on the CDOR page for a Business Day during the period concerned, then the applicable rate for that day shall be The Bank of Nova Scotia's prime rate in effect at approximately the same time.
6. **"Canadian Fixed Rate"** shall mean the annual interest rate established by Roynat from time to time as being its reference rate for a fixed rate term loan having a term approximately equal to the term chosen by the Borrower which is granted by Roynat to its clients in Canadian dollars and which Roynat refers to as being its base Canadian fixed rate for the applicable term.
7. **"Client Information"** is defined in Section III of this Appendix "A" Standard Terms and Conditions.
8. **"Collateral"** shall mean the property of the Obligors which is encumbered in favour of Roynat under the Security Documents.
9. **"Contaminant"** shall mean any solid, liquid, gas, odour, heat, sound, smoke, waste, vibration, radiation or combination of any of them resulting directly or indirectly from human activities that may cause: (i) impairment of the quality of the natural environment for any use that can be made of it, (ii) injury or damage to property or to plant or animal life, (iii) harm or material discomfort to any person, (iv) an adverse affect on the health of any person, (v) impairment of the safety of any person, (vi) rendering any property or plant or animal life unfit for use by man, (vii) loss of enjoyment of normal use of property, or (viii) interference with the normal conduct of business, and includes any pollutant or contaminant as defined in any applicable Environmental Laws and any biological, chemical or physical agent which is regulated, prohibited, restricted or controlled.
10. **"Control"** shall mean the holding by a Person, directly or indirectly, other than as security, of the shares of a legal Person giving it the right to elect the majority of its directors.
11. **"Default Rate"** shall mean the interest rate otherwise applicable to the Loan plus three percent (3%) per annum.
12. **"Distribution"** shall mean, in respect of a Person, any form of direct or indirect payment or non-cash distribution of any of its assets made by such Person to a shareholder, unit holder, director or officer of such Person (including, without limitation, a distribution or share redemption that reduces the net worth of such Person, a dividend (other than share dividend payments) and the payment of advances (in principal or interest) owing to a third party who is a manager or employee of such Person or someone having ties thereto), but excluding the salaries paid during the normal course of business.
13. **"Environmental Laws"** shall mean the common law and all applicable federal, provincial, local, municipal, governmental or quasi-governmental laws, rules, regulations, policies, guidelines, licences, orders, permits, decisions or requirements concerning Contaminants, occupational or public health and safety or the

- environment and any other order, injunction, judgment, declaration, notice or demand issued thereunder.
14. "Equipment" shall mean, with respect to an Obligor, its present and future materials and equipment, particularly, without limitation, all the tools, instruments, furniture and vehicles.
15. "Equivalent Amount" shall mean, on a given date, the amount in \$ or in US\$, whichever the case, resulting from the conversion of an amount into US\$ or in another currency into \$ or of an amount into \$ or in another currency into US\$, respectively, at the noon spot exchange rate of the Bank of Canada for buying US\$ or another currency through \$ or for buying \$ or another currency through US\$, respectively, listed, published or otherwise announced by the Bank of Canada on that date.
16. "Event of Default" shall mean any event of default described in under the heading "Events of Default" in this Appendix "A" Standard Terms and Conditions.
17. "Financing Documents" shall mean, collectively, the this Agreement, the Security Documents and all the other documents, instruments, certificates and contracts that an Obligor or an officer of an Obligor has signed and delivered in accordance herewith, directly or indirectly, or which are mentioned or contemplated in these presents or in such documents, instruments, certificates or contracts.
18. "GAAP" shall mean the generally accepted accounting principles in effect from time to time in Canada, as established, set out or adopted by the Canadian Institute of Chartered Accountants or any successor body, applied consistently from one fiscal period to another, including the International Financial Reporting Standards and Accounting Standards for Private Enterprise.
19. "Interest Period" shall mean each monthly period commencing on the 15th day of a month and ending on the 14th day of the following month.
20. "LIBOR Rate" shall mean, for each Interest Period, an interest rate per annum equal to the one month U.S. Dollar LIBOR rate (rounded upwards to three decimal points) displayed by Reuters (or another commercially available source providing quotations of BBA LIBOR as designated by Roynat from time to time), as published by the British Bankers Association (referred to as "BBA LIBOR") as of 11:00 a.m. (London time) two (2) Business Days prior to the first day of such Interest Period for delivery on the first day of such Interest Period. If such rate is not available at such time for any reason, then the LIBO Rate for such Interest Period will be determined on the basis of the rates at which deposits in U.S. Dollars are offered by the reference banks selected by Roynat at approximately 11:00 a.m., London time, two (2) Business Days prior to the first day of the Interest Period to prime banks in the London interbank market for a period of one month for delivery on the first day of such Interest Period with a term equivalent to one month. Roynat will request the principal London office of each of the reference banks to provide a quotation of its rate. If at least two such quotations are provided, the rate for that day will be the arithmetic mean of the quotations. If fewer than two quotations are provided as requested, the rate for that day will be the arithmetic mean of the rates quoted by two or more major banks in New York City, selected by Roynat in its sole discretion at approximately 11:00 a.m., New York City time, two (2) Business Days prior to the commencement of the Interest Period for loans in U.S. Dollars to leading European banks for a term equivalent to one month. Roynat shall provide an invoice or other billing information to the Borrower each month indicating the interest rate then in effect and the interest rate payable that month.
21. "Lien" shall mean, any mortgage, debenture, deed of trust, lien, pledge, conventional hypothec, legal hypothec, encumbrance, prior claim, right of retention, fixed or floating charge, assignment for security purposes, consignment, security interest, royalty interest, adverse claim or defect of title, encumbering or affecting any property whatsoever, whether movable or immovable, real or personal, tangible or intangible, presumed or deemed trust, or other right benefitting its bearer, any conditional sales contract, capital lease (or financial lease) or any other rental agreement required to appear on the balance sheet as a lease contract and any other arrangement having the effect of providing security.
22. "Material Adverse Change" shall mean a material adverse change, individually or collectively, in the activities, assets, liabilities, financial situation or operating results of an Obligor or a change having or which may have, in Roynat's opinion, an adverse effect on an Obligor's ability to fulfill its obligations under this Agreement or under any other Financing

- Documents or on the validity or enforceability of any of the Security Documents.
23. **"Obligors"** shall mean the Borrower, each Guarantor, if any, and any other Person that from time to time guarantees the obligations of the Borrower to Roynat, and **"Obligor"** shall mean any one of them.
24. **"OFAC"** means The Office of Foreign Assets Control of the United States Department of the Treasury.
25. **"Person"** shall mean, depending on the context, any legal person, natural person, corporation or other body corporate, joint venture, company, limited liability company, partnership, agency, trust, instrumentality, unincorporated body of persons, association, government or government body or other entity.
26. **"Permitted Liens"** shall mean, at a given time, one or several of the following:
- (a) a reserve set out in an original grant from the Crown of land or of rights in and over land, a reserve imposed by law on a title or with respect to mining rights set out in a grant from the Crown or from a predecessor in title;
 - (b) a servitude or a right of passage for a public service, an encroachment, a right of view or other right, including, without limiting the generality of the foregoing, for sewers, drains, gas and water lines, conveyance of steam, conduits, streetlight, hydro, telephone or telegraph wires and poles, pipelines or a zoning restriction regarding the use of an immovable of an Obligor, which will have no major adverse impact on the use for which said immovable is intended and which will not materially affect any Lien on such immovable;
 - (c) a Lien on taxes, rates or other charges imposed by government authorities which are not yet due or, if they are due, the validity of which is contested diligently and in good faith by an Obligor or on its behalf by means of legal proceedings duly instituted, provided that the action pertaining to their application was not the subject of an unappealable final decision and that sufficient provision has been made for paying them, in accordance with the GAAP and in a manner that Roynat deems acceptable;
- (d) a Lien resulting from a judgment rendered or from a claim brought against an Obligor, which such Obligor contests diligently and in good faith by means of legal proceedings duly instituted, provided that the action pertaining to its application has not been the subject of an unappealable final decision and that sufficient provision has been made for paying it, in accordance with the GAAP and in a manner that Roynat deems acceptable;
- (e) a Lien of a stakeholder in the construction or renovation of any immovable whatsoever, provided that the said Lien is securing an obligation of an Obligor which is not overdue or which has not been neglected by such Obligor or, if the obligation is overdue or such Obligor has failed to fulfill it, provided that such Obligor brings an action within fifteen (15) days of its publication in view of its cancellation or elimination, unless such Obligor or a third party acting on its behalf does not diligently and in good faith contest the validity of the Lien by means of legal proceedings duly instituted, provided that the action pertaining to its application has not been the subject of an unappealable final decision and that sufficient provision has been made for paying it, in accordance with the GAAP and in a manner that Roynat deems acceptable;
- (f) purchase money security interests consisting of any validly perfected charge, lien, security interest or other encumbrance, created, assumed or arising by operation of law after the date hereof, to provide or secure the whole or any part of the consideration for the acquisition of tangible personal property other than inventory, where
- (i) the principal amount secured thereby does not exceed the cost to the applicable Obligor of such property,
 - (ii) the applicable Obligor's obligation to repay is secured only by the property so acquired by such Obligor,
 - (iii) the property is not being acquired as a replacement or

- substitution for property and assets which are specifically charged hereby, and
- (iv) such security includes the renewal or refinancing of any such purchase money security interest on the same property provided that the indebtedness secured and the security therefor is not increased and remains validly perfected;
- (g) a minor title defect;
- (h) a Lien granted in favour of Roynat;
- (i) any other Lien consented to in writing by Roynat from time to time.
27. **“Real Property”** shall mean the real and immovable property of the Obligors, if any, including as described in Appendix “B.”
28. **“Reference Period”** shall mean, with respect to any Interest Period, the period commencing on the 8th day of the month in which such Interest Period commences and ending on the 7th day of the following month, except that if the rate of interest hereunder is being determined:
- (a) for the purpose of prepayment by the Borrower, the Reference Period shall end on the 7th day preceding the prepayment date;
- (b) for any other purpose, other than the payment of interest on the day following an Interest Period, the Reference Period shall end on the day preceding the day on which the rate is being determined and the following Reference Period shall commence on such day and end on the next following 7th day of a month.
29. **“Sanctions”** shall mean any trade, economic or financial sanctions, laws, regulations, embargoes or restrictive measures imposed, administered or enforced by a Sanctions Authority.
30. **“Sanctions Authority”** shall mean any one or a combination of:
- (a) the United Nations;
- (b) the United States of America;
- (c) Canada;
- (d) the United Kingdom and each other respective member of the European Union; and
- (e) the governments and official institutions or agencies of any of paragraphs (a) to (d) above, including the Security Council of the United Nations, OFAC, the United States Department of State, Global Affairs Canada and Her Majesty’s Treasury of the United Kingdom.
31. **“Sanctioned Person”** shall mean a Person that is, or is directly or indirectly owned or controlled by, a Person or Persons listed, designated or sanctioned under any Sanctions.
32. **“US\$”** shall mean the legal currency in the United States.
33. **“US Fixed Rate”** shall mean the annual interest rate established by Roynat from time to time as being its reference rate for a fixed rate term loan having a term approximately equal to the term chosen by the Borrower which is granted by Roynat to its clients in US dollars and which Roynat refers to as being its base US fixed rate for the applicable term.
34. **“US Variable Rate”** shall mean, for a given monthly period, the annual variable interest rate that Roynat establishes from time to time as a reference rate it uses in Canada to determine the interest rates applicable to US\$ commercial loans granted in Canada and which corresponds to the arithmetic mean of the LIBOR Rate for a period of thirty (30) days plus 0.50% per annum.

B. Application of GAAP

In the event any corporate Obligor, adopts any change in its policies, practices or accounting methods compared to those applied during the previous fiscal year, such Obligor shall send to Roynat any information required to ensure that the financial information provided after such change is comparable to the financial information presented in the past. In addition, all the calculations done for the purposes of the present Offer of Finance shall continue to be done according to the policies, practices and accounting methods in effect on the date of the most recent fiscal year end. In the event of such change to the policies, practices or accounting methods, Roynat reserves the right to (a) take immediate measures arising from the violations of the financing conditions or of any other term or condition set out in the present Offer of Finance which the application of the policies, practices or accounting methods revealed, and (b) at its discretion and in a reasonable manner, modify the financing conditions affected by the change.

C. Other Interpretation

In this Agreement, unless otherwise specified or the context otherwise requires, (i) "including" or "includes" means "including (or includes) but is not limited to" and shall not be construed to limit any general statement preceding it to the specific or similar items or matters immediately following it, (ii) a reference to any legislation, statutory instrument or regulation or a section of it is a reference to the legislation, statutory instrument, regulation or section as amended, restated and re-enacted from time to time, and (iii) words in the singular include the plural and vice-versa and words in one gender include all genders.

II. REPRESENTATIONS AND WARRANTIES

Each Obligor (as applicable) makes the representations and provides the following warranties to Roynat, which are a valid on the date of each Advance under the Loan and on any subsequent date referred to in any of the said representations or warranties made to Roynat on the date hereof:

1. It is a corporation, partnership or trust, as applicable, duly constituted, validly existing, in good standing and having the necessary capacity, power and authority to carry out its activities and sign each of the Financing Documents;
2. Each of the Financing Documents has been or will be duly authorized and constitutes or will constitute its legally valid and binding obligation;
3. The authorization, creation, execution and delivery of each of the Financing Documents and compliance with their terms:
 - (a) does not and will not contravene any applicable law, regulation, rule, order, judgment or injunction or the articles, by-laws or any unanimous shareholders' agreement binding on it;
 - (b) does not and shall not result in a breach or a default under any indenture, instrument, lease, agreement or undertaking to which it is a party or by which it or its Collateral may become bound;
4. It, as well as its business and its activities, are in compliance, in all material respects, with all of the applicable laws.
5. It has filed on time all its tax returns and all the reports and statements it is to file and has paid, on time, all the taxes due and payable by their due date at the latest;
6. It owns or will own the Collateral, free and clear of any Lien, with the exception only of the Permitted Liens;
7. All the information and documentation (financial or otherwise) provided by it to Roynat are true and accurate in all material respects and this information and documentation does not contain any material misstatement of fact or any omission of an important fact that is necessary to ensure that the information and documentation is not misleading, and there are no facts that it has not disclosed in writing to Roynat which could constitute a Material Adverse Change;
8. There has been no Material Adverse Change since the date of the last financial statements submitted by it to Roynat in accordance herewith and no situation has occurred that has constituted or could constitute a Material Adverse Change;
9. There is no Event of Default and, after due diligence, no Event of Default is imminent;
10. Its chief executive office is located at the address indicated below its signature on the page of its acceptance of this Agreement;
11. Except as disclosed in writing to Roynat, no action, lawsuit, arbitration proceeding or any other legal proceeding is in process against the Obligor nor, to its knowledge, after due diligence, is imminent;
12. Except as disclosed in writing to Roynat, it does not carry on business under any trade or business name, and does not own any Collateral or carry on any material business in any jurisdiction other than the Applicable Jurisdiction;
13. Except as disclosed in writing to Roynat:
 - (a) It currently conducts and maintains its business, operations and the Collateral so as to comply in all respects with all applicable Environmental Laws, including having all necessary licenses, permits, consents and approvals required to own or operate the Collateral and the businesses carried on at or from the Real Property;
 - (b) there are no Contaminants or dangerous or potentially dangerous conditions on or affecting the Collateral whether on or

below the surface of the Real Property or located in any improvements thereon, including without limitation, any materials containing gasoline, polychlorinated biphenyls or radioactive substances nor are there any noxious, dangerous, potentially dangerous or toxic substances or conditions present on properties in the vicinity of the Real Property which would affect the uses to which the Collateral may be put or the market value thereof; and

- (c) it has not given, nor does it have an obligation to give, nor has it received, any notice or claim or communication regarding any past, present, planned or threatened treatment, storage, disposal, presence, release or spill of any Contaminant at, on, under or from the Real Property or any property adjacent or proximate thereto, including any notice pursuant to any Environmental Laws.
14. It shall use the Loan solely for the purposes described in the Program and in the normal course of business.
15. Neither it nor any of its directors, officers or employees:
- (a) is a Sanctioned Person or is engaging in or has engaged in any transaction or conduct that could result in it becoming a Sanctioned Person;
- (b) is or has ever been subject to any claim, proceeding, formal notice or investigation with respect to Sanctions; or
- (c) is engaging or has engaged in any transaction that evades or avoids, or has the purpose of evading or avoiding, or breaches or attempts to breach, directly or indirectly, any Sanctions applicable to it.
16. To its knowledge (after prudent investigation), no Person who will benefit in any capacity in connection with or from a Loan and/or any instruments and/or payments thereunder is a Sanctioned Person.

III. COVENANTS

A. Positive Covenants

Each Obligor (as applicable), declares, covenants and agrees to:

1. maintain and preserve its existence as a company, partnership or trust, as applicable, not change the nature of its business and obtain and keep all the permits, leases, licenses, rights, privileges, consents and approvals necessary for operating its business;
2. duly pay, on time, all the amounts it is to pay pursuant to the terms of these presents and of any other Financing Document at the time and place and in the currency and manner prescribed therein;
3. continue to run its business diligently, efficiently and prudently and use, conserve and administer the Collateral in the same manner;
4. keep the required books, records and accounts in good and proper form;
5. preserve, repair and maintain the Collateral in good condition and upgrade or replace that which has been destroyed or rendered unusable;
6. comply with the requirements of all the laws and regulations applicable to it, including, in particular, the laws and regulations concerning zoning and urban planning;
7. pay without delay, on time, all the taxes, rates, assessments and other claims that may encumber the Collateral and provide Roynat, on demand, with proof of their payment without subrogation (on a semi-annual basis or more frequently, as required by Roynat) and of payment of all the amounts owing by it to the government authorities as deductions at source. The remittances include the deductions at source related to employees' income tax, employment insurance premiums and Canada Pension Plan contributions. The proof of payment may be in the form of cancelled cheques or payment receipts issued by the government authorities.
8. insure the Collateral and keep it constantly insured against any loss or damage caused by fire or any other disaster which, according to Roynat, should be covered by insurance, up to their replacement value, as well as civil liability insurance (including environmental liability) with one or several insurance companies approved by

Roynat and having adequate coverage for a company operating in the field in which it does business. The insurance policy shall also cover the value of the rental income or the loss of income due to an interruption of business, whichever the case, for a period of at least twelve (12) months. Any indemnity under such policy shall be payable to Roynat, based on its interest, pursuant to a mortgage clause formulated as suggested by the Insurance Bureau of Canada and providing for a notice of at least thirty (30) days to Roynat if the insurance policy is amended or cancelled. No insurance policy shall contain a co-insurance clause without the prior written consent of Roynat.

9. shall, forthwith on the happening of any loss or damage, provide at its sole expense, all necessary proofs and do all necessary work to repair or necessary acts to enable Roynat to obtain payment of the insurance moneys subject to the rights of the holders of Permitted Liens.
10. submit every insurance policy immediately to Roynat and subsequently provide it with proof of its renewal or its replacement at least thirty (30) days before its expiry, failing which, Roynat may, if it so desires, without requesting or giving notice, renew or replace such policy at its expense, without prejudice to its other rights;
11. advise Roynat in writing of the occurrence of any Event of Default, of any action, lawsuit or proceeding instituted which concerns such Obligor, or of the registration of a Lien on its property, whether it is a Permitted Lien or not;
12. allow Roynat's representatives, upon reasonable notice and during normal business hours, to examine and copy its books and records or to take extracts therefrom, to inspect the Collateral and to discuss its activities and business with its directors and external accountants;
13. keep all its bank accounts at a financial institution acceptable to Roynat and deposit into these accounts all the amounts received in relation to its debts;
14. promptly provide Roynat:
 - (a) upon request with such documentation and information (hereinafter, "Client Information") as may be required from time to time to enable Roynat to establish the identity and existence of each Obligor, its directors, officers and shareholders and to otherwise allow

Roynat to meet its record-keeping, reporting and ongoing monitoring obligations under applicable law and regulations, including under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) ("AML Law"); and

- (b) with updated Client Information if it becomes aware of any circumstances that would cause the Client Information previously provided to Roynat to be incomplete or materially inaccurate in any way;
15. comply with the requirements of all Environmental Laws including, without limitation, as follows:
 - (a) shall conduct and maintain the Real Property, the Collateral and its business, operations, and shall cause any tenant of the Real Property to maintain the Real Property and its business operations, so as to comply in all respects with all applicable Environmental Laws, including obtaining all necessary licenses, permits, consents and approvals required to own or operate the Collateral and the business carried out on, at or from the Real Property;
 - (b) except as specifically permitted by Roynat in writing, it shall not permit or suffer to exist, Contaminants or dangerous or potentially dangerous conditions in, on or below the Real Property including, without limitation, any polychlorinated biphenyls, radioactive substances, underground storage tanks, asbestos or urea formaldehyde foam insulation;
 - (c) has no knowledge of the existence of Contaminants or dangerous or potentially dangerous conditions at, on or under the Real Property or any properties in the vicinity of the Real Property which could affect the Real Property or the market value thereof or in levels that exceed the standards in Environmental Laws;
 - (d) has no knowledge of the Real Property, or any portion thereof, having been used for the disposal of waste;
 - (e) has not given or received, nor does it have an obligation to give, any notice, claim, communication or information regarding any past, present, planned or

- threatened treatment, storage, disposal, presence, release or spill of any Contaminant at, on, under or from the Real Property or any property in the vicinity of the Real Property, including any notice pursuant to any Environmental Laws or any environmental report or audit. It shall notify Roynat promptly and in reasonable detail upon receipt of any such claim, notice, communication or information or if it becomes aware of any violation or potential violation by it or any tenant of the Real Property of any Environmental Laws and shall describe therein the action which it intends to take with respect to such matter;
- (f) shall at its expense establish and maintain a system to assure and monitor continued compliance with, and to prevent the contravention of, Environmental Laws, which system shall include periodic reviews of such compliance system;
- (g) shall provide confirmation to Roynat upon request but not less often than annually that it is in compliance with all applicable Environmental Laws and that there is no default under this Section 14(g). Upon request, it shall provide Roynat with a duly completed environmental questionnaire, in Roynat's form;
- (h) shall promptly advise Roynat in writing of any material adverse change in the environmental or other legal requirements affecting it or the Collateral or the Real Property upon it becoming aware of any such change, and it shall provide Roynat with a copy of any of the orders, by-laws, agreements or other documents pursuant to which any such change is effected or documented;
- (i) shall at its expense promptly take or cause to be taken any and all necessary remedial or clean-up action in response to the presence, storage, use, disposal, transportation, release or discharge of any Contaminant in, on, under or about any of the Real Property, or used by it or any tenant of the Real Property, in compliance with all material laws including, without limitation, Environmental Laws, and in accordance with the orders and directions of all applicable federal, state, provincial, municipal and local governmental authorities;
- (j) shall deliver to Roynat a true and complete copy of all environmental audits, evaluations, assessments, studies or tests relating to it, the Real Property or the Collateral now in its possession or control or forthwith after the completion thereof, or upon such materials coming into its possession or control;
- (k) shall at its expense, if reasonably requested by Roynat in writing, retain an environmental consultant acceptable to Roynat, acting reasonably, to undertake environmental tests and to prepare a report or audit with respect to the Real Property and deliver same to Roynat for its review; and
- (l) shall indemnify and save harmless Roynat, its officers, directors, employees, agents and shareholders from and against all losses, liabilities, damages or costs (including complete reimbursement for 100% of all legal fees and disbursements) suffered including, without limitation, the cost or expense of any environmental investigation, the preparation of any environmental or similar report, and the costs of any remediation arising from or relating to any breach of the foregoing covenants of this Section 14(l), any breach by it, any tenant or any other Person now or hereafter having an interest in the Collateral or the Real Property which is asserted or claimed against Roynat; the presence, in any form, of any Contaminant on or under the Real Property, or the discharge, release, spill or disposal of any contaminant by it, which is asserted or claimed against any of these indemnified persons. This indemnity shall survive the payment in full of all amounts due under or in connection with the Financing Documents and the discharge of the Security Agreements. Roynat shall hold the benefit of this indemnity in trust for those indemnified persons who are not parties to the Financing Documents.
16. notify Roynat promptly in writing on becoming aware of same, and in reasonable detail, if such Obligor:
- (a) engages in any trade, commerce or other commercial dealings with any

- Sanctioned Person, or any country that is the subject of any Sanctions;
- (b) becomes a Sanctioned Person; or
 - (c) receives notice of or becomes aware of any claim, action, suit, proceeding or investigation against it with respect to Sanctions by any Sanctions Authority.
17. comply with all covenants contained herein with respect to Sanctions only to the extent that they do not result in any violation of the *Foreign Extraterritorial Measures Act* (Canada).

B. Negative Covenants

1. Without the prior written consent of Roynat, each Obligor (as applicable) declares, covenants and agrees not to:
- (a) generate, contract, accept responsibility for or allow the existence of a Lien encumbering the Collateral or any part thereof, with the exception of the Permitted Liens except that it may give security to its banker (as acceptable to Roynat acting reasonably, but not to more than one banker or to a banking syndicate) on its inventory or under assignments of its trade receivables (by way of confirmation, trade receivables do not include the proceeds of the sale or disposition of Collateral or the proceeds of life insurance policies assigned to Roynat) and such security, if validly perfected, shall rank prior to the interest granted hereby on such inventory and accounts receivable without further action by Roynat;
 - (b) sell, assign, rent or otherwise alienate the Collateral or any part thereof, except (i) the sale of its inventory in the ordinary course of its business, and (ii) the sale or other disposal of furniture, machinery, equipment, vehicles and accessories having an aggregate value of more than \$100,000 which is no longer necessary or useful to the operation of its business or which has become outdated, damaged or otherwise unusable, provided that it substitutes them immediately with other property of the same nature and value so as to form part of the Collateral;
 - (c) change the nature of its business;

- (d) conclude a merger or any other form of amalgamation of companies or proceed with its liquidation or dissolution;
- (e) create nor permit to exist any new subsidiary, affiliate or non arm's length company or firm; or
- (f) change the date of its fiscal year end.

2. Each Obligor (as applicable), declares, covenants and agrees not to:
- (a) fund all or part of any payment or repayment in connection with any obligation under this Agreement out of proceeds derived from business or transactions with a Sanctioned Person, or from any action which is in breach of any Sanctions.
 - (b) take, directly or indirectly, any action with respect to the use of proceeds from a Loan that will result in a violation by any Person (including, without limitation, an Obligor or Roynat) of the laws of any applicable jurisdiction, including without limitation, Sanctions.

IV. EVENTS OF DEFAULT

A. Events of Default

The occurrence of any of the following events shall constitute an Event of Default under the terms hereof:

1. if any Obligor fails to make the payment of any amount of principal, interest, charges or other amounts owing under this Agreement or under any other Financing Document;
2. if any representation or warranty made or given in this Agreement or in any other Financing Document proves at any point to be false or misleading in any material respect;
3. if any Obligor fails to honour one or several of its Covenants or obligations set out in this Agreement or in any other Financing Document;
4. if a third party obtains a final and binding judgment against any Obligor amounting to \$25,000 or more, and such judgment is not satisfied within thirty (30) days from the date it is rendered;
5. if a creditor of an Obligor institutes an action or gives notice for the purpose of exercising its rights and recourse against any Collateral,

- particularly by seizure, notice of intention, notice of closure, taking of possession, registration of a legal hypothec or the like;
6. if any Obligor fails to meet any monetary or non-monetary obligation in an amount exceeding \$25,000 to any of its other creditors or to Roynat under any other financing other than that provided for herein;
 7. if any other important provision of this Agreement or of any other Financing Document is declared invalid or unenforceable;
 8. if there is a change in Control of any Obligor without the prior written consent of Roynat;
 9. if any Obligor commits an act of bankruptcy within the meaning of the *Bankruptcy and Insolvency Act* (Canada) or assigns its property in favour of its creditors or files or consents to the filing of a petition in bankruptcy or a proposal under the *Bankruptcy and Insolvency Act* (Canada) or if any Obligor is deemed insolvent or bankrupt, or consents or approves or makes a petition or applies to the court for the appointment of a trustee, fiduciary, liquidator or receiver with respect to itself or its property, or if any Obligor institutes proceedings with respect to itself or its property pursuant to any law that concerns a reorganization, an arrangement, a recovery, a compromise or a liquidation, in any jurisdiction whatsoever (hereinafter called "**Bankruptcy Proceedings**") or if Bankruptcy Proceedings are instituted against any Obligor or if a trustee, fiduciary, liquidator or receiver for any Obligor or for its property is appointed or if any Obligor consents to, approves or accepts any Bankruptcy Proceedings or the appointment of any trustee, fiduciary, liquidator or receiver with respect to itself or its property; unless, if Bankruptcy Proceedings are instituted against any Obligor, the latter had the right to contest it in good faith and unless Roynat is satisfied, at its entire discretion, that the repayment of the amounts owing under the Loan will not be compromised;
 10. if any Obligor takes any proceedings for its dissolution, liquidation or amalgamation with another company or if the legal or corporate existence of any Obligor shall be terminated by expiration, forfeiture or otherwise;
 11. if any Person which is a party to any Financing Document (other than an Obligor) defaults in the performance of any condition or covenant in favour of Roynat, and such default continues for

ten (10) days after written notice thereof to the Borrower by Roynat; or

12. if Roynat considers in good faith that a Material Adverse Change has occurred or is about to occur.
13. if Roynat determines in its reasonable discretion upon receipt of the notification described in Section III, paragraph A.16 that the effect of the subject matter of such notice could reasonably be expected to have a material adverse effect.

The mere lapsing of the time allotted to an Obligor for fulfilling an obligation provided for in this Agreement or in any other Financing Document constitutes a default on the part of such Obligor, without any notification or formal notice being necessary.

B. Remedies

1. On the occurrence of an Event of Default:
 - (a) all the amounts owing by the Borrower under the Financing Documents shall, (i) at the option of Roynat, become immediately due and payable, and (ii) bear interest at the Default Rate;
 - (b) Roynat may terminate the Borrower's right to use the Loan and to obtain Advances thereunder;
 - (c) Roynat may carry out any obligation of any Obligor which such Obligor has failed to honour in the stead, place and at the expense of such Obligor; and
 - (d) Roynat may exercise all the rights and recourses available to it under the Financing Documents and the law.
2. Notwithstanding paragraph B.1 above, Roynat may, without prejudice to the option of subsequently exercising any right or recourse available to it, waive an Event of Default or grant time to remedy it or take other measures that would seem to be in its interest to take.

V. CONDITIONS PRECEDENT

The disbursement of the first Advance is subject to the delivery to Roynat of the following documents, in form and content acceptable to Roynat and to its legal advisors:

1. certified true copy of the governing documents of each Obligor;
2. certified true copy of a resolution of the board of directors of each Obligor;
3. certificate of attestation, certificate of compliance and any other similar certificate concerning each Obligor, issued by the competent authorities in all jurisdictions where Roynat holds security under the Security Documents;
4. delivery of all the Security Documents and confirmation that each Security Document has been registered in all applicable jurisdictions in order to grant them the priority provided for herein and to render each Security Document enforceable against third parties;
5. a certificate signed by each Obligor confirming certain facts related to the present financing;
6. copy of the certificate(s) (or, if required by Roynat, the policies) of insurance issued in favour of each Obligor, demonstrating that such Obligor took out the requisite insurance under this Agreement. Roynat reserves the right to hire an insurance consultant at the Borrower's expense for the purpose of reporting to it regarding the sufficiency of the insurance coverage of the Obligors, and Roynat must be satisfied that all the deficiencies identified in the said report have been corrected in accordance with the consultant's recommendations;
7. copy signed by each Obligor of the "Business Consent Form" (RC59) of the Canada Revenue Agency (the "CRA") authorizing the CRA to disclose to Roynat certain confidential information concerning such Obligor;
8. in the event that any of the Security Documents include a fixed charge on Real Property:
 - (a) (i) an up-to-date survey of the Real Property sent to Roynat, and (ii) an opinion on title issued by legal counsel acceptable to Roynat and forwarded to Roynat confirming that such Security Document creates a valid charge (ranking as required by the Offer of Finance) over the Real Property in favour of Roynat,

or

- (b) (i) a title insurance policy that is satisfactory to Roynat, including all the riders that Roynat deems useful or necessary and which is issued by a title insurance company acceptable to Roynat, or (ii) a commitment to insure that is satisfactory to Roynat, including all the riders that Roynat deems useful or necessary and which is issued by a title insurance company that the issuance of the policy is only conditional on payment of the premium and on confirmation of registration of the applicable Security Document in the appropriate land registry office;
9. search reports concerning the Liens encumbering the Collateral prepared by Roynat's legal advisors covering each applicable jurisdiction;
10. Roynat is fully satisfied with the quality, value, and eligibility of all assets to be financed;
11. proof that all the charges and fees payable by the Borrower under this Agreement have been paid; and
12. all other documents and information that Roynat may reasonably require.

VI. GENERAL CONDITIONS

A. Fixed Rate Conversion/ Extension Option

The following terms and conditions apply to any conversion or extension of a fixed rate Loan:

1. The Borrower must send Roynat a written request to this effect at least five (5) Business Days before the conversion date or the expiry date of the fixed rate interest period then current; and
2. No Event of Default exists at the time of the conversion or extension request.
3. Any conversion or extension as provided for herein shall be carried out at the entire discretion of Roynat. If Roynat agrees to follow up on the Borrower's request, Roynat shall send to the Borrower, within five (5) Business Days following receipt of the Borrower's request, written confirmation indicating:

- (a) the interest rate applicable to the Loan in question;
- (b) the length of the term during which the Loan will bear interest at a fixed rate;
- (c) the effective date from which the Loan in question will bear interest at a fixed rate;
- (d) any additional change to these presents required by Roynat following such conversion or extension; and
- (e) the new repayment terms of the Loan in question following the conversion or extension, including the terms and conditions applicable to repayment.

4. The conversion or extension of the Loan in question shall only take effect upon acceptance by the Borrower of the confirmation letter submitted by Roynat. A fee of \$500 shall apply.

B. Calculation of Interest

Interest is calculated on the basis of a 365-day year, except in the case where interest is calculated based on the US Variable Rate or the US Fixed Rate, in which case it is calculated on the basis of a 360-day year.

For the purposes of the *Interest Act* (Canada), the annual interest rate equivalent to the US Variable Rate or the US Fixed Rate is obtained, expressed in decimals, by multiplying such rate by a fraction where the numerator equals the number of days included in that year and where the denominator equals 360.

Notwithstanding any other provision of this Agreement or any Security Document, in no event shall any such document require the payment or permit the collection of interest or other amounts in an amount or at a rate in excess of the amount or rate that is permitted by applicable law or in an amount or at a rate that would result in the receipt by Roynat of interest at a criminal rate, as the terms "interest" and "criminal rate" are defined under the *Criminal Code* (Canada). If from any circumstance whatever, fulfilment of any provision of this Agreement or any Security Document would result in exceeding the highest rate or amount permitted by applicable law for the collection or charging of interest, the obligation to be fulfilled shall be reduced to reflect the highest permitted rate or amount.

C. Records

The records of any Advance or any repayment related hereto as well as the records of any interest, charges or other amounts owing under this Agreement or any other Financing Document, as held by Roynat, constitute *prima*

facie proof of the Borrower's indebtedness to Roynat, as it may fluctuate from time to time.

D. Increased Costs and Taxes

If, because of a change to the applicable laws, regulations, rules or orders or because of measures taken in accordance with a guideline or requirement of an authority with which Roynat is bound to comply, Roynat incurs or shall incur increased costs or withstands or shall withstand a reduction in the return on capital related to a Loan, the Borrower must indemnify Roynat for such increased costs or reduced return. All payments pertaining to a Loan must be made free of any withholding tax or of any other current or future tax, rate or deduction.

E. Indemnification

Each Obligor undertakes to indemnify Roynat for any damages, claims, losses, liabilities or expenses borne or incurred by Roynat which can be attributed to the Loan or result directly or indirectly therefrom. Each Obligor undertakes to indemnify Roynat as well as its administrators, officers, employees, agents, successors and assigns and to side with it as regards any applications, lawsuits, judgments, damages, costs, losses or allegations of losses or claims suffered, imposed or incurred by Roynat and arising or resulting from damages caused to the environment by actions or omissions in the operation of its business or in the exercising of its activities or by the contamination of its properties or even by the contamination coming therefrom or any violation of the Environmental Laws, with the exception of claims resulting from the gross or intentional negligence of Roynat.

Each Obligor hereby further agrees to indemnify and hold harmless Roynat, to the fullest extent permitted by applicable law, for all losses and liabilities (including without limitation due to claims by a third party), incurred by Roynat as a result of any breach by the Obligor of its undertakings and representations contained in this Agreement with respect to Sanctions and/or due to any action taken by Roynat to enforce its rights under this indemnity. No action taken by Roynat pursuant to this Agreement, including the grant of a Loan, issuance of any financial instruments thereunder or processing of any payments or transactions, nor any action taken by such Obligor in relation thereto, shall be deemed to be a waiver of any of Roynat's rights under any provisions of this Agreement related to Sanctions nor shall they act to relieve such Obligor of its obligations or liabilities in relation thereto.

F. Applicable Laws

This Agreement shall be governed and interpreted according to the laws of the Applicable Jurisdiction.

G. Successors and Assigns

This Agreement shall be binding on the parties hereto and their respective successors and assigns. Roynat is entitled to assign the Loan and the Financing Documents in whole or in part to any other Person without the Borrower's consent. The Borrower shall continue to do business with Roynat until Roynat advises the Borrower otherwise. Notwithstanding the foregoing, the Borrower is not entitled to assign its rights or obligations hereunder without the prior written consent of Roynat.

H. Sharing of Information

Roynat may communicate confidential information regarding the Obligors to any potential assignee of the Loan or part thereof in accordance with the terms hereof without incurring any liability.

I. Modification and Renunciation

Any change to or waiver of a provision of this Agreement shall not take effect unless it is in writing and signed by Roynat and each of the Obligors. The fact that Roynat does not exercise a right or recourse available to it under these presents, or delays in doing so, shall not constitute Roynat's waiver of such right or recourse.

J. Notices

Any notice under the Financing Documents must be given in writing and hand delivered to the party concerned or be sent to it by prepaid registered mail or sent by fax or email, and the date of receipt of the said notice, if hand delivered, shall be considered its delivery date; if sent by mail as indicated above, the third (3rd) Business Day following the date it was sent and, if it is sent by fax or email, the transmission date if the transmission is done before 1:00 p.m. on a Business Day, and the Business Day following the transmission date in all other cases. The addresses of the parties hereto for the purposes of any notice are those written below their names on the signature pages of these presents or any other address that a party may indicate by means of a notice sent in the manner set out above.

K. Entire Agreement

This Agreement and the other Financing Documents constitute the entire contract between the parties to the Loan. There is no verbal declaration, promise or arrangement in respect of the Loan.

L. Exchange Rate

The conversion into Canadian Dollars of any amount owing by the Borrower in US\$ required for the purpose of obtaining a judgment is done on the Business Day preceding the judgment date.

In the event of a fluctuation in the exchange rate between the Business Day preceding the judgment date and the payment date, the Borrower shall pay to Roynat on demand (or, if need be, deducted from the payment) the necessary amount to ensure that the amount paid in Canadian dollars is equivalent to the amount owing in US\$, after the conversion, on the payment date. The Borrower's obligations under this paragraph constitute an additional obligation on top of its other obligations resulting from the judgment rendered against it.

M. Application of Payments

Should an Event of Default occur, Roynat shall apply all the amounts it receives regarding the secured Obligations, unless it indicates otherwise in writing, firstly to the payment of the fees, charges and other expenses incurred by Roynat under these presents or under other Financing Documents; secondly to the payment of interest owing on the Loan; thirdly to the payment of principal on the Loan and fourthly to the payment of other secured Obligations. After an Event of Default has occurred, Roynat shall have discretionary authority regarding the application of all the amounts it receives (including the proceeds from realizing on any security held by Roynat).

N. Paramourty

In the event of an inconsistency between the provisions of this Offer of Finance and of any other agreement entered into or given by an Obligor in favour of Roynat, the terms of this Offer of Finance shall prevail to the extent of any such conflict.

O. Novation

It is expressly understood and agreed between the parties that this Agreement does not create novation of the Loan and Roynat expressly reserves all its rights and recourses under the Loan and the Financing Documents. Except as expressly provided for herein, the Borrower's obligations with respect to the Loan will not be deemed to be amended, except in the manner provided for herein. This Agreement will not have the effect of releasing any Obligor from their obligations with respect to Roynat under the Loan or the Financing Documents.

Appendices to the Offer of Finance to 2127712 Alberta Ltd. dated September 14, 2018

APPENDIX "B"

DESCRIPTION OF PROPERTY

REAL PROPERTY

A. Immovable/Real Freehold

Realty described as South East Quarter of Section 2 in Township 26 Range 4. 590 Griffin Road East, Cochrane, Alberta.

B. Leaschold

NIL

PERSONAL PROPERTY

All present and after-acquired personal property of the Obligors including but not limited to furniture, fixtures and equipment owned by the Borrower and Guarantors.

Appendices to the Offer of Finance to 2127712 Alberta Ltd. dated September 14, 2018

APPENDIX "C"

PRIVACY CONSENT

Information

You and the undersigned, your individual principals, key employees and agents, shareholders and/or guarantors and persons otherwise connected with this Agreement (each, a "Principal") agree that in the process of providing services under this Agreement, we may collect, use and disclose certain personal and business information ("Information") from and about you and your Principals. Information may be collected from and disclosed to our agents, affiliates, third party service providers, credit bureaus, credit reporting agencies, other credit grantors, any person you and your Principals have or propose to have financial relations with as well as third parties who wish to become involved in the syndication of a loan, lease or other investment in which your Information is relevant, or who are involved in risk assessment, risk management or due diligence in the context of a financial transaction or proposed financial transaction.

Authorization

You and your Principals do therefore authorize any person whom we contact in this regard to provide such Information to us. You and your Principals acknowledge that we may transfer your information to other offices within Roynat where we do business. As a result, Information may be accessible to regulatory authorities in accordance with the laws of those jurisdictions. We may collect, use and disclose your and your Principals' Social Insurance Number or other personal identifiers to verify and report credit information to credit bureaus or credit reporting agencies as well as to confirm your and your Principals' identities.

We may give Information to other members of the Scotiabank Group so that these companies may tell you and your Principals directly about their products and services. Consent to this is not a condition of doing business with us and such consent may be withdrawn by you at any time.

Consent


By choosing to provide us with Information, you and your Principals are consenting to its use in accordance with the principles set out in the Roynat Group of Companies Privacy Agreement, a copy of which may be viewed and obtained at any time at roynat.com.

Individual

Signature: _____

Name: _____

Date: _____


Steeve Toupin
September 21, 2018

Individual

Signature: _____

Name: _____

Date: _____



Gordon Spalding
September 21, 2018

EXHIBIT “C”

**This is Exhibit “C” referred to in the Affidavit of
Crystal Martin**

Sworn before me this 12th day of August, 2021



**A Commissioner for Oaths
in and for the Province of Alberta**

KRITIKA SHARMA
Barrister & Solicitor
A Commissioner for Oaths in and for Alberta



LAND TITLE CERTIFICATE

S		
LINC	SHORT LEGAL	TITLE NUMBER
0015 403 025	5;4;26;2;SE	181 229 050

LEGAL DESCRIPTION

THAT PORTION OF THE SOUTH EAST QUARTER OF SECTION 2
IN TOWNSHIP 26
RANGE 4
WEST OF THE 5 MERIDIAN
WHICH LIES SOUTH OF THE SOUTHERN LIMIT OF
THE RIGHT OF WAY OF THE CANADIAN PACIFIC RAILWAY
AS SHOWN ON PLAN R.Y. 10 AND EAST OF A LINE RUNNING
AT RIGHT ANGLES TO THE SOUTHERN LIMIT OF SAID QUARTER
SECTION FROM A POINT THEREIN DISTANT EASTERLY THEREON
1732 FEET FROM THE SOUTH WEST CORNER THEREOF,
CONTAINING 2.02 HECTARES (5 ACRES) MORE OR LESS
AND LYING NORTH OF THE BOW RIVER
EXCEPTING THEREOUT ALL MINES AND MINERALS
AND THE RIGHT TO WORK THE SAME

ESTATE: FEE SIMPLE

MUNICIPALITY: TOWN OF COCHRANE

REFERENCE NUMBER: 021 058 964

REGISTERED OWNER(S)				
REGISTRATION	DATE (DMY)	DOCUMENT TYPE	VALUE	CONSIDERATION
181 229 050	25/10/2018	TRANSFER OF LAND	\$3,000,000	CASH & MORTGAGE

OWNERS

2127712 ALBERTA LTD.
OF 160 GRIFFIN RANCH RD
COCHRANE
ALBERTA T4C 2B8

(DATA UPDATED BY: CHANGE OF ADDRESS 201227480)

ENCUMBRANCES, LIENS & INTERESTS

PAGE 2
181 229 050

REGISTRATION

NUMBER	DATE (D/M/Y)	PARTICULARS
921 223 473	09/09/1992	CAVEAT RE : EASEMENT CAVEATOR - GLENEAGLES DEVELOPMENT CORPORATION. C/O BURSTALL WARD 1800, 800-5 AVE SW CALGARY ALBERTA T2P3T6 AGENT - DARRYL J BARBER
931 015 549	20/01/1993	EASEMENT OVER PORTION OF SE 2-26-4-W5M FOR BENEFIT OF SECTION 1-26-4-W5M AND PORTION OF E1/2 SEC 2-26-4-W5M (PLAN 9212635)
801 055 488	15/04/1980	EASEMENT OVER AND FOR BENEFIT OF SEE INSTRUMENT "ENDORSED BY 991206857 ON 19990722"
801 057 854	18/04/1980	EASEMENT OVER AND FOR BENEFIT OF SEE INSTRUMENT "ENDORSED BY 991239736 ON 19990819"
021 064 598	26/02/2002	EASEMENT OVER PLAN 0210633 BLOCK 4 LOT 16 FOR BENEFIT OF PTN. OF THE S.E. 1/4 2-26-4 W5M (R/W PLAN 0210637)
801 063 214	29/04/1980	EASEMENT "ENDORSED BY 021356858 ON 20021010"
021 359 607	11/10/2002	AMENDING AGREEMENT AFFECTS INSTRUMENT: 801063214
181 229 051	25/10/2018	MORTGAGE MORTGAGEE - ROYNAT INC. SUITE 1700, BROOKFIELD PLACE 225 6 AVE SW CALGARY ALBERTA T2P1N2 ORIGINAL PRINCIPAL AMOUNT: \$2,610,000
181 229 052	25/10/2018	CAVEAT RE : ASSIGNMENT OF RENTS AND LEASES CAVEATOR - ROYNAT INC. SUITE 1700, BROOKFIELD PLACE 225 6 AVE SW CALGARY ALBERTA T2P1N2 AGENT - TREVOR Q MORAWSKI.

(CONTINUED)

REGISTRATION
NUMBER DATE (D/M/Y) PARTICULARS

201 193 350 23/10/2020 CAVEAT
RE : DEVELOPMENT AGREEMENT PURSUANT TO MUNICIPAL
GOVERNMENT ACT
CAVEATOR - THE TOWN OF COCHRANE.
101 RANCHEHOUSE ROAD
COCHRANE
ALBERTA T4C2K8

TOTAL INSTRUMENTS: 010

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN
ACCURATE REPRODUCTION OF THE CERTIFICATE OF
TITLE REPRESENTED HEREIN THIS 5 DAY OF AUGUST,
2021 AT 03:02 P.M.

ORDER NUMBER: 42315199

CUSTOMER FILE NUMBER: 255559



END OF CERTIFICATE

THIS ELECTRONICALLY TRANSMITTED LAND TITLES PRODUCT IS INTENDED
FOR THE SOLE USE OF THE ORIGINAL PURCHASER, AND NONE OTHER,
SUBJECT TO WHAT IS SET OUT IN THE PARAGRAPH BELOW.

THE ABOVE PROVISIONS DO NOT PROHIBIT THE ORIGINAL PURCHASER FROM
INCLUDING THIS UNMODIFIED PRODUCT IN ANY REPORT, OPINION,
APPRAISAL OR OTHER ADVICE PREPARED BY THE ORIGINAL PURCHASER AS
PART OF THE ORIGINAL PURCHASER APPLYING PROFESSIONAL, CONSULTING
OR TECHNICAL EXPERTISE FOR THE BENEFIT OF CLIENT(S).

EXHIBIT “D”

This is Exhibit “D” referred to in the Affidavit of

Crystal Martin

Sworn before me this 12th day of August, 2021



**A Commissioner for Oaths
in and for the Province of Alberta**

KRITIKA SHARMA
Barrister & Solicitor
A Commissioner for Oaths in and for Alberta

DEBENTURE

2127712 ALBERTA LTD.

To: **ROYNAT INC. ("Roynat")**
Address: Suite 1700, Brookfield Place, 225 – 6th Avenue SW, Calgary, Alberta T2P 1N2
Facsimile No. (403) 221-6450

Debtor's Name: 2127712 ALBERTA LTD. (the "Debtor")
Chief Executive Office Address: 162 Bow Ridge Drive, Cochrane, AB T4C 1V7
E-mail: gspalding@nasteelerectors.com

DATE: Sept. 28, 2018

FOR VALUE RECEIVED and intending to be legally bound by this debenture (this "Debenture"), the undersigned (the "Debtor") agrees as follows:

1. **Promise to Pay.** The Debtor promises to pay on demand to or to the order of Roynat, at its address specified above, all amounts now or in the future owing by the Debtor to Roynat under or in connection with the Obligations (as defined below) up to the principal amount of TWO MILLION SIX HUNDRED TEN THOUSAND Dollars (\$2,610,000.00) and interest at the rate of up to 25% per annum, accruing daily and payable monthly, both before and after maturity, default and judgment, and interest on overdue interest at the same rate.
2. **Security.** As security for the payment and performance of all present and future indebtedness, liabilities and obligations of the Debtor to Roynat, whether direct or indirect, absolute or contingent, liquidated or unliquidated, as principal or as surety, alone or with others, of whatsoever nature or kind, in any currency or otherwise, under or in respect of agreements or dealings between the Debtor and Roynat or agreements or dealings between the Debtor and others by which Roynat may be or become in any manner whatsoever a creditor of the Debtor (all such indebtedness, liabilities, obligations, expenditures, costs and expenses are hereinafter collectively referred to as the "Obligations") including, without limitation, obligations under (i) any and all letter agreements and offers to finance/or offers to lease, (as amended from time to time, "Offers of Finance") entered into by the Debtor and Roynat from time to time, (ii) any promissory notes, guarantees or indemnities executed by the Debtor in favour of Roynat, and (iii) this Debenture and any other security delivered to Roynat by the Debtor from time to time (collectively, the "Financing Documents"), the Debtor:
 - (a) mortgages and charges, as and by way of a fixed and specific mortgage and charge and grants a security interest to and in favour of Roynat in, all freehold real and immovable property described in Schedule "A" hereto, together with all buildings, erections, fixed machinery and fixed equipment presently situated thereon or which may at any time hereafter be constructed or placed thereon or used in connection therewith;
 - (b) mortgages and charges, as and by way of a fixed and specific mortgage and charge and grants a security interest to and in favour of Roynat in, all leasehold real and immovable property described in Schedule "B" hereto, together with all buildings, erections, fixed machinery and fixed equipment presently situated thereon or which may at any time hereafter be constructed or placed thereon or used in connection therewith;
 - (c) mortgages and charges, as and by way of a floating charge and grants a security interest to and in favour of Roynat in, all of its present and future interests in real property not referred to in items (a) and (b) immediately above,
 - (d) mortgages, charges, assigns, transfers and pledges, as and by way of a fixed and specific mortgage and charge and grants a security interest to and in favour of Roynat in all of the assets, undertaking and property of the Debtor not subject to the charges and security interests in items (a), (b) and (c) immediately above, including, without limitation:

- (i) **Intangibles** - all intangible property including without limitation book debts and accounts, all contractual rights and insurance claims, licences, computer software, warranties, ownership certificates, patents, trademarks, trade names, goodwill, copyrights and other industrial property of the Debtor;
- (ii) **Books & Records** - all of the Debtor's, manuals, publications, letters, deeds, documents, writings, papers, invoices, books of account and other books relating to or being records of debts, chattel paper or documents of title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;
- (iii) **Equipment** - all of the Debtor's tools, machinery, equipment, apparatus, furniture, plants, fixtures, vehicles and other tangible personal property, other than Inventory (as defined below), (collectively, the "Equipment") including, without limitation, the Equipment described in Schedule "C" hereto, if any;
- (iv) **Inventory** - all of the Debtor's tangible personal property held for sale or lease or that have been leased or that are to be furnished or have been furnished under a contract of service, or that are raw materials, work in process, or materials used or consumed in a business or profession or that are finished goods (collectively, the "Inventory");
- (v) **Other Property** - the Debtor's undertaking and all of the Debtor's other property and assets including, without limitation, uncalled capital, judgments, rights, franchises, chattel paper, documents of title, goods, instruments, and money (as those terms are defined in the Personal Property Security Act governing this Debenture); and
- (vi) **Investment Property** - all of the Debtor's investment property, including shares stock, warrants, bonds, debenture stock and other securities (in each case whether evidenced by a security certificate or an uncertificated security) and financial assets, security entitlements, securities accounts, futures contracts and futures accounts; and
- (vii) **Proceeds** - all of the Debtor's property in any form derived directly or indirectly from any use or dealing with the Collateral or that indemnifies or compensates for loss of or damage to the Collateral (collectively, the "Proceeds");

but excluding, (A) any consumer goods, and (B) the last day of the term of any lease, verbal or written, or any agreement therefor now held or hereafter held by the Debtor, but should such charge become enforceable, the Debtor shall thereafter stand possessed of the last day of such leasehold interest in trust for Roynat and shall assign and dispose thereof as Roynat may direct.

Without limiting the preceding part of this Section, a security interest is taken in all of the Debtor's present and after acquired personal property. The security interest created by item (c) above is intended as a floating charge that will attach as provided in Section 3 below. The floating charge shall become a fixed charge as soon as Roynat notifies the Debtor to that effect. And for the same consideration and purposes and subject to the same exceptions, the Debtor hereby charges as and by way of a first floating charge to and in favour of Roynat, and grants to Roynat a security interest in, the undertaking of the Debtor and all its property and assets for the time being, both present and future, and of whatsoever nature and wherever situate (other than property and assets from time to time effectively subjected to the fixed and specific mortgages and charges created hereby or by any instrument supplemental hereto).

All of the assets, property and undertaking and property of the Debtor subject to the charges and security interests above are collectively referred to herein as the "Collateral".

- 3. **Attachment.** All security interests created by this Debenture attach immediately upon execution of the Debenture. The attachment of the floating charge has not been postponed and the floating charge shall attach to any particular property intended to be subject to it as soon as the Debtor has rights in such property.
- 4. **Covenants.** The Debtor hereby declares, covenants and agrees that:
 - (a) **To Pay Rents and Taxes** - shall pay all rents, taxes and assessments lawfully imposed upon all real property forming part of the Collateral or on which the Collateral is located or any part thereof when the same become due and payable, and shall provide to Roynat on request receipts for such payment;
 - (b) **Conduct of Business** - shall carry on and conduct its business in a proper and efficient manner, shall not materially alter the kind of business carried on by it, shall observe and perform all of its obligations under leases, licences and

other agreements to which it is a party so as to preserve and protect the Collateral and its value, and shall comply with all laws, regulations and judgments applicable to the Debtor and all of its property, assets and undertaking;

- (c) **Not to Sell** - shall not, except for Inventory sold in the ordinary course of business and except as otherwise expressly permitted in any Financing Document, remove, destroy, lease, sell or otherwise dispose or part with possession of any of the Collateral;
- (d) **No Other Liens** - shall not create, assume or suffer to exist any charge, lien, federal or provincial government priority claim arising pursuant to statute including any deemed trust, security interest or encumbrance upon any Collateral except as permitted in any applicable Financing Document. No provision hereof shall be construed as a subordination or postponement of the security interest created hereunder to or in favour of any other charge, lien, security interest or encumbrance, whether or not it is permitted;
- (e) **To Hold Proceeds of Unauthorized Sale in Trust** - in the event the Collateral or any part thereof is sold or disposed of prior to the full discharge of this Debenture by Roynat, in any manner not authorized by this Debenture, shall hold all proceeds of such sale or disposition received by the Debtor as trustee for Roynat until the Debtor has been fully released from this Debenture by Roynat;
- (f) **To Insure** - shall keep insured the Collateral to its full insurable value or in such amounts as Roynat may reasonably require against all risks, with insurers approved by Roynat and will pay all premiums necessary for such purposes as the same shall become due;
- (g) **Inspection by Roynat** - shall allow any employees or third parties retained by Roynat at any reasonable time to enter the premises of the Debtor or others to inspect the Collateral and to inspect the books and records of the Debtor relating to the Collateral and make extracts therefrom, and shall permit Roynat prompt access to such other persons, as Roynat may deem necessary or desirable for the purposes of inspecting or verifying any matters relating to any part of the Collateral or the books and records of the Debtor relating to the Collateral, provided that any information so obtained shall be kept confidential, save as required by Roynat in exercising its rights hereunder or pursuant to any applicable law or court order. The Debtor shall pay all costs and expenses (including all legal fees and disbursements on a solicitor and own client and full indemnity basis) of third parties retained by Roynat for purposes of inspection under this Section 4(g);
- (h) **Use and Maintenance** - shall cause the Collateral to be operated in accordance with any applicable manufacturer's manuals or instructions, by competent and duly qualified personnel. Any and all additions and accessions to and parts and replacements for the Collateral shall immediately become subject to the security interest created hereby. The Debtor shall not change the intended use of the Collateral without obtaining the prior written consent of Roynat which will not be unreasonably withheld or delayed;
- (i) **Possession and Control** - shall, on request by Roynat, deliver to Roynat possession of all chattel paper, instruments and negotiable documents of title. The Obligor shall also take whatever steps Roynat requires to enable Roynat to obtain control of any investment property forming part of the Collateral, including (a) arranging for any securities intermediary, futures intermediary or issuer of uncertificated securities to enter into an agreement satisfactory to Roynat to enable Roynat to obtain control, (b) delivering any certificated security to Roynat with any necessary endorsement and (c) having any security registered in the name of Roynat or its nominee;
- (j) **Location of Collateral** - shall keep the Collateral in the locations set forth in Schedule "C" hereto, except for goods in transit to such locations, or Inventory on lease or consignment, or with the prior written consent of Roynat and provided that the Debtor shall effect such further registrations and obtain such other consents and grant such other security, at the sole cost and expense of the Debtor, as may be required or desirable to protect or preserve the security hereby created and to maintain the priority intended to be granted to Roynat hereunder as against all others including landlords;
- (k) **No Affixation** - shall not permit the Collateral to be attached to or affixed to real or other personal property without the prior written consent of Roynat which will not be unreasonably withheld or delayed. The Debtor shall obtain and deliver to Roynat such waivers as Roynat may reasonably request from any owner, landlord or mortgagee of premises on which the Collateral is located or to which the Collateral may become affixed or attached. The Debtor shall promptly do, execute and deliver all such further acts, documents, agreements or assurances as Roynat may reasonably require for giving effect to the intent of this Debenture and shall register such notice or documents against the title to such premises as Roynat may reasonably request to protect its interests hereunder and shall maintain plates or marks showing the name of Roynat upon the Collateral as requested; and

- (l) **Registered Office/Jurisdiction of Incorporation** - shall not change its jurisdiction of incorporation or registered office address from that listed in Schedule "C" without the prior written consent of Roynat.
5. **Waiver of Covenants.** Roynat may waive in writing any breach by the Debtor of any of the provisions contained in this Debenture or any default by the Debtor in the observance or performance of any covenant or condition required to be observed or performed by the Debtor hereunder, provided that no such waiver or any other act, failure to act or omission by Roynat shall extend to or be taken in any manner to affect any subsequent breach or default or the rights of Roynat resulting therefrom.
6. **Performance of Covenants by Roynat.** If the Debtor shall fail to perform any covenant on its part herein contained, Roynat may in its absolute discretion perform any such covenant capable of being performed by it, but Roynat shall be under no obligation to do so. If any such covenant requires the payment of money or if the Collateral or any part thereof shall become subject to any charge, lien, security interest or encumbrance ranking in priority to the security interest created hereby, Roynat may in its absolute discretion make such payment and/or pay or discharge such charge, lien, security interest or encumbrance, but Roynat shall be under no obligation to do so. All sums so paid by Roynat, together with interest at the highest rate chargeable by Roynat from time to time on the Obligations, shall be payable by the Debtor on demand and shall constitute a charge upon the Collateral. No such performance or payment shall relieve the Debtor from any default hereunder or any consequences of such default.
7. **Events of Default.** Each of the following events shall constitute an "Event of Default":
 - (a) a "default", an "event of default" or similar circumstance identified in any Financing Document; or
 - (b) the failure of the Debtor to pay any of the Obligations when due; or
 - (c) any demand for payment validly made by Roynat pursuant to any Financing Document that is not met in accordance with the terms of the demand.
8. **Enforcement.** Upon the happening of any Event of Default, the security granted herein shall become immediately enforceable and Roynat may at its option declare this Debenture to be in default and may exercise any rights, powers or remedies available to Roynat at law or in equity or under the Personal Property Security Act or other applicable legislation and, in addition, may exercise one or more of the following rights, powers or remedies, which rights, powers and remedies are cumulative:
 - (a) to, without exercising any of its other rights or remedies hereunder, give notice of the security interest in, and the assignment to, Roynat of any debt or liability forming part of the Collateral and may direct such person to make all payments on account of any such debt or liability to Roynat;
 - (b) to declare the full amount of the Obligations to be immediately due and payable;
 - (c) to terminate the Debtor's right to possession of the Collateral, cause the Debtor to immediately assemble and deliver the Collateral at such place or places as may be specified by Roynat, and enter upon the premises where the Collateral is located and take immediate possession thereof, whether it is affixed to the realty or not, and remove the Collateral without liability to Roynat for or by reason of such entry or taking of possession, whether for damage to property caused by taking such or otherwise;
 - (d) to enter upon and hold, possess, use, repair, preserve and maintain all or any part of the Collateral and make such replacements thereof and additions thereto as Roynat shall deem advisable;
 - (e) to sell, for cash or credit or part cash and part credit, lease or dispose of or otherwise realize upon the whole or any part of the Collateral whether by public or private sale as Roynat in its absolute discretion may determine without notice to the Debtor or advertisement and after deducting from the proceeds of sale (including complete reimbursement for 100% of all legal fees and disbursements) incurred in the repossession, sale, lease or other disposition of the Collateral apply the proceeds thereof to the Obligations in the manner and order to be determined by Roynat, provided however that Roynat shall only be liable to account to the Debtor, any subsequent encumbrancers and others for money actually received by Roynat and provided that the Debtor shall pay any deficiency forthwith;

- (f) to appoint by instrument in writing any person or persons to be a receiver or receiver and manager of all or any portion of the Collateral, to fix the receiver's remuneration and to remove any receiver so appointed and appoint another or others in its stead;
- (g) to apply to any court of competent jurisdiction for the appointment of a receiver or receiver and manager for all or any portion of the Collateral;
- (h) to have any instruments or investment property registered in its name or in the name of its nominee and shall be entitled but not required to exercise voting and other rights that the holder of that Collateral may at any time have; but Roynat shall not be responsible for any loss occasioned by the exercise of those rights or by failure to exercise them. Roynat may also enforce its rights under any agreement with any securities intermediary, futures intermediary or issuer of uncertificated securities; and
- (i) to retain the Collateral in satisfaction of the Obligations.

9. Powers of Receiver.

- (a) Any receiver (which term includes a receiver and manager) shall have all of the powers of Roynat set forth in this Debenture and, in addition, shall have the following powers:
 - (i) to lease all or any portion of the Collateral and for this purpose execute contracts in the name of the Debtor, which contracts shall be binding upon the Debtor and the Debtor hereby irrevocably constitutes such receiver as its attorney for such purposes;
 - (ii) to take possession of the Collateral, collect all rents, issues, incomes and profits derived therefrom and realize upon any additional or collateral security granted by the Debtor to Roynat and for that purpose may take any proceedings in the name of the Debtor or otherwise; andto carry on or concur in carrying on the business which the Debtor is conducting and for that purpose the receiver may borrow money on the security of the Collateral in priority to this Debenture;
- (b) Any receiver appointed pursuant to the provisions hereof shall be deemed to be the agent of the Debtor for the purposes of:
 - (i) carrying on and managing the business and affairs of the Debtor, and
 - (ii) establishing liability for all of the acts or omissions of the receiver while acting in any capacity hereunder and Roynat shall not be liable for such acts or omissions,

provided that, without restricting the generality of the foregoing, the Debtor irrevocably authorizes Roynat to give instructions to the receiver relating to the performance of its duties as set out herein.

10. Application of Moneys. All moneys actually received by Roynat or by the receiver pursuant to Sections 8 and 9 of this Debenture shall be applied:

- (a) first, in payment of those claims, if any, of secured creditors of the Debtor (including any claims of the receiver pursuant to Section 9(a)), ranking in priority to the charges created by this Debenture as directed by Roynat or the receiver;
- (b) second, in payment of all costs, charges and expenses (including all legal fees and disbursements on a solicitor and own client and full indemnity basis) of and incidental to the appointment of the receiver and the exercise by the receiver or Roynat of all or any of the powers granted to them under this Debenture, including the reasonable remuneration of the receiver or any agent or employee of the receiver or any agent of Roynat and all outgoings properly paid by the receiver or Roynat in exercising their powers as aforesaid;
- (c) third, in or towards the payment to Roynat of all other obligations due to it by the Debtor in such order as Roynat in its sole discretion may determine;

- (d) fourth, in or towards the payment of the obligation of the Debtor to persons if any, with security interests against Collateral ranking subsequent to those in favour of Roynat; and
 - (e) fifth, subject to applicable law any surplus shall be paid to the Debtor.
11. **Realization Costs.** The Debtor shall pay all costs and expenses (including all legal fees and disbursements on a solicitor and own client and full indemnity basis) of Roynat incidental to or which in any way relates to this Debenture or its enforcement, including, (i) taking, recovering or possessing the Collateral; (ii) taking any actions or other proceedings to enforce the remedies provided herein or otherwise in relation to this Debenture or the Collateral, or by reason of a default under any Financing Document or the non-payment of the moneys thereby secured; (iii) taking or responding to proceedings, giving notices and giving responses required under any applicable law concerning or relating to any Financing Document, including compliance with the provisions of applicable bankruptcy, insolvency, personal property security and mortgage enforcement legislation; and (iv) obtaining the advice of counsel and other advisors in relation to the foregoing, all such costs and expenses and other monies payable hereunder, together with interest at the highest rate chargeable by Roynat from time to time on the Obligations, shall form part of the Obligations, shall be payable by the Debtor on demand and shall be secured hereby.
 12. **Possession of Collateral.** The Debtor acknowledges that Roynat or any receiver appointed by it may take possession of Collateral wherever it may be located and by any method permitted by law and the Debtor agrees upon request from Roynat or any such receiver to assemble and deliver possession of the Collateral at such place or places as directed.
 13. **Deficiency.** The Debtor shall remain liable to Roynat for any deficiency after the proceeds of any sale, lease or disposition of Collateral are received by Roynat and applied in accordance with the provisions of Section 10(c) hereof.
 14. **Appointment of Monitor.** If in the opinion of Roynat, acting reasonably, a material adverse change has occurred in the financial condition of the Debtor, or if Roynat in good faith believes that the ability of the Debtor to pay any of its obligations to Roynat or to perform any other covenant contained herein has become impaired or if an Event of Default has occurred, Roynat may by written notice to the Debtor, appoint a monitor (the "Monitor") to investigate any or a particular aspect of the Collateral, the Debtor or its business and affairs for the purpose of reporting to Roynat. The Debtor shall give the Monitor its full co-operation, including full access to facilities, assets and records of the Debtor and to its creditors, customers, contractors, officers, directors, employees, auditors, legal counsel and agents. The Monitor shall have no responsibility for the affairs of the Debtor nor shall it participate in the management of the Debtor's affairs and shall incur no liability in respect thereof or otherwise in connection with the Debtor, its business and affairs or the Collateral. The Monitor shall act solely on behalf of Roynat and shall have no contractual relationship with the Debtor as a consultant or otherwise. The appointment of a Monitor shall not be regarded as an act of enforcement of this Debenture. All reasonable fees and expenses of the Monitor (including complete reimbursement for 100% of all legal fees and disbursements) shall be paid by the Debtor upon submission to it of a written invoice therefor. Roynat may at its option upon the occurrence of an event of default appoint or seek to have appointed the Monitor as receiver, receiver and manager, liquidator, or trustee in bankruptcy of the Debtor or the Collateral or any part thereof.
 15. **Application of Insurance Proceeds.** Any insurance moneys received by Roynat may at the option of Roynat be applied to rebuilding or repairing the Collateral, or be paid to the Debtor, or any such moneys may be applied in the sole discretion of Roynat, in whole or in part, to the repayment of the Obligations or any part thereof whether then due or not, with any partial payments to be credited against principal instalments payable thereunder in inverse order of their maturity dates.
 16. **No Merger or Novation.** The taking of any judgment or the exercise of any power of seizure or sale shall not operate to extinguish the liability of the Debtor to perform its obligations hereunder or to pay the Obligations hereby secured, shall not operate as a merger of any covenant herein contained or affect the right of Roynat to interest in effect from time to time hereunder and the acceptance of any payment or other security shall not constitute or create any novation. The execution and delivery of this Debenture or of any instruments or documents supplemental hereto shall not operate as a merger of any representation, warranty, term, condition or other provision contained in any other obligation or indebtedness of the Debtor to Roynat or under any Offer of Finance.
 17. **Security in Addition.** The security hereby constituted is in addition to any other security now or hereafter held by Roynat. The taking of any action or proceedings or refraining from so doing, or any other dealings with any other security for the moneys secured hereby, shall not release or affect the security created hereby.
 18. **Partial Discharges.** Roynat may in its sole discretion grant partial discharges or releases of security in respect of any of the Collateral on such terms and conditions as it shall deem fit and no such partial discharges or releases shall affect the remainder of the security created hereby nor shall it alter the obligations of the Debtor under the Obligations or hereunder.

19. **Assignment.** This Debenture may be assigned by Roynat to any other person and, if so assigned, the assignee shall have and be entitled to exercise any and all discretions, rights and powers of Roynat hereunder, and all references herein to Roynat shall include such assignee. The Debtor may not assign this Debenture or any of its rights or obligations hereunder. This Debenture shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns. In any action brought by an assignee of this Debenture and the security interest or any part thereof to enforce any rights hereunder, the Debtor shall not assert against the assignee any claim or defence which the Debtor now has or hereafter may have against Roynat.
20. **Limited Power of Attorney.** The Debtor hereby appoints Roynat as the Debtor's attorney, with full power of substitution, in the name and on behalf of the Debtor, to execute, deliver and do all such acts, deeds, leases, documents, transfers, demands, conveyances, assignments, contracts, assurances, consents, financing statements and things as the Debtor has agreed to execute, deliver and do hereunder, under any Offer of Finance or otherwise, or as may be required by Roynat or any receiver to give effect to this Debenture or in the exercise of any rights, powers or remedies hereby conferred on Roynat or any receiver, and generally to use the name of the Debtor in the exercise of all or any of the rights, powers or remedies hereby conferred on Roynat or any receiver. This appointment, being coupled with an interest, shall not be revoked by the insolvency, bankruptcy, dissolution, liquidation or other termination of the existence of the Debtor or for any other reason.
21. **Amalgamation.** The Debtor acknowledges that if it amalgamates with any other corporation or corporations (a) the Collateral and the lien created hereby shall extend to and include all the property and assets of each of the amalgamating corporations and the amalgamated corporation and to any property or assets of the amalgamated corporation thereafter owned or acquired, (b) the term "Debtor", where used herein shall extend to and include each of the amalgamating corporations and the amalgamated corporation, and (c) the term, "Obligations", where used herein shall extend to and include the Obligations of each of the amalgamating corporations and the amalgamated corporation. Nothing in this Section 21 shall be interpreted as permitting the Debtor to amalgamate in violation of any covenant of the Debtor contained herein or in any other agreement binding the Debtor.
22. **Severability.** Each of the provisions contained in this Debenture is distinct and severable and a declaration of invalidity, illegality or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision of this Debenture.
23. **Notices.** Any notice required or desired to be given hereunder or under any Offer of Finance or under any instrument supplemental hereto shall be in writing and may be given by personal delivery, by facsimile or other means of electronic communication or by sending the same by registered mail, postage prepaid, to Roynat or to the Debtor at their respective addresses set out above and, in the case of electronic communication, to the facsimile numbers set out above. Any notice so delivered shall be conclusively deemed given when personally delivered and any notice sent by facsimile or other means of electronic transmission shall be deemed to have been delivered on the business day following the sending of the notice, and any notice so mailed shall be conclusively deemed given on the third business day following the day of mailing, provided that in the event of a known disruption of postal service, notice shall not be given by mail. Any address for notice or payments herein referred to may be changed by notice in writing given pursuant hereto.
- Notwithstanding the foregoing, if the Personal Property Security Act requires that notice be given in a special manner, then such notice or communication shall be given in such manner.
24. **General.**
- (a) The Debtor authorizes Roynat to file such financing statements, notices of security interest, caveats and other documents and do such acts and things as Roynat may consider appropriate to perfect its security in the Collateral, to protect and preserve its interest in the Collateral and to realize upon the Collateral.
 - (b) Nothing in this Debenture will in any way obligate Roynat to advance any funds, or otherwise make or cause to make credit available to the Debtor, nor will Roynat have any liability for any failure or delay in its part to exercise any rights hereunder.
 - (c) If more than one Debtor executes this Debenture, the obligations of such Debtors hereunder shall be joint and several.
 - (d) The division of this Debenture into sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Debenture.

- (e) When the context so requires, the singular shall include the plural and vice versa and words importing gender include all genders; all rights, advantages, privileges, immunities, powers and things hereby secured to the Debtor shall be equally secured to and exercised by its successors and assigns.
 - (f) Time is of the essence in this Debenture.
 - (g) The Debtor, if a corporation, waives the rights, benefits and protection given by and agrees that The Limitation of Civil Rights Act and The Land Contracts (Actions) Act, both of Saskatchewan, shall not apply to this Debenture or to any agreement renewing or extending this Debenture or to the rights, powers or remedies of Roynat under this Debenture or under any agreement renewing or extending this Debenture.
 - (h) The security interests created by this Debenture are continuing, to secure a current or running account, and will extend to the ultimate balance of the Obligations, regardless of any intermediate payment or discharge of the Obligations in whole or in part. Without limiting the foregoing, the Obligations may include advances and re-advances under revolving credit facilities, which permit borrowing, repayment of all or part of the amount borrowed and re-borrowing of amounts previously paid.
25. **Receipt.** The Debtor hereby acknowledges receipt of a true copy of this Debenture and, to the extent permitted by law, waives all rights to receive from Roynat a copy of any financing statement or financing change statement filed, or any verification statement received, at any time in respect of this Debenture or any supplemental or collateral security granted to Roynat.
26. **Governing Law and Headings.** This Debenture shall be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein. The division of this Debenture into sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Debenture.
27. **Invalidity, etc.** Each of the provisions contained in this Debenture is distinct and severable and a declaration of invalidity, illegality or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision of this Debenture.
28. **Interest Calculations.** Interest payable on the Debenture shall be payable both before and after demand, default and judgement at the Loan Rate with interest on overdue interest at the same rate. For the purposes of the *Interest Act* (Canada), the yearly rate of interest applicable to amounts owing on this Debenture shall be calculated on the basis of a 365 day year.
29. **Waiver of Certain Legislation.** The Debtor hereby declares and covenants that:
- (a) *The Land Contracts (Actions) Act* (Saskatchewan) shall have no application to any action as defined in *The Land Contracts (Actions) Act* with respect to this Debenture, any of the Mortgaged Premises or any supplemental or collateral security granted to Roynat;
 - (b) *The Limitation of Civil Rights Act* (Saskatchewan) shall have no application to: (i) this Debenture; (ii) any indenture, instrument or agreement entered into by the Debtor, at any time hereafter, supplemental, collateral or ancillary hereto or in implementation of this Debenture or the Offer of Finance and involving the payment by the Debtor of money or the liability of the Debtor to pay money; (iii) any mortgage, charge or other security for the payment of the money made, given or created by this Debenture; (iv) any instrument or agreement entered into by the Debtor at any time hereafter, renewing or extending or collateral to this Debenture or any other security given to Roynat by the Debtor; or (v) the rights, powers or remedies of Roynat or a receiver or any other person under this Debenture or under any other security granted by the Debtor to Roynat or instrument or agreement collateral, supplemental or ancillary hereto or referred to in this Debenture; and
 - (c) to the extent permitted by law, the Debtor expressly waives its rights under the *Alberta Insurance Act* and *The Fire Prevention (Metropolis) Act, 1774* (GEO III, Ch. 78).

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF the Debtor has executed this Debenture as of the date first written above.

2127712 ALBERTA LTD.

By: 

Name: Steeve Toupin
Title: Secretary/Treasurer

By: _____

Name:
Title:

c/s

SCHEDULE "A"

List of Freehold Property

THAT PORTION OF THE SOUTH EAST QUARTER OF SECTION 2
IN TOWNSHIP 26
RANGE 4
WEST OF THE 5 MERIDIAN
WHICH LIES SOUTH OF THE SOUTHERN LIMIT OF
THE RIGHT OF WAY OF THE CANADIAN PACIFIC RAILWAY
AS SHOWN ON PLAN R.Y. 10 AND EAST OF A LINE RUNNING
AT RIGHT ANGLES TO THE SOUTHERN LIMIT OF SAID QUARTER
SECTION FROM A POINT THEREIN DISTANT EASTERLY THEREON
1732 FEET FROM THE SOUTH WEST CORNER THEREOF,
CONTAINING 2.02 HECTARES (5 ACRES) MORE OR LESS
AND LYING NORTH OF THE BOW RIVER
EXCEPTING THEREOUT ALL MINES AND MINERALS
AND THE RIGHT TO WORK THE SAME

SCHEDULE "B"

List of Leasehold Property

NIL

SCHEDULE "C"

LOCATION AND DESCRIPTION OF COLLATERAL

Location of Collateral: 590 Griffin Road East, Cochrane, AB T4C 2V8

Description of Collateral: All present and after-acquired personal property.

EXHIBIT “E”

This is Exhibit “E” referred to in the Affidavit of

Crystal Martin

Sworn before me this 12th day of August, 2021



**A Commissioner for Oaths
in and for the Province of Alberta**

KRITIKA SHARMA
Barrister & Solicitor
A Commissioner for Oaths in and for Alberta

GENERAL ASSIGNMENT OF LEASES AND RENTS

THIS INDENTURE dated this 08 day of September, 2018.

B E T W E E N:

2127712 ALBERTA LTD., a corporation incorporated under the laws of the Province of Alberta and having its chief executive office at 162 Bow Ridge Drive, Cochrane, AB T4C 1V7

(hereinafter called the "Company"),

OF THE FIRST PART;

-and-

ROYNAT INC., a corporation incorporated under the laws of Canada and having an office at Suite 1700, Brookfield Place, 225 – 6th Avenue SW, Calgary, Alberta T2P 1N2

(hereinafter called "Roynat"),

OF THE SECOND PART.

WHEREAS by a certain debenture (as amended, supplemented, restated or replaced from time to time, the "**Debenture**") dated the 08 day of September, 2018, in the face amount of \$2,610,000.00, which debenture was registered in the Land Registry Office for the Land Registry Division of Alberta, as Instrument No. _____, the Company granted, mortgaged and charged to Roynat the lands and premises described therein, including those described in Schedule "A" annexed hereto (the said lands and premises together with the buildings, improvements and fixtures situate thereon being hereinafter referred to as the "**Premises**") to secure the payment to Roynat of the principal of, interest on and all other moneys which may become owing on or pursuant to the Debenture (whenever in this Indenture reference is made to the Debenture, it shall be deemed to include any renewals or extensions thereof and any debentures or mortgages taken in substitution therefor either in whole or in part); and

WHEREAS as security for the due performance by the Company of all the covenants contained in the Debenture, the Company has agreed to assign, transfer and set over unto Roynat all the Company's right, title and interest in any and all leases or agreements to lease (the "**Leases**"), now or hereafter existing, of any and all portions of the Premises, including the leases set forth in Schedule "B" hereto, and all rents, charges and other monies (the "**Rents**") now due and payable or hereafter to become due and payable under the Leases.

NOW THIS INDENTURE WITNESSETH that in consideration of the premises and other good and valuable consideration the Company represents, covenants and agrees with Roynat as follows:

1. **Assignment.** The Company hereby irrevocably assigns, transfers and sets over unto Roynat, subject to no prior claim or assignment, the Leases and the Rents and all benefits and advantages to be derived therefrom, including any guarantees given to the Company in respect of the Leases and Rents, to hold and receive the same unto Roynat, its successors and assigns, with full power and authority to demand, collect, sue for, recover, receive receipts for the Rents and to enforce payment of the same in the name of the Company.

2. **Where Company not in Default.** Until the Company defaults under the covenants, terms and conditions contained in this Indenture or an event of default occurs under the Debenture the Company may demand, receive, collect and enjoy the Rents only as the same fall due and payable and not in advance, but nothing shall permit or authorize the Company to collect or receive Rents contrary to the covenants contained herein.

3. **Remedies.** The Company, in the event of a default hereunder or under the Debenture, hereby authorizes Roynat, at its option and in addition to any other rights it may have hereunder or under any other agreement or at common law or in equity, to deliver to any or all of the tenants, licencees or occupiers of the Premises notices to pay all Rents to Roynat and to collect such Rents and, in addition, enter upon the Premises by its officers, agents or employees for the purpose of collecting the Rents and/or operating and maintaining the Premises. The Company hereby authorizes Roynat generally to perform all such acts, including any acts by way of enforcement of the covenants and exercise of the rights contained in the Leases or otherwise, as may in the opinion of Roynat be necessary or desirable for the proper operation and maintenance of the Premises, which acts may be performed in the name of the Company or in the name of Roynat as in the absolute discretion of Roynat may seem proper or advisable. Roynat shall, after deduction of all collection charges and all expenses, which Roynat in its absolute discretion shall deem advisable to pay for the proper operation and

maintenance of the Premises, credit the remainder of the moneys which it may receive in connection with the Premises on account of any amount or amounts due to Roynat from the Company in such manner as Roynat shall in its sole discretion determine. Notwithstanding anything herein, Roynat shall be liable to account only for such monies as shall actually come into its hands.

4. Liability of Roynat. In the exercise of the powers herein granted to Roynat, no liability shall be asserted or enforced against Roynat, all such liability being hereby expressly waived and released by the Company. Roynat shall not be obligated to perform or discharge any obligation, duty or liability under the Leases, or under or by reason of this assignment, and the Company shall and does hereby agree to indemnify Roynat for and to hold it harmless of and from any and all liability, loss or damage which it may or might incur under the Leases or under or by reason of this assignment and of and from any and all claims and demands whatsoever which may be asserted against it by reason of agreements contained in the Leases. Should Roynat incur any such liability, loss or damage under the Leases or by reason of this assignment, or the defence of any such claims or demands, the amount thereof, including costs, expenses and all legal fees and disbursements, shall be secured hereby, and the Company shall reimburse Roynat therefore immediately upon demand.

5. Receipts by Roynat. The Company hereby agrees that all receipts given by Roynat to any lessee under the Leases on account of any Rents paid to Roynat in accordance with the terms of this Indenture shall constitute a good and valid discharge therefor to each lessee.

6. Not Mortgagee in Possession. Nothing herein contained shall be deemed to have the effect of making Roynat responsible for the collection of the Rents or any part thereof for the performance of any covenants, terms or conditions either by the lessor or any lessee contained in the Leases and Roynat shall not by virtue of this Indenture be deemed a mortgagee in possession of the Premises.

7. Perform Covenants of Landlord. The Company shall at all times perform all of the lessor's covenants and obligations contained in the Leases and any failure on the part of the Company thereunder shall constitute a default hereunder and shall be deemed to be default under the Debenture. If so requested by Roynat, the Company will enforce the Leases and all remedies available to the Company against the lessees, in case of default under the Leases, or any of them, by the lessees.

8. Valid Leases. The Company hereby covenants with Roynat notwithstanding any act of the Company that the leases contained in Schedule "B" hereto are good, valid and subsisting leases and that the Company now has good right, full power and absolute authority to assign each such lease according to the true intent and meaning of this Indenture.

9. No Prepayment of Rents. The Company will not accept payment from any lessee in advance and will not cause payment to be made in advance on its direction for a period longer than provided in the respective lease and breach of this covenant shall be deemed to be default under the Debenture.

10. Covenants. The Company shall not without the written approval of Roynat first had and obtained:

- (a) do or omit to do any act having the effect of terminating, cancelling or accepting the surrender of the Leases or any of them;
- (b) amend, alter or vary the terms and conditions of the Leases or any of them;
- (c) waive, reduce or abate any of its rights or remedies under the Leases or the obligations of any other parties thereunder or in respect thereof;
- (d) permit any material default or breach of covenant by any lessee under the Leases; and
- (e) enter into any Leases for any part of the Premises that are not bona fide leases with lessees with whom the Company deals at arm's length. The terms of any future leases must be approved by Roynat prior to execution (such consent not to be unreasonably withheld or delayed) and shall be at rental rates and terms consistent with comparable space in the area of the Premises.

11. Waiver of Covenants. Roynat may waive any default or breach of covenant and shall not be bound to serve any notice upon any lessee under the Leases upon the happening of any default or breach of covenant, but any such waiver shall not extend to any subsequent default or breach of covenant.

12. Further Assurances. The Company covenants and agrees from time to time and at all times hereafter at the request of Roynat to execute and deliver at the expense of the Company such further assurances for better and more perfectly assigning to Roynat any Leases whether presently existing or hereafter created and the Rents payable thereunder in the manner aforesaid as Roynat may require and to execute, deliver and register, at the expense of the Company, all such documents as may be required to preserve, perfect

and protect the security constituted hereby including all such renewals as may be required by relevant legislation, including the *Personal Property Security Act*.

13. Re-assignment. The assignment, transfer and setting over herein provided shall not be revoked or rescinded by any variation of the terms of the Debenture or any extension of time for payment or otherwise but shall remain in full force and effect until the Company shall have performed all of its obligations under the Debenture. A discharge of the Debenture executed by Roynat shall operate as a re-assignment of the Leases and Rents without the need for any further conveyance, but Roynat shall, at the request and at the expense of the Company, execute and deliver a full re-assignment to the Company of the Leases and Rents and its all right, title and interest therein.

14. Binding Effect and Governing Law. This Indenture shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. This Indenture shall be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein.

IN WITNESS WHEREOF the Company has executed this Indenture.

2127712 ALBERTA LTD.

By: _____

Name: Steeve Toupin

Title: Secretary/Treasurer

c/s

SCHEDULE "A"
DESCRIPTION OF PROPERTY

THAT PORTION OF THE SOUTH EAST QUARTER OF SECTION 2
IN TOWNSHIP 26
RANGE 4
WEST OF THE 5 MERIDIAN
WHICH LIES SOUTH OF THE SOUTHERN LIMIT OF
THE RIGHT OF WAY OF THE CANADIAN PACIFIC RAILWAY
AS SHOWN ON PLAN R.Y. 10 AND EAST OF A LINE RUNNING
AT RIGHT ANGLES TO THE SOUTHERN LIMIT OF SAID QUARTER
SECTION FROM A POINT THEREIN DISTANT EASTERLY THEREON
1732 FEET FROM THE SOUTH WEST CORNER THEREOF,
CONTAINING 2.02 HECTARES (5 ACRES) MORE OR LESS
AND LYING NORTH OF THE BOW RIVER
EXCEPTING THEREOUT ALL MINES AND MINERALS
AND THE RIGHT TO WORK THE SAME

SCHEDULE "B"
LEASES

1. Lease dated October 5, 2018, made between North American Steel Erectors Inc., as tenant, and 2127712 Alberta Ltd., as landlord.

EXHIBIT “F”

**This is Exhibit “F” referred to in the Affidavit of
Crystal Martin**

Sworn before me this 12th day of August, 2021



**A Commissioner for Oaths
in and for the Province of Alberta**

KRITIKA SHARMA
Barrister & Solicitor
A Commissioner for Oaths in and for Alberta

Search ID #: Z14097154

Transmitting Party

MCMILLAN LLP

1700, 421 - 7TH AVENUE SW
CALGARY, AB T2P 4K9

Party Code: 60001912
Phone #: 403 231 8378
Reference #: 277272

Search ID #: Z14097154

Date of Search: 2021-Aug-05

Time of Search: 15:42:51

Business Debtor Search For:

2127712 ALBERTA LTD.

Exact Result(s) Only Found

NOTE:

A complete Search may result in a Report of Exact and Inexact Matches.
Be sure to read the reports carefully.



Search ID #: Z14097154

Business Debtor Search For:

2127712 ALBERTA LTD.

Search ID #: Z14097154

Date of Search: 2021-Aug-05

Time of Search: 15:42:51

Registration Number: 18100329954

Registration Date: 2018-Oct-03

Registration Type: SECURITY AGREEMENT

Registration Status: Current

Expiry Date: 2029-Oct-03 23:59:59

Exact Match on:

Debtor

No: 1

Debtor(s)

Block

1 2127712 ALBERTA LTD.
162 BOW RIDGE DRIVE
COCHRANE, AB T4C 1V7

Status

Current

Secured Party / Parties

Block

1 ROYNAT INC.
SUITE 1700, 225 - 6TH AVENUE SW
CALGARY, AB T2P 1N2

Status

Current

Collateral: General

Block

Description

1 All present and after-acquired personal property of the Debtor.

Status

Current

Search ID #: Z14097154

Business Debtor Search For:

2127712 ALBERTA LTD.

Search ID #: Z14097154

Date of Search: 2021-Aug-05

Time of Search: 15:42:51

Registration Number: 18100329973

Registration Date: 2018-Oct-03

Registration Type: LAND CHARGE

Registration Status: Current

Registration Term: Infinity

Exact Match on:

Debtor

No: 1

Debtor(s)

Block

1 2127712 ALBERTA LTD.
162 BOW RIDGE DRIVE
COCHRANE, AB T4C 1V7

Status
Current

Secured Party / Parties

Block

1 ROYNAT INC.
SUITE 1700, 225 - 6TH AVENUE SW
CALGARY, AB T2P 1N2

Status
Current

Result Complete

EXHIBIT “G”

**This is Exhibit “G” referred to in the Affidavit of
Crystal Martin**

Sworn before me this 12th day of August, 2021



**A Commissioner for Oaths
in and for the Province of Alberta**

**KRITIKA SHARMA
Barrister & Solicitor
A Commissioner for Oaths in and for Alberta**



Reply to the Attention of: Kourtney Rylands
Direct Line: 403.355.3326
Email Address: kourtney.rylands@mcmillan.ca
Our File No.: 277272
Date: June 22, 2021

DELIVERED BY REGISTERED MAIL

2127712 Alberta Ltd.
160 Griffin Ranch Road
Cochrane, Alberta T4C 2B8

2127712 Alberta Ltd.
162 Bow Ridge Drive
Cochrane, Alberta T4C 1V7

Dear Sirs:

**Re: Offer of Finance dated September 14, 2018 (the "Loan Agreement")
between 2127712 Alberta Ltd. (the "Borrower") and Roynat Inc. (the
"Bank")**

We are counsel for the Bank with respect to the above-referenced matter. Capitalized terms included herein and not otherwise defined shall have the meaning given to them in the Loan Agreement.

The Borrower is in default under the Loan Agreement by reason of, among other things, its failure to make the payments when due, failure to deliver financial reporting when due, and a material adverse change in the position of the guarantor, North American Steel Erectors Inc.

On behalf of the Bank, we hereby demand payment by the Borrower of all amounts outstanding under the Loan Agreement, along with any additional amounts for which the Borrower may become liable from time to time.

In particular, we hereby demand payment of \$2,432,358.30 on account of principal and interest outstanding under the Loan Agreement as at June 15, 2021, which is due and payable in full, together with additional accrued and unpaid interest, fees, costs, expenses, and any other indebtedness under or in connection with the Loan Agreement. Interest will continue to accrue on the outstanding amounts in accordance with the Loan Agreement.

As security for the indebtedness and liabilities of the Borrower under the Loan Agreement, the Bank holds certain security including, without limitation, the security set out

in Schedule "A" hereto (the "**Security**"). On behalf of the Bank, we hereby declare that all of the obligations of the Borrower to the Bank pursuant to the Security are now immediately due and payable.

Please be advised that, if payment or arrangements satisfactory to the Bank for payment are not made forthwith, the Bank will take such further steps as it deems necessary to recover the outstanding amounts owing to the Bank. Those steps may include the enforcement of the Security or the appointment of a receiver.

We enclose herewith a Notice of Intention to Enforce Security addressed to the Borrower and issued pursuant to subsection 244(1) of the *Bankruptcy and Insolvency Act* (the "**Notice**"). We also enclose herewith Consent to the Bank enforcing the Security prior to the expiry of the 10-day period referred to in the Notice. Although you are not required to do so, on behalf of the Bank we hereby request that the Borrower execute the Consent and return it to the attention of the undersigned at the Borrower's earliest convenience. The Bank reserves its rights to proceed with the enforcement of the Security at any time prior to the time period specified in the enclosed Notice in those circumstances where such earlier enforcement may be permitted by law.

Yours truly,



Kourtney Rylands

Encl.

SCHEDULE "A"
SECURITY

1. Debenture between the Bank and 2127712 Alberta Ltd. dated September 28, 2018;
2. General Assignment of Rents and Leases in respect of the real property located at 590 Griffin Road East, Cochrane, Alberta between the Bank and 2127712 Alberta Ltd. dated September 28, 2018;
3. Guarantee and Indemnity Agreement in the amount of \$2,610,000 between the Bank and North American Steel Erectors Inc. dated September 28, 2018;
4. General Security Agreement between the Bank and North American Steel Erectors Inc. dated September 28, 2018;
5. Guarantee and Indemnity Agreement in the amount of \$450,000 between the Bank and Gordon Roger Spalding dated September 28, 2018; and
6. Guarantee and Indemnity Agreement in the amount of \$450,000 between the Bank and Steeve Toupin dated September 28, 2018.

Notice of Intention to Enforce Security

(Rule 124)

To: 2127712 Alberta Ltd. (the "**Debtor**"), an insolvent person

Take notice that:

1. Roynat Inc. (the "**Bank**"), a secured creditor, intends to enforce its security on the Debtor's property described in Schedule "A" attached hereto.
2. The security that is to be enforced is in the form of the security listed in Schedule "B" attached hereto (the "**Security**").
3. The total amount of indebtedness secured by the Security, as of June 15, 2021, is \$2,432,358.30 together with additional accrued and unpaid interest and fees, costs, and expenses.
4. The Bank will not have the right to enforce the Security until after the expiry of the 10-day period after this notice is sent unless the Debtor consents to an earlier enforcement.

DATED at Calgary, Alberta, June 22, 2021.

ROYNAT INC., by its solicitors McMillan LLP

Per: 

Kourtney Rylands
McMillan LLP

SCHEDULE "A"
DESCRIPTION OF COLLATERAL

1. All freehold real and immovable property described as That Portion Of The South East Quarter Of Section 2 In Township 26 Range 4 West Of The 5 Meridian Which Lies South Of The Southern Limit Of The Right Of Way Of The Canadian Pacific Railway As Shown On Plan R.Y. 10 And East Of A Line Running At Right Angles To The Southern Limit Of Said Quarter Section From A Point Therein Distant Easterly Thereon 1732 Feet From The South West Corner Thereof Containing 2.02 Hectares (5 Acres) More Or Less And Lying North Of The Bow River Excepting Thereout All Mines And Minerals And the right to work the same, together with all buildings, erections, fixed machinery and fixed equipment presently situated thereon or which may at any time hereafter be constructed or placed thereon or used in connection therewith.
2. All leasehold real and immovable property described in Schedule "B" to the Demand Debenture dated September 28, 2018, together with all buildings, erections, fixed machinery and fixed equipment presently situated thereon or which may at any time hereafter be constructed or placed thereon or used in connection therewith.
3. All present and future interests in real property not referred to in items (1) and (2) immediately above,
4. Assets, undertakings and property of the Debtor not subject to the charges and security interests in items (1), (2) and (3) immediately above, including without limitation:
 - (i) **Intangibles** – all intangible property including without limitation book debts and accounts, all contractual rights and insurance claims, licences, computer software, warranties, ownership certificates, patents, trademarks, trade names, goodwill, copyrights and other industrial property of the Debtor;
 - (ii) **Books & Records** – all of the Debtor's manuals, publications, letters, deeds, documents, writings, papers, invoices, books of account and other books relating to or being records of debts, chattel paper or documents of title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;
 - (iii) **Equipment** – all of the Debtor's tools, machinery, equipment, apparatus, furniture, plants, fixtures, vehicles and other tangible property, other than Inventory (as defined below), collectively, the "**Equipment**";
 - (iv) **Inventory** – all of the Debtor's tangible personal property held for sale or lease or that have been leased or that are to be furnished or have been furnished under a contract of service, or that are raw materials, work in process, or materials used or consumed in a business or profession that are finished goods (collectively, the "**Inventory**");
 - (v) **Other Property** – the Debtor's undertaking and all of the Debtor's other property and assets including, without limitation, uncalled capital, judgments, rights, franchises, chattel paper, documents of title, goods, instruments, and

money (as those terms are defined in the Personal Property Security Act governing this Debenture); and

- (vi) **Investment Property** – all of the Debtor’s investment property, including shares stock, warrants, bonds, debenture stock and other securities (in ease chase whether evidenced by a security certificate or an uncertificated security) and financial assets, security entitlements, securities accounts, futures contracts and futures accounts; and
 - (vii) **Proceeds** – all of the Debtor’s property in any form derived directly or indirectly from any use or dealing with the Collateral or that indemnifies or compensates for loss of or damage to the Collateral; and
7. General Assignment of Rents and Leases in respect of the real property located at 590 Griffin Road East, Cochrane, Alberta.

SCHEDULE "B"
SECURITY

1. Debenture between the Bank and 2127712 Alberta Ltd. dated September 28, 2018;
2. General Assignment of Rents and Leases in respect of the real property located at 590 Griffin Road East, Cochrane, Alberta between the Bank and 2127712 Alberta Ltd. dated September 28, 2018;
3. Guarantee and Indemnity Agreement in the amount of \$2,610,000 between the Bank and North American Steel Erectors Inc. dated September 28, 2018;
4. General Security Agreement between the Bank and North American Steel Erectors Inc. dated September 28, 2018;
5. Guarantee and Indemnity Agreement in the amount of \$450,000 between the Bank and Gordon Roger Spalding dated September 28, 2018; and
6. Guarantee and Indemnity Agreement in the amount of \$450,000 between the Bank and Steeve Toupin dated September 28, 2018.

CONSENT AND WAIVER

TO: **Roynat Inc.**
(the "**Secured Creditor**")

FROM: 2127712 Alberta Ltd.
(the "**Debtor**")

DATE: _____, 20__

The Debtor hereby acknowledges receipt of a Notice of Intention to Enforce Security (the "**Notice**") issued by the Secured Creditor pursuant to subsection 244(1) of the *Bankruptcy and Insolvency Act* in respect of the security granted by the Debtor in favour of the Secured Creditor. A copy of the Notice is attached as Exhibit "A".

The Debtor hereby consents to the Secured Creditor enforcing the security described in the Notice prior to the expiry of the 10-day period referred to in the Notice or at any time thereafter. The Debtor hereby waives all cure periods to which it may be entitled under the Security (as that term is defined in the Notice).

2127712 ALBERTA LTD.

By: _____
Name:
Title:

EXHIBIT "A"

See Attached

FORM 86

Notice of Intention to Enforce Security

(Rule 124)

To: 2127712 Alberta Ltd. (the "**Debtor**"), an insolvent person

Take notice that:

1. Roynat Inc. (the "**Bank**"), a secured creditor, intends to enforce its security on the Debtor's property described in Schedule "A" attached hereto.
2. The security that is to be enforced is in the form of the security listed in Schedule "B" attached hereto (the "**Security**").
3. The total amount of indebtedness secured by the Security, as of June 15, 2021, is \$2,432,358.30 together with additional accrued and unpaid interest and fees, costs, and expenses.
4. The Bank will not have the right to enforce the Security until after the expiry of the 10-day period after this notice is sent unless the Debtor consents to an earlier enforcement.

DATED at Calgary, Alberta, June 22, 2021.

ROYNAT INC., by its solicitors McMillan LLP

Per:



Kourtney Rylands
McMillan LLP

SCHEDULE "A"
DESCRIPTION OF COLLATERAL

1. All freehold real and immovable property described as That Portion Of The South East Quarter Of Section 2 In Township 26 Range 4 West Of The 5 Meridian Which Lies South Of The Southern Limit Of The Right Of Way Of The Canadian Pacific Railway As Shown On Plan R.Y. 10 And East Of A Line Running At Right Angles To The Southern Limit Of Said Quarter Section From A Point Therein Distant Easterly Thereon 1732 Feet From The South West Corner Thereof Containing 2.02 Hectares (5 Acres) More Or Less And Lying North Of The Bow River Excepting Thereout All Mines And Minerals And the right to work the same, together with all buildings, erections, fixed machinery and fixed equipment presently situated thereon or which may at any time hereafter be constructed or placed thereon or used in connection therewith.
2. All leasehold real and immovable property described in Schedule "B" to the Demand Debenture dated September 28, 2018, together with all buildings, erections, fixed machinery and fixed equipment presently situated thereon or which may at any time hereafter be constructed or placed thereon or used in connection therewith.
3. All present and future interests in real property not referred to in items (1) and (2) immediately above,
4. Assets, undertakings and property of the Debtor not subject to the charges and security interests in items (1), (2) and (3) immediately above, including without limitation:
 - (i) **Intangibles** – all intangible property including without limitation book debts and accounts, all contractual rights and insurance claims, licences, computer software, warranties, ownership certificates, patents, trademarks, trade names, goodwill, copyrights and other industrial property of the Debtor;
 - (ii) **Books & Records** – all of the Debtor's manuals, publications, letters, deeds, documents, writings, papers, invoices, books of account and other books relating to or being records of debts, chattel paper or documents of title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;
 - (iii) **Equipment** – all of the Debtor's tools, machinery, equipment, apparatus, furniture, plants, fixtures, vehicles and other tangible property, other than Inventory (as defined below), collectively, the "**Equipment**";
 - (iv) **Inventory** – all of the Debtor's tangible personal property held for sale or lease or that have been leased or that are to be furnished or have been furnished under a contract of service, or that are raw materials, work in process, or materials used or consumed in a business or profession that are finished goods (collectively, the "**Inventory**");
 - (v) **Other Property** – the Debtor's undertaking and all of the Debtor's other property and assets including, without limitation, uncalled capital, judgments, rights, franchises, chattel paper, documents of title, goods, instruments, and

money (as those terms are defined in the Personal Property Security Act governing this Debenture); and

- (vi) **Investment Property** – all of the Debtor’s investment property, including shares stock, warrants, bonds, debenture stock and other securities (in ease chase whether evidenced by a security certificate or an uncertificated security) and financial assets, security entitlements, securities accounts, futures contracts and futures accounts; and
- (vii) **Proceeds** – all of the Debtor’s property in any form derived directly or indirectly from any use or dealing with the Collateral or that indemnifies or compensates for loss of or damage to the Collateral; and

7. General Assignment of Rents and Leases in respect of the real property located at 590 Griffin Road East, Cochrane, Alberta.

SCHEDULE "B"
SECURITY

1. Debenture between the Bank and 2127712 Alberta Ltd. dated September 28, 2018;
2. General Assignment of Rents and Leases in respect of the real property located at 590 Griffin Road East, Cochrane, Alberta between the Bank and 2127712 Alberta Ltd. dated September 28, 2018;
3. Guarantee and Indemnity Agreement in the amount of \$2,610,000 between the Bank and North American Steel Erectors Inc. dated September 28, 2018;
4. General Security Agreement between the Bank and North American Steel Erectors Inc. dated September 28, 2018;
5. Guarantee and Indemnity Agreement in the amount of \$450,000 between the Bank and Gordon Roger Spalding dated September 28, 2018; and
6. Guarantee and Indemnity Agreement in the amount of \$450,000 between the Bank and Steeve Toupin dated September 28, 2018.



Reply to the Attention of: Kourtney Rylands
Direct Line: 403.355.3326
Email Address: kourtney.rylands@mcmillan.ca
Our File No.: 277272
Date: June 22, 2021

DELIVERED BY REGISTERED MAIL

Steeve Toupin
162 Bow Ridge Drive
Cochrane, Alberta
T4C 1V7

Dear Sir,

Re: Guarantee and Indemnity Agreement in respect of 2127712 Alberta Ltd. (the "Borrower") granted by Steeve Toupin up to the maximum principal amount of \$450,000.00 signed September 28, 2018 (the "Guarantee") in favour of Roynat Inc. (the "Bank")

We are counsel for the Bank with respect to the above-referenced matter.

Pursuant to the Guarantee, you promised to pay the Bank on its demand, all debts, liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by the Borrower up to the maximum principal amount of \$450,000.00.

Enclosed is a copy of our demand letter issued to the Borrower (the "**Borrower Demand**") demanding payment of all amounts owing by the Borrower to the Bank pursuant to the loan agreement between the Borrower and the Bank (collectively, the "**Loan Agreement**") as further set out in the enclosed Borrower Demand. As you will note from the enclosed letter, the amount owing to the Bank under the Loan Agreement as at June 15, 2021 is \$2,432,358.30 together with additional accrued and unpaid interest, fees, costs, expenses, and all other amounts payable under or in connection with the Loan Agreement.

Accordingly, on behalf of the Bank, we hereby demand payment by you of \$450,000.00, together with interest, legal costs and all other amounts payable under the Guarantee.

Please be advised that, if payment or arrangements satisfactory to the Bank for payment are not made forthwith, the Bank will take such further steps as it deems necessary to recover the amounts outstanding under the Loan Agreement and the Guarantee.

Yours truly,



Kourtney Rylands

Encl.



Reply to the Attention of: Kourtney Rylands
Direct Line: 403.355.3326
Email Address: kourtney.rylands@mcmillan.ca
Our File No.: 277272
Date: June 22, 2021

COPY

DELIVERED BY REGISTERED MAIL

2127712 Alberta Ltd.
160 Griffin Ranch Road
Cochrane, Alberta T4C 2B8

2127712 Alberta Ltd.
162 Bow Ridge Drive
Cochrane, Alberta T4C 1V7

Dear Sirs,

**Re: Offer of Finance dated September 14, 2018 (the "Loan Agreement")
between 2127712 Alberta Ltd. (the "Borrower") and Roynat Inc. (the
"Bank")**

We are counsel for the Bank with respect to the above-referenced matter. Capitalized terms included herein and not otherwise defined shall have the meaning given to them in the Loan Agreement.

The Borrower is in default under the Loan Agreement by reason of, among other things, its failure to make the payments when due, failure to deliver financial reporting when due, and a material adverse change in the position of the guarantor, North American Steel Erectors Inc.

On behalf of the Bank, we hereby demand payment by the Borrower of all amounts outstanding under the Loan Agreement, along with any additional amounts for which the Borrower may become liable from time to time.

In particular, we hereby demand payment of \$2,432,358.30 on account of principal and interest outstanding under the Loan Agreement as at June 15, 2021, which is due and payable in full, together with additional accrued and unpaid interest, fees, costs, expenses, and any other indebtedness under or in connection with the Loan Agreement. Interest will continue to accrue on the outstanding amounts in accordance with the Loan Agreement.

As security for the indebtedness and liabilities of the Borrower under the Loan Agreement, the Bank holds certain security including, without limitation, the security set out

in Schedule "A" hereto (the "**Security**"). On behalf of the Bank, we hereby declare that all of the obligations of the Borrower to the Bank pursuant to the Security are now immediately due and payable.

Please be advised that, if payment or arrangements satisfactory to the Bank for payment are not made forthwith, the Bank will take such further steps as it deems necessary to recover the outstanding amounts owing to the Bank. Those steps may include the enforcement of the Security or the appointment of a receiver.

We enclose herewith a Notice of Intention to Enforce Security addressed to the Borrower and issued pursuant to subsection 244(1) of the *Bankruptcy and Insolvency Act* (the "**Notice**"). We also enclose herewith Consent to the Bank enforcing the Security prior to the expiry of the 10-day period referred to in the Notice. Although you are not required to do so, on behalf of the Bank we hereby request that the Borrower execute the Consent and return it to the attention of the undersigned at the Borrower's earliest convenience. The Bank reserves its rights to proceed with the enforcement of the Security at any time prior to the time period specified in the enclosed Notice in those circumstances where such earlier enforcement may be permitted by law.

Yours truly,



Kourtney Rylands

Encl.

SCHEDULE "A"
SECURITY

1. Debenture between the Bank and 2127712 Alberta Ltd. dated September 28, 2018;
2. General Assignment of Rents and Leases in respect of the real property located at 590 Griffin Road East, Cochrane, Alberta between the Bank and 2127712 Alberta Ltd. dated September 28, 2018;
3. Guarantee and Indemnity Agreement in the amount of \$2,610,000 between the Bank and North American Steel Erectors Inc. dated September 28, 2018;
4. General Security Agreement between the Bank and North American Steel Erectors Inc. dated September 28, 2018;
5. Guarantee and Indemnity Agreement in the amount of \$450,000 between the Bank and Gordon Roger Spalding dated September 28, 2018; and
6. Guarantee and Indemnity Agreement in the amount of \$450,000 between the Bank and Steeve Toupin dated September 28, 2018.



Reply to the Attention of: Kourtney Rylands
Direct Line: 403.355.3326
Email Address: kourtney.rylands@mcmillan.ca
Our File No.: 277272
Date: June 22, 2021

DELIVERED BY REGISTERED MAIL

Gordon Roger Spalding
10432 Glenrose Dr
Delta, British Columbia V4K 0A6

Gordon Roger Spalding
162 Bow Ridge Drive
Cochrane, AB T4C 1V7

Dear Sir:

Re: Guarantee and Indemnity Agreement with respect to 2127712 Alberta Ltd. (the "Borrower") granted by Gordon Roger Spalding up to the maximum principal amount of \$450,000.00 signed September 28, 2018 (the "Guarantee") in favour of Roynat Inc. (the "Bank")

We are counsel for the Bank with respect to the above-referenced matter.

Pursuant to the Guarantee, you promised to pay the Bank on its demand, all debts, liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by the Borrower up to the maximum principal amount of \$450,000.00.

Enclosed is a copy of our demand letter issued to the Borrower (the "**Borrower Demand**") demanding payment of all amounts owing by the Borrower to the Bank pursuant to the loan agreement between the Borrower and the Bank (collectively, the "**Loan Agreement**") as further set out in the enclosed Borrower Demand. As you will note from the enclosed letter, the amount owing to the Bank under the Loan Agreement as at June 15, 2021 is \$2,432,358.30 together with additional accrued and unpaid interest, fees, costs, expenses, and all other amounts payable under or in connection with the Loan Agreement.

Accordingly, on behalf of the Bank, we hereby demand payment by you of \$450,000.00, together with interest, legal costs and all other amounts payable under the Guarantee.

Please be advised that, if payment or arrangements satisfactory to the Bank for payment are not made forthwith, the Bank will take such further steps as it deems necessary to recover the amounts outstanding under the Loan Agreement and the Guarantee.

Yours truly,



Kourtney Rylands

Encl.



Reply to the Attention of: Kourtney Rylands
Direct Line: 403.355.3326
Email Address: kourtney.rylands@mcmillan.ca
Our File No.: 277272
Date: June 22, 2021

COPY

DELIVERED BY REGISTERED MAIL

2127712 Alberta Ltd.
160 Griffin Ranch Road
Cochrane, Alberta T4C 2B8

2127712 Alberta Ltd.
162 Bow Ridge Drive
Cochrane, Alberta T4C 1V7

Dear Sirs:,

**Re: Offer of Finance dated September 14, 2018 (the "Loan Agreement")
between 2127712 Alberta Ltd. (the "Borrower") and Roynat Inc. (the
"Bank")**

We are counsel for the Bank with respect to the above-referenced matter. Capitalized terms included herein and not otherwise defined shall have the meaning given to them in the Loan Agreement.

The Borrower is in default under the Loan Agreement by reason of, among other things, its failure to make the payments when due, failure to deliver financial reporting when due, and a material adverse change in the position of the guarantor, North American Steel Erectors Inc.

On behalf of the Bank, we hereby demand payment by the Borrower of all amounts outstanding under the Loan Agreement, along with any additional amounts for which the Borrower may become liable from time to time.

In particular, we hereby demand payment of \$2,432,358.30 on account of principal and interest outstanding under the Loan Agreement as at June 15, 2021, which is due and payable in full, together with additional accrued and unpaid interest, fees, costs, expenses, and any other indebtedness under or in connection with the Loan Agreement. Interest will continue to accrue on the outstanding amounts in accordance with the Loan Agreement.

As security for the indebtedness and liabilities of the Borrower under the Loan Agreement, the Bank holds certain security including, without limitation, the security set out

in Schedule "A" hereto (the "**Security**"). On behalf of the Bank, we hereby declare that all of the obligations of the Borrower to the Bank pursuant to the Security are now immediately due and payable.

Please be advised that, if payment or arrangements satisfactory to the Bank for payment are not made forthwith, the Bank will take such further steps as it deems necessary to recover the outstanding amounts owing to the Bank. Those steps may include the enforcement of the Security or the appointment of a receiver.

We enclose herewith a Notice of Intention to Enforce Security addressed to the Borrower and issued pursuant to subsection 244(1) of the *Bankruptcy and Insolvency Act* (the "**Notice**"). We also enclose herewith Consent to the Bank enforcing the Security prior to the expiry of the 10-day period referred to in the Notice. Although you are not required to do so, on behalf of the Bank we hereby request that the Borrower execute the Consent and return it to the attention of the undersigned at the Borrower's earliest convenience. The Bank reserves its rights to proceed with the enforcement of the Security at any time prior to the time period specified in the enclosed Notice in those circumstances where such earlier enforcement may be permitted by law.

Yours truly,



Kourtney Rylands

Encl.

SCHEDULE "A"
SECURITY

1. Debenture between the Bank and 2127712 Alberta Ltd. dated September 28, 2018;
2. General Assignment of Rents and Leases in respect of the real property located at 590 Griffin Road East, Cochrane, Alberta between the Bank and 2127712 Alberta Ltd. dated September 28, 2018;
3. Guarantee and Indemnity Agreement in the amount of \$2,610,000 between the Bank and North American Steel Erectors Inc. dated September 28, 2018;
4. General Security Agreement between the Bank and North American Steel Erectors Inc. dated September 28, 2018;
5. Guarantee and Indemnity Agreement in the amount of \$450,000 between the Bank and Gordon Roger Spalding dated September 28, 2018; and
6. Guarantee and Indemnity Agreement in the amount of \$450,000 between the Bank and Steeve Toupin dated September 28, 2018.

EXHIBIT “H”

This is Exhibit “H” referred to in the Affidavit of

Crystal Martin

Sworn before me this 12th day of August, 2021



**A Commissioner for Oaths
in and for the Province of Alberta**

KRITIKA SHARMA
Barrister & Solicitor
A Commissioner for Oaths in and for Alberta

COURT FILE NUMBER: BK01 095206
COURT COURT OF QUEEN'S BENCH
OF ALBERTA IN BANKRUPTCY
AND INSOLVENCY
JUDICIAL CENTRE CALGARY
APPLICANT THE BANK OF NOVA SCOTIA
RESPONDENT NORTH AMERICAN STEEL
ERECTORS INC.



**IN THE MATTER OF THE
BANKRUPTCY OF NORTH
AMERICAN STEEL ERECTORS
INC.**

DOCUMENT **BANKRUPTCY ORDER**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
McMillan LLP
421 7th Avenue SW, Suite 1700
Calgary, Alberta T2P 4K9
Phone: 403.531-4700
Fax: 403.531.4720
Attention: Preet Saini
preet.saini@mcmillan.ca
File No. 269071

DATE ON WHICH ORDER WAS PRONOUNCED:	July 29, 2021
NAME OF JUSTICE WHO MADE THIS ORDER:	Justice C.M. Jones
LOCATION OF HEARING:	Calgary, Alberta

UPON THE APPLICATION FOR BANKRUPTCY ORDER being made by The Bank of Nova Scotia (the "Applicant"); **AND UPON** having read the application for Bankruptcy Order of the Applicant; **AND UPON** having read the Affidavit of Josh Coonan, filed in the within action; **AND UPON** reading the consent of MNP Ltd. to act as trustee in the bankruptcy of the estate of North American Steel Erectors Inc. ("NASE"); **AND UPON** hearing from counsel for the Applicant, NASE and the proposed trustee; **AND UPON** it appearing that all interested and affected parties have been served with notice of this application; **AND UPON** it appearing to the Court that the following acts of bankruptcy have been committed by NASE:

- (a) the debt owing by NASE exceeds \$1,000; and
- (b) within the 6 months preceding the date of filing of the application for Bankruptcy Order, NASE has ceased to meet its liabilities generally as they come due;

IT IS HEREBY ORDERED AND DECLARED THAT:

- 1. Service of the notice of this application and supporting materials is hereby declared to be good and sufficient, no other person is required to have been served with notice of this application, and the time for service of this application is abridged to that actually given.
- 2. NASE, be and is hereby adjudged bankrupt and that a Bankruptcy Order is hereby made against NASE.
- 3. MNP Ltd. be and is hereby appointed as trustee of the estate of the bankrupt NASE, without security.
- 4. The costs of and incidental to this application and of this Order be paid to the applicant, on a full indemnity, solicitor and own client basis, out of the assets of the estate of the bankrupt NASE.



Justice of the Court of Queen's Bench of
Alberta

EXHIBIT “I”

This is Exhibit “I” referred to in the Affidavit of

Crystal Martin

Sworn before me this 12th day of August, 2021



**A Commissioner for Oaths
in and for the Province of Alberta**

KRITIKA SHARMA
Barrister & Solicitor
A Commissioner for Oaths in and for Alberta


COURT FILE NUMBER:

COURT	COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE	CALGARY
PLAINTIFF	ROYNAT INC.
DEFENDANTS	2127712 ALBERTA LTD., GORDON ROGER SPALDING, and STEEVE TOUPIN
DOCUMENT	CONSENT TO ACT
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT	MNP Ltd. 1500, 640-5 th Avenue SW Calgary, AB T2P 3G4 Phone : 403-870-1827 Email: vic.kroeger@mnp.ca Attention: Victor P. Kroeger

MNP Ltd. hereby consents to be appointed as Receiver and Manager, or Receiver, of 2127712 Alberta Ltd.

DATED the 12th day of August, 2021.

MNP Ltd.

Per: 

Name: Victor P. Kroeger
Position: Senior Vice President

EXHIBIT “J”

**This is Exhibit “J” referred to in the Affidavit of
Crystal Martin**

Sworn before me this 12th day of August, 2021



**A Commissioner for Oaths
in and for the Province of Alberta**

**KRITIKA SHARMA
Barrister & Solicitor
A Commissioner for Oaths in and for Alberta**



Writer's Direct Line: 403-298-8479
Writer's Email: vic.kroeger@mnp.ca

VIA EMAIL: Crystal.Martin@Roynat.com

PRIVATE AND CONFIDENTIAL

August 10, 2021

Roynat Capital
1700, 255 6 Ave SW
Calgary, AB., T2P 1N2

Attention: Ms. Crystal Martin

Dear Ms. Martin:

Re: Advisory Services regarding 2127712 Alberta Ltd. (the "Company")

MNP Ltd. has had the opportunity to review Roynat Capital's ("Roynat") request regarding a process to market and sell the primary asset, 160 Griffin Ranch Road Cochrane, AB (the "Property"), of the Company and we would recommend the following proposed sales process (the Proposed Sales Process") for your consideration:

PROPOSED SALES PROCESS

Action	Estimated Timing
Application for Receivership Order	August 20, 2021
Preparation of Information summary to prospective purchasers	August 25, 2021
Newspaper notice published in Calgary Herald	September 8, 2021 and September 15, 2021
Data room access provided to those who sign confidentiality agreements	Throughout the process
Viewings for interested parties	Throughout the process
Deadline for offers	October 1, 2021

We believe that, based on our experience in the sale of similar types of real property, that the Proposed Sales Process will provide sufficient exposure and interest in the Property to maximize the value obtained.

These timeframes are estimated timing only and are subject to the approval of the Court should the Receivership Order inclusive of the Proposed Sales Process be granted.



KINCENTRIC
Best Employer
CANADA 2019

LICENSED INSOLVENCY TRUSTEES

1500, 640 - 5TH AVENUE SW, CALGARY, AB T2P 3G4

1.877.500.0792 P: 403.538.3187 F: 403.537.8437 MNPdebt.ca

If you have any questions, or concerns about the Proposed Sales Process, please contact the writer.

Yours very truly,

MNP Ltd.

Per:



Victor P. Kroeger CPA, CA, CIRP, LIT, CFE
Senior Vice President