

COURT FILE NO. 1901-06614

COURT COURT OF QUEENS' BENCH
OF ALBERTA

JUDICIAL CENTRE CALGARY

PLAINTIFF W. PIDHIRNEY HOLDINGS LTD.

DEFENDANT GALLOWAY CONSTRUCTION GROUP LTD.

DOCUMENT AFFIDAVIT

ADDRESS FOR
SERVICE AND
CONTACT
INFORMATION OF
PARTY FILING THIS
DOCUMENT

Darren R. Bieganeck, QC
Barrister & Solicitor
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File #204-200649
DUNCAN CRAIG LLP
LAWYERS MEDIATORS
2800 Scotia Place
10060 Jasper Avenue
Edmonton, Alberta Canada T5J 3V9

AFFIDAVIT OF ANGELO BLAIS

Sworn on June 6, 2019

I, ANGELO BLAIS, of Edmonton, Alberta, SWEAR AND SAY THAT:

1. I am the District Director for Roynat Inc. ("Roynat") and as such, I have personal knowledge of the matters herein deposed to or such knowledge as gleaned by me from the books and records maintained by Roynat in the ordinary course of its business, entries in which books and records are made reasonably contemporaneously with Roynat's business transactions as they occur. To the extent any information herein is based on information and belief, in such case I do verify believe same to be true.

LOANS TO GALLOWAY CONSTRUCTION GROUP LTD.

2. Roynat has made loans to Galloway Construction Group Ltd. ("Galloway").
3. As security for repayment of the loan Roynat received from Galloway a Demand Debenture in the face amount of \$7,500,000.00 dated August 8, 2014 whereby Galloway granted:
 - (a.) a security interest in all of its present and after acquired personal property to Roynat;
 - (b.) a fixed and specific charge on certain lands. The lands were originally one large parcel, and included a parcel of land within the boundaries of the Town of Ponoka. Once subdivision was complete, Roynat had a fixed and specific charge on the following parcels of land:

PLAN 1521209
BLOCK 2
LOT 1
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 4.05 HECTARES (10.01 ACRES) MORE OR LESS

PLAN 1521209
BLOCK 2
LOT 3
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 4.05 HECTARES (10.01 ACRES) MORE OR LESS

PLAN 1521209
BLOCK 2
LOT 5
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 4.05 HECTARES (10.01 ACRES) MORE OR LESS

PLAN 1521209
BLOCK 3
LOT 2
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 4.04 HECTARES (9.98 ACRES) MORE OR LESS

PLAN 1521209
BLOCK 3
LOT 4
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 16.18 HECTARES (39.98 ACRES) MORE OR LESS

PLAN 9924333
LOT 3
CONTAINING 1.2330 HECTARES (3.05 ACRES) MORE OR LESS
EXCEPTING THEREOUT:

	HECTARES	(ACRES)	MORE OR LESS
A) PLAN 0020544	SUBDIVISION	0.416	1.03

EXCEPTING THEREOUT ALL MINES AND MINERALS

(collectively the "Town Lot");

Attached and marked as **Exhibit "A"** is a copy of the Demand Debenture and attached and marked as **Exhibit "B"** is a copy of the Supplemental Debenture which was entered on or about June 2, 2017. The Demand Debenture and the Supplemental Debenture are herein referred to as "Roynat's Security".

4. Roynat's security interest was registered by way of Financing Statement at Personal Property Registry for the Province of Alberta ("APPR") on August 18, 2014 as confirmed by the Personal Property Registry Search Result attached as Exhibit "5" to the Affidavit of Wayne Pidhirney sworn May 7, 2019.

5. Roynat's Security was registered by Roynat at the Alberta Land Titles Office on or about June 27, 2017. Attached and marked collectively as **Exhibit "C"** to this Affidavit are copies of the titles to the Lands exclusive of the Town Lot which was sold by Galloway with the consent of Roynat.
6. Roynat was aware of the W. Pidhirney Holdings Ltd. ("Pidhirney") loans and advances to Galloway. On or about May 2, 2017 Roynat, Pidhirney and Galloway entered into a Priorities Agreement which established the rights and obligations of Roynat and Pidhirney pursuant to their respective security. In essence, Pidhirney has first security on the personal property of Galloway. Roynat has first security on the real estate.
7. By the terms of the Priorities Agreement, neither secured party was to commence proceedings to enforce security unless at least sixty (60) days prior notice to the other secured party (the "Initiating Notice") was provided.
8. A copy of the Priorities Agreement is attached hereto and marked as **Exhibit "D"**.

FORBEARANCE AGREEMENT AND PRIORITIES AMENDING AGREEMENT

9. In the fall of 2018 Galloway was in default of its obligations to Roynat and had made a decision to commence a wind-up of its operations. As a result of discussions among Roynat, Galloway and Pidhirney a Forbearance Agreement was entered into a copy of which is attached hereto as **Exhibit "E"**.
10. At the time of the Forbearance Agreement the outstanding amounts due and owing to Roynat was \$6,249,952.83.
11. By the terms of the Forbearance Agreement, Roynat agreed to forbear from taking enforcement steps until May 15, 2019 to allow Galloway to effect an orderly winddown of its operations.
12. One of the deliverables under the Forbearance Agreement was that Pidhirney would agree to an amendment of the Priorities Agreement reducing the timeframe for the provision of the Initiating Notice to 10 ten days. All parties agreed to that change. Attached and marked as **Exhibit "F"** is a copy of the Priorities Agreement Amending Agreement.
13. During the forbearance period the Town Lot was sold. Net proceeds in the sum of \$1,451,982.18 were paid to Roynat in exchange for a partial discharge Roynat's Security on the Town Lot.

RECEIVERSHIP APPLICATION

14. Roynat did not receive an Initiating Notice from Pidhirney under the terms of the Priorities Agreement Amending Agreement.
15. Roynat did receive verbal indication that a Receivership Application would be brought and on or about May 10, 2019 Roynat was served with notice of the Application.

DEMANDS

16. On May 21, 2019 Roynat made demand and issued a Notice of Intention to Enforce Security on Galloway and the Guarantors. Attached and marked respectively as **Exhibit "G" and "H"** are copies of the Demand and Notice of Intention to Enforce Security issued to Galloway and a copy of the Demand issued to the Guarantors.
17. Concurrent with the issuance of the Demands the Initiating Notice of Roynat was issued to Pidhirney and its counsel. A copy of Roynat's Initiating Notice is attached hereto as **Exhibit "I"**.

COSTS OF RECEIVERSHIP

18. It is Roynat's understanding of the terms of the Priorities Agreement, as amended, that each secured party has priority to the extent of its debt, interest and costs on the collateral to which it has first priority. Pidhirney's security is the personal property, including accounts receivable, the equipment and so forth. Roynat's is the land. In taking steps to appoint a Receiver and asking this Honourable Court to grant first charge security to the Receiver for its costs and its borrowings over all assets of the Debtor, is viewed by Roynat as certainly, at a minimum, not within the spirit and intent of the Priorities Agreement. If Pidhirney is desirous in appointing a Receiver in the circumstances that are presented, then Roynat's view is that:
 - (a) The Receiver's Charge and the Receiver's Borrowing Charge should be first priority on the Pidhirney security; and
 - (b) Those charges should be a second priority on Roynat's security.
19. There were discussions prior to the Receivership Application being issued to the affect that some road work would need to be done in respect of what has been described as the "Additional Lands" (Lots 1-4) in Mr. Pidhirney's Affidavit. There is no evidence before the Court to address the method or costs associated with that.

AMOUNTS OUTSTANDING TO ROYNAT

20. There is due and owing to Roynat as at May 17, 2019 the sum of \$4,766,772.12. A copy of the payout statement is attached as **Exhibit "J"**. Interest and legal costs on a solicitor client basis continue to accrue.

This is ~~Sworn~~ "A" referred to in the Affidavit of

Angelo Blas

Sworn before me this 6th day of June A.D., 2014

DEMAND DEBENTURE

GALLOWAY OILFIELD CONSTRUCTION LTD.

6707 46 Avenue, Ponoka, AB T4J 1J8

Karla J. Sookdeo
A Notary Public, A Commissioner for Oaths
in and for the Province of Alberta

TO: ROYNAT INC. ("Roynat")
3900 Scotia Centre, 700-2nd Street SW, Calgary, AB T2P 2W2

KARLA J. SOOKDEO
Commissioner for Oaths
in and for Alberta

DATE: August 8th, 2014

My Commission Expires Dec. 22, 2021

FOR VALUE RECEIVED and intending to be legally bound by this demand 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 Seven Million Five Hundred Thousand Dollars (\$7,500,000.00) and interest at the rate of 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, 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. And for the same consideration and purposes and subject to the same exceptions, the Debtor hereby charges as and by way of a 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 of third parties (including complete reimbursement for 100% of all legal fees and disbursements) 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; and
 - (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.
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; and

to 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 of and incidental to the appointment of the receiver (including complete reimbursement for 100% of all legal fees and disbursements) 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 complete reimbursement for 100% of all legal fees and disbursements) 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.

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) 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).

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

GALLOWAY OILFIELD CONSTRUCTION LTD.

By: _____

Name:
Title:

c/s

By: _____

Name:
Title:

SCHEDULE "A"

List of Freehold Property

DESCRIPTIVE PLAN 9022597

LOT 1

CONTAINING 50.72 HECTARES (125.33) ACRES MORE OR LESS

EXCEPTING THEREOUT:

	HECTARES	(ACRES) MORE OR LESS
A) PLAN 1125436 - SUBDIVISION	8.094	20.00
B) PLAN 1320240 - SUBDIVISION	8.09	19.99
EXCEPTING THEREOUT ALL MINES AND MINERALS		

SCHEDULE "B"

List of Leasehold Property

SCHEDULE "C"

LOCATION AND DESCRIPTION OF COLLATERAL

Location of Collateral:

Description of Collateral:

(include equipment by item or kind and, where applicable, the make, model and serial number and, in the case of motor vehicles, the Vehicle Identification numbers.)

I

THIS SUPPLEMENTAL DEBENTURE dated the 2nd day of June, 2017.

BETWEEN:

GALLOWAY CONSTRUCTION GROUP LTD., a corporation incorporated under the laws of Alberta, and having its head office at 6707 46 Avenue, Ponoka, Alberta T4J 1J8,

(hereinafter referred to as the "Company")

OF THE FIRST PART

This is Exhibit "B" referred to in the Affidavit of

Angelo Blais
Sworn before me this 6th day
of June, A.D., 2019

- and -

ROYNAT INC., a corporation incorporated under the laws of Canada, and having an office at 3900 Scotia Centre, 700-2 Street SW, Calgary, AB T2P 2W2

(hereinafter referred to as "Roynat")

OF THE SECOND PART.

KARLA J. SOOKDEO
Commissioner for Oaths
in and for Alberta

My Commission Expires Dec 22, 2021
The Company has issued to Roynat a debenture (the "Debenture") dated August 8, 2014 in the face amount of Seven Million Five Hundred Thousand Dollars (\$7,500,000.00) attached hereto as Appendix "I" and forming a part hereof; and

WHEREAS the Debenture or notice thereof, has been filed or registered in Alberta; and

WHEREAS the Company has certain other lands and premises (the "Land") described in Schedule "A" hereto; and

WHEREAS the Company is executing this Supplemental Debenture as further security for its obligations under the Debenture in order to specifically charge the Land to and in favour of Roynat.

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

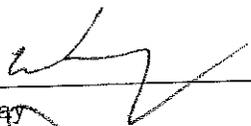
1. This Supplemental Debenture is supplemental to the Debenture and the Debenture shall henceforth be read in conjunction with this Supplemental Debenture and all the provisions of the Debenture, except only insofar as the same may be inconsistent with the express provisions hereof, shall apply and have the same effect as if all the provisions of the Debenture and of this Supplemental Debenture were contained in one instrument and the expressions used herein shall have the same meaning as is ascribed to the corresponding expressions in the Debenture.
2. Schedule "A" of the Debenture shall be and the same is hereby amended by adding the Land.
3. As further security for the payment of the principal, interest and other monies from time to time owing on the Debenture as amended hereby, and the performance by the Company of its obligations thereunder and hereunder, but subject to the Permitted Encumbrances and to the exception as to leaseholds therein contained, the Company hereby grants, mortgages and charges, as and by way of a first, fixed and specific mortgage and charge to and in favour of Roynat all the Land in Schedule "A" hereto.
4. The mortgages and charges hereby created are by way of further assurance to Roynat and are in addition to and are not in substitution for any similar provisions contained in the Debenture or any other security held by Roynat.
5. The Debenture shall be and continue in full force and effect, unamended, and the Company hereby confirms the Debenture in all other respects.

6. These presents are binding upon the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF the Company has executed this Supplemental Debenture.

GALLOWAY CONSTRUCTION GROUP LTD.

By:


Name: Wade Galloway
Title: President

c/s

By:


Name: Wayne Pidhirney
Title: Secretary

APPENDIX "1"

DEMAND DEBENTURE

GALLOWAY OILFIELD CONSTRUCTION LTD.
6707 46 Avenue, Ponoka, AB T4J 1J8

TO: ROYNAT INC. ("Roynat")
3900 Scotia Centre, 700-2nd Street SW, Calgary, AB T2P 2W2

DATE: August 8th, 2014

FOR VALUE RECEIVED and intending to be legally bound by this demand 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 Seven Million Five Hundred Thousand Dollars (\$7,500,000.00) and interest at the rate of 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, 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. And for the same consideration and purposes and subject to the same exceptions, the Debtor hereby charges as and by way of a 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 of third parties (including complete reimbursement for 100% of all legal fees and disbursements) 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; and
 - (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.
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; and

to 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 of and incidental to the appointment of the receiver (including complete reimbursement for 100% of all legal fees and disbursements) 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 complete reimbursement for 100% of all legal fees and disbursements) 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.

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) 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).

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

GALLOWAY OILFIELD CONSTRUCTION LTD.

By: _____
Name:
Title:

c/s

By: _____
Name:
Title:

SCHEDULE "A"

List of Freehold Property

DESCRIPTIVE PLAN 9022597

LOT 1

CONTAINING 50.72 HECTARES (125.33) ACRES MORE OR LESS

EXCEPTING THEREOUT:

		HECTARES	(ACRES) MORE OR LESS
A) PLAN 1125436 -	SUBDIVISION	8.094	20.00
B) PLAN 1320240 -	SUBDIVISION	8.09	19.99

EXCEPTING THEREOUT ALL MINES AND MINERALS

SCHEDULE "B"

List of Leasehold Property

SCHEDULE "C"

LOCATION AND DESCRIPTION OF COLLATERAL

Location of Collateral:

Description of Collateral:

(include equipment by item or kind and, where applicable, the make, model and serial number and, in the case of motor vehicles, the Vehicle Identification numbers.)

I

Schedule "A"

PLAN 0722791
BLOCK 1
LOT 8
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 0.874 HECTARES (2.16 ACRES) MORE OR LESS

and

PLAN 9924333
LOT 3
CONTAINING 1.2330 HECTARES (3.05 ACRES) MORE OR LESS
EXCEPTING THEREOUT:

	HECTARES	(ACRES) MORE OR LESS
A) PLAN 0020544 SUBDIVISION	0.416	1.03

EXCEPTING THEREOUT ALL MINES AND MINERALS



LAND TITLE CERTIFICATE

S
LINC 0036 581 974 SHORT LEGAL 1521209;2;1 TITLE NUMBER 152 075 678

LEGAL DESCRIPTION
PLAN 1521209
BLOCK 2
LOT 1
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 4.05 HECTARES (10.01 ACRES) MORE OR LESS

ESTATE: FEE SIMPLE
ATS REFERENCE: 4;26;43;12;SW

MUNICIPALITY: PONOKA COUNTY
REFERENCE NUMBER: 142 214 470

This is Exhibit " C " referred to in the Affidavit of Angela Blais Sworn before me this 6th day of June A.D., 2019. Karla J. Sookdeo A Notary Public, A Commissioner for Oaths in and for the Province of Alberta

Table with 6 columns: REGISTRATION, DATE (DMY), DOCUMENT TYPE, VALUE, CONSIDERATION, REGISTERED OWNER(S). Row 1: 152 075 678, 09/03/2015, SUBDIVISION PLAN, OWNERS

OWNERS
GALLOWAY CONSTRUCTION GROUP LTD.
OF 6707 46 AVE
PONOKA
ALBERTA T4J 1J8

KARLA J. SOOKDEO
Commissioner for Oaths
in and for Alberta
My Commission Expires Dec. 22, 2021

ENCUMBRANCES, LIENS & INTERESTS
Table with 3 columns: REGISTRATION NUMBER, DATE (D/M/Y), PARTICULARS. Row 1: 972 167 842, 11/06/1997, UTILITY RIGHT OF WAY GRANTEE - CENTRA GAS ALBERTA INC. Row 2: 142 272 251, 22/08/2014, MORTGAGE MORTGAGEE - ROYNAT INC. BROOKFIELD PLACE SUITE 1700 225 6 AVE SW CALGARY

ENCUMBRANCES, LIENS & INTERESTS

PAGE 2
152 075 678

REGISTRATION
NUMBER DATE (D/M/Y) PARTICULARS

ALBERTA T2P1N2
ORIGINAL PRINCIPAL AMOUNT: \$7,500,000
(DATA UPDATED BY: CHANGE OF ADDRESS 182072045)

172 089 439 11/04/2017 MORTGAGE
MORTGAGEE - W. PIDHIRNEY HOLDINGS LTD.
BOX 61
LESLIEVILLE
ALBERTA T0M1H0
ORIGINAL PRINCIPAL AMOUNT: \$1,200,000

172 151 252 15/06/2017 MORTGAGE
MORTGAGEE - W. PIDHIRNEY HOLDINGS LTD.
BOX 61
LESLIEVILLE
ALBERTA T0M1H0
ORIGINAL PRINCIPAL AMOUNT: \$11,000,000

TOTAL INSTRUMENTS: 004

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN
ACCURATE REPRODUCTION OF THE CERTIFICATE OF
TITLE REPRESENTED HEREIN THIS 24 DAY OF
OCTOBER, 2018 AT 10:48 A.M.

ORDER NUMBER: 36124844

CUSTOMER FILE NUMBER: 204-200649



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,
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PART OF THE ORIGINAL PURCHASER APPLYING PROFESSIONAL, CONSULTING
OR TECHNICAL EXPERTISE FOR THE BENEFIT OF CLIENT(S).

ENCUMBRANCES, LIENS & INTERESTS

PAGE 2

152 075 678 +1

REGISTRATION
NUMBER DATE (D/M/Y) PARTICULARS

ALBERTA T2P1N2
ORIGINAL PRINCIPAL AMOUNT: \$7,500,000
(DATA UPDATED BY: CHANGE OF ADDRESS 182072045)

172 089 439 11/04/2017 MORTGAGE
MORTGAGEE - W. PIDHIRNEY HOLDINGS LTD.
BOX 61
LESLIEVILLE
ALBERTA T0M1H0
ORIGINAL PRINCIPAL AMOUNT: \$1,200,000

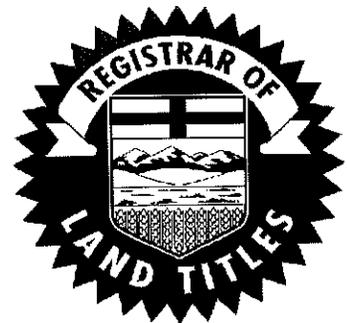
172 151 252 15/06/2017 MORTGAGE
MORTGAGEE - W. PIDHIRNEY HOLDINGS LTD.
BOX 61
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ENCUMBRANCES, LIENS & INTERESTS

PAGE 2
152 075 678 +2

REGISTRATION
NUMBER DATE (D/M/Y) PARTICULARS

ALBERTA T2P1N2
ORIGINAL PRINCIPAL AMOUNT: \$7,500,000
(DATA UPDATED BY: CHANGE OF ADDRESS 182072045)

172 089 439 11/04/2017 MORTGAGE
MORTGAGEE - W. PIDHIRNEY HOLDINGS LTD.
BOX 61
LESLIEVILLE
ALBERTA T0M1H0
ORIGINAL PRINCIPAL AMOUNT: \$1,200,000

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OR TECHNICAL EXPERTISE FOR THE BENEFIT OF CLIENT(S).



LAND TITLE CERTIFICATE

S
LINC SHORT LEGAL TITLE NUMBER
0036 582 006 1521209;3;2 152 075 678 +3

LEGAL DESCRIPTION
PLAN 1521209
BLOCK 3
LOT 2
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 4.05 HECTARES (10.01 ACRES) MORE OR LESS

ESTATE: FEE SIMPLE
ATS REFERENCE: 4;26;43;12;SW

MUNICIPALITY: PONOKA COUNTY

REFERENCE NUMBER: 142 214 470

REGISTRATION	DATE (DMY)	REGISTERED OWNER(S) DOCUMENT TYPE	VALUE	CONSIDERATION
152 075 678	09/03/2015	SUBDIVISION PLAN		

OWNERS

GALLOWAY CONSTRUCTION GROUP LTD.
OF 6707 46 AVE
PONOKA
ALBERTA T4J 1J8

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
972 167 842	11/06/1997	UTILITY RIGHT OF WAY GRANTEE - CENTRA GAS ALBERTA INC.
142 272 251	22/08/2014	MORTGAGE MORTGAGEE - ROYNAT INC. BROOKFIELD PLACE SUITE 1700 225 6 AVE SW CALGARY

(CONTINUED)

ENCUMBRANCES, LIENS & INTERESTS

PAGE 2
152 075 678 +3

REGISTRATION
NUMBER DATE (D/M/Y) PARTICULARS

ALBERTA T2P1N2
ORIGINAL PRINCIPAL AMOUNT: \$7,500,000
(DATA UPDATED BY: CHANGE OF ADDRESS 182072045)

172 089 439 11/04/2017 MORTGAGE
MORTGAGEE - W. PIDHIRNEY HOLDINGS LTD.
BOX 61
LESLIEVILLE
ALBERTA T0M1H0
ORIGINAL PRINCIPAL AMOUNT: \$1,200,000

172 151 252 15/06/2017 MORTGAGE
MORTGAGEE - W. PIDHIRNEY HOLDINGS LTD.
BOX 61
LESLIEVILLE
ALBERTA T0M1H0
ORIGINAL PRINCIPAL AMOUNT: \$11,000,000

TOTAL INSTRUMENTS: 004

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OCTOBER, 2018 AT 10:48 A.M.

ORDER NUMBER: 36124844

CUSTOMER FILE NUMBER: 204-200649



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LAND TITLE CERTIFICATE

S
LINC SHORT LEGAL TITLE NUMBER
0036 582 014 1521209;3;4 152 075 678 +4

LEGAL DESCRIPTION
PLAN 1521209
BLOCK 3
LOT 4
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 4.04 HECTARES (9.98 ACRES) MORE OR LESS

ESTATE: FEE SIMPLE
ATS REFERENCE: 4;26;43;12;SW

MUNICIPALITY: PONOKA COUNTY
REFERENCE NUMBER: 142 214 470

REGISTRATION	DATE (DMY)	REGISTERED OWNER(S) DOCUMENT TYPE	VALUE	CONSIDERATION
152 075 678	09/03/2015	SUBDIVISION PLAN		

OWNERS

GALLOWAY CONSTRUCTION GROUP LTD.
OF 6707 46 AVE
PONOKA
ALBERTA T4J 1J8

ENCUMBRANCES, LIENS & INTERESTS

REGISTRATION NUMBER	DATE (D/M/Y)	PARTICULARS
972 167 842	11/06/1997	UTILITY RIGHT OF WAY GRANTEE - CENTRA GAS ALBERTA INC.
142 272 251	22/08/2014	MORTGAGE MORTGAGEE - ROYNAT INC. BROOKFIELD PLACE SUITE 1700 225 6 AVE SW CALGARY

(CONTINUED)

ENCUMBRANCES, LIENS & INTERESTS

PAGE 2
152 075 678 +4

REGISTRATION

NUMBER DATE (D/M/Y) PARTICULARS

ALBERTA T2P1N2
ORIGINAL PRINCIPAL AMOUNT: \$7,500,000
(DATA UPDATED BY: CHANGE OF ADDRESS 182072045)

172 089 439 11/04/2017 MORTGAGE
MORTGAGEE - W. PIDHIRNEY HOLDINGS LTD.
BOX 61
LESLIEVILLE
ALBERTA T0M1H0
ORIGINAL PRINCIPAL AMOUNT: \$1,200,000

172 151 252 15/06/2017 MORTGAGE
MORTGAGEE - W. PIDHIRNEY HOLDINGS LTD.
BOX 61
LESLIEVILLE
ALBERTA T0M1H0
ORIGINAL PRINCIPAL AMOUNT: \$11,000,000

TOTAL INSTRUMENTS: 004

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN
ACCURATE REPRODUCTION OF THE CERTIFICATE OF
TITLE REPRESENTED HEREIN THIS 24 DAY OF
OCTOBER, 2018 AT 10:48 A.M.

ORDER NUMBER: 36124844

CUSTOMER FILE NUMBER: 204-200649



END OF CERTIFICATE

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 ENCUMBRANCES, LIENS & INTERESTS

PAGE 2
 # 012 386 363

REGISTRATION

NUMBER	DATE (D/M/Y)	PARTICULARS
992 184 094	29/06/1999	UTILITY RIGHT OF WAY GRANTEE - THE TOWN OF PONOKA. AS TO PORTION OR PLAN:9924334
172 089 439	11/04/2017	MORTGAGE MORTGAGEE - W. PIDHIRNEY HOLDINGS LTD. BOX 61 LESLIEVILLE ALBERTA T0M1H0 ORIGINAL PRINCIPAL AMOUNT: \$1,200,000
172 151 252	15/06/2017	MORTGAGE MORTGAGEE - W. PIDHIRNEY HOLDINGS LTD. BOX 61 LESLIEVILLE ALBERTA T0M1H0 ORIGINAL PRINCIPAL AMOUNT: \$11,000,000
172 163 374	27/06/2017	MORTGAGE MORTGAGEE - ROYNAT INC. BROOKFIELD PLACE SUITE 1700 225 6 AVE SW CALGARY ALBERTA T2P1N2 ORIGINAL PRINCIPAL AMOUNT: \$7,500,000 (DATA UPDATED BY: CHANGE OF ADDRESS 182072029)
172 219 823	23/08/2017	POSTPONEMENT OF MORT 172151252 TO MORT 172163374
172 219 824	23/08/2017	POSTPONEMENT OF MORT 172089439 TO MORT 172163374

TOTAL INSTRUMENTS: 007

THE REGISTRAR OF TITLES CERTIFIES THIS TO BE AN
 ACCURATE REPRODUCTION OF THE CERTIFICATE OF
 TITLE REPRESENTED HEREIN THIS 24 DAY OF
 OCTOBER, 2018 AT 12:02 P.M.

ORDER NUMBER: 36126216

CUSTOMER FILE NUMBER: 204-200649



END OF CERTIFICATE

(CONTINUED)

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.

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PRIORITIES AGREEMENT

This Priorities Agreement dated as of May 2, 2017 is made among:

This is Exhibit " D " referred to in the Affidavit of Angelo Blais sworn before me this 6th day of June A.D., 2019 of Karla Sookdeo A Notary Public, A Commissioner for Oaths in and for the Province of Alberta

ROYNAT INC. ("Roynat")

-and-

W. PIDHIRNEY HOLDINGS LTD. ("Pidhirney")

-and-

GALLOWAY CONSTRUCTION GROUP LTD. (the "Borrower")

WHEREAS:

KARLA J. SOOKDEO Commissioner for Oaths in and for Alberta My Commission Expires Dec. 22, 2021

Roynat has established certain credit facilities (the "Roynat Loan") in favour of the Borrower pursuant to an offer to finance dated June 6, 2014 and accepted June 12, 2014, (the "Roynat Loan Agreement") and the Borrower has granted to Roynat security in certain collateral under the security documents described in Schedule "A" attached hereto, as such security documents may be amended, supplemented, restated or replaced from time to time (collectively, the "Roynat Security");

Pidhirney proposes to make a loan (the "Pidhirney Loan") to the Borrower having an initial aggregate principal amount of seven million (\$7,000,000), pursuant to a Subscription and Note Purchase Agreement dated on or about May 1, 2017 (the "Pidhirney Loan Agreement"), and the Borrower will grant to Pidhirney security in certain collateral under the security documents described in Schedule "B" attached hereto, as such security documents may be amended, supplemented, restated or replaced from time to time (collectively, the "Pidhirney Security");

- C. The Borrower is indebted to Alberta Treasury Branches ("ATB") in the approximate aggregate amount of \$2,989,460.79 (the "ATB Obligations") pursuant to credit facilities provided by ATB;
D. The Borrower is indebted to Pidhirney in the aggregate amount of \$1,200,000 (the "Bridge Loan Obligations") pursuant to a loan made to the Borrower on or about March 24, 2017;
E. The net proceeds to the Borrower of the Pidhirney Loan, in the amount of \$7,000,000, will be utilized by the Borrower as follows:
a. \$2,920,160.65 for the repayment of the ATB Obligations;
b. \$1,200,000 for the repayment of the Bridge Loan Obligations; and

- c. the remainder, (the "**Net Working Capital Funds**") to be retained and utilized by the Borrower for working capital purposes.

NOW THEREFORE, in consideration of these premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties covenant and agree as follows:

1. For the purposes of this Agreement:

"**ATB**" has the meaning ascribed thereto in the Recitals.

"**Collateral**" means all present and after acquired real and personal property of the Borrower.

"**LTA**" means the *Land Titles Act*, R.S.A. 2000, c. L-4, as amended from time to time.

"**New Improvements**" means, collectively, all buildings and all other erections, structures, plants, improvements, equipment, machinery apparatus, fittings, fixtures and other installations or accessories now or hereafter incorporated in or erected on the New Lands, and including all replacements thereof, improvements and additions thereto from time to time.

"**New Lands**" means those lands of the Borrower located in the County of Ponoka, Alberta legally described as:

- (i) PLAN 1521209
BLOCK 2
LOT 1
EXCEPTING THEREOUT ALL MINES AND MINERALS
- (ii) PLAN 1521209
BLOCK 2
LOT 3
EXCEPTING THEREOUT ALL MINES AND MINERALS
- (iii) PLAN 1521209
BLOCK 2
LOT 5
EXCEPTING THEREOUT ALL MINES AND MINERALS
- (iv) PLAN 1521209
BLOCK 3
LOT 2
EXCEPTING THEREOUT ALL MINES AND MINERALS
- (v) PLAN 1521209
BLOCK 3
LOT 4
EXCEPTING THEREOUT ALL MINES AND MINERALS;

"New Premises" means, collectively, the New Lands and the New Improvements.

"Net Working Capital Funds" has the meaning ascribed thereto in the Recitals.

"Old Improvements" means, collectively, all buildings and all other erections, structures, plants, improvements, equipment, machinery apparatus, fittings, fixtures and other installations or accessories now or hereafter incorporated in or erected on the Old Lands, and including all replacements thereof, improvements and additions thereto from time to time.

"Old Lands" means those lands of the Borrower located in the Town of Ponoka, Alberta legally described as:

- (i) PLAN 0722791
BLOCK 1
LOT 8
EXCEPTING THEREOUT ALL MINES AND MINERALS
- (ii) PLAN 9924333
LOT 3
CONTAINING 1.2330 HECTARES (3.05 ACRES) MORE OR LESS
EXCEPTING THEREOUT:
 - A) PLAN 0020544 SUBDIVISION 0.416 1.03
EXCEPTING THEREOUT ALL MINES AND MINERALS

"Old Premises" means, collectively, the Old Lands and the Old Improvements.

"Parties" means the parties to this Agreement, and "Party" means any one of them.

"Pidhirney Loan Agreement" has the meaning ascribed thereto in the Recitals.

"Pidhirney Security" has the meaning ascribed thereto in the Recitals.

"PPSA" means the *Personal Property Security Act*, R.S.A. 2000, c. P-7, as amended from time to time.

"Premises" means, collectively, the New Premises and the Old Premises.

"Proceeds" has the meaning ascribed thereto in the PPSA.

"Roynat Security" has the meaning ascribed thereto in the Recitals.

"Roynat Specific Collateral" means, collectively, the Premises.

"Security" means collectively, the Pidhirney Security and the Roynat Security.

2. Each Secured Party hereby acknowledges its consent to the creation and granting by the Borrower of each other Secured Party's Security.

3. Roynat confirms and represents that as of the date hereof, the aggregate principal and interest owing in respect of the Roynat Loan is \$ 7,205,549.00. Roynat further acknowledges and agrees with Pidhirney that other than the Roynat Loan and the Roynat Security, the Borrower does not have any indebtedness, liabilities or obligations owing to Roynat, and has not granted to and will not grant to Roynat any security, mortgage or any other interest over any of the Borrower's present or after acquired property. Further, Roynat confirms that to its knowledge, there is no Event of Default (as defined in the Roynat Loan Agreement) in effect as of the date of this Agreement, subject to the following:

- (a) Working Capital Ratio has been changed to equal to or greater than 1.50:1 at all times;
- (b) That the Debt Service Coverage Ratio requirement has been waived for all periods ending on or before April 30, 2018; and
- (c) The Borrower is to maintain a minimum EBITDA of equal to or greater than \$1,200,000.00 for the twelve (12) month period ending April 30, 2018.

"EBITDA" shall mean, for any given period, the net income of the person concerned (adjusted upwards or downwards, depending on the case, so as not to include extraordinary or non-recurring items and minority interests) plus (insofar as they deducted in the calculation of net income) (i) income taxes, (ii) interest expenses, and (iii) amortization and depreciation expenses.

4. Pidhirney acknowledges and agrees with Roynat that upon repayment of the Bridge Loan as contemplated in the Recitals, other than the Pidhirney Loan and the Pidhirney Security, the Borrower does not have any indebtedness, liabilities or obligations owing to Pidhirney, and has not granted to and other than as permitted by Section 5, will not grant to Pidhirney any security, mortgage or any other interest over any of the Borrower's present or after acquired property.

5. Pidhirney shall be permitted to loan up to an additional three million (\$3,000,000) dollars to the Borrower from time to time after the date hereof and the indebtedness of the Borrower arising from such additional loans shall, for the purposes of this Agreement, as between the Secured Parties, be added to the Pidhirney Loan and secured by the Pidhirney Security.

6. Each of the Secured Parties hereby covenants and agrees that its respective Security shall have the following priorities as against one another:

- (a) the Roynat Security is hereby postponed and subordinated in all respects to the Pidhirney Security to the extent of, and with respect to the Collateral and all of the Proceeds thereof other than the Roynat Specific Collateral, to the extent of the indebtedness and liabilities of the Borrower to Pidhirney from time to time, together with all accrued interest thereon and all costs, charges and expenses incurred by Pidhirney in connection therewith, including without limitation, legal fees on a solicitor and his own client basis; and
- (b) the Pidhirney Security is hereby postponed and subordinated in all respects to the Roynat Security to the extent of, and with respect to, the Roynat Specific

Collateral only and all of the Proceeds thereof, to the extent of the indebtedness and liabilities of the Borrower to Roynat from time to time, together with all accrued interest thereon and all costs, charges and expenses incurred by Roynat in connection therewith, including without limitation, legal fees on a solicitor and his own client basis.

7. The foregoing priorities shall apply in all events and circumstances regardless of:
- (a) the date of execution, attachment, registration or perfection of any security held by either of the Secured Parties;
 - (b) the date of any advance, advances or demand made to the Borrower by either of the Secured Parties, or the date upon which any obligations and indebtedness of the Borrower arose in favour of either of the Secured Parties;
 - (c) the date of default by the Borrower under any of the Roynat Security or the Pidhirney Security, or the dates of crystallization of any floating charges held by a Secured Party;
 - (d) the time of crystallization of any security interest, mortgage, charge, assignment, pledge or encumbrance;
 - (e) the timing of enforcement or realization of the Security;
 - (f) any failed, inadequate, invalid or ineffective registration, recordation, filing or notification with respect to any security interest, security notice, mortgage, charge, assignment, pledge or encumbrance;
 - (g) the extension of time being given to the Borrower or any other change in the terms of the Security or any other document made between the Borrower and a Secured Party;
 - (h) any compromise, arrangement or plan of debt restructuring or reorganization affecting the Borrower;
 - (i) the release of any person, firm or corporation liable as a surety, guarantor or otherwise in respect of the indebtedness, liability and obligations of the Borrower to a Secured Party;
 - (j) the omission or refraining from proving the claim or any part of the claim of a Secured Party in any bankruptcy, winding-up, liquidation, arrangement, compromise or other proceeding involving the Borrower;
 - (k) any other fact, matter or defect which, but for this Agreement, would impact on the priority of the Security as provided for in this Agreement; or
 - (l) any priority granted by any principle of law or any statute, including the PPSA and the LTA.

8. Without affecting Section 11, any Proceeds (including without limitation, any insurance Proceeds received by the Borrower, or any Secured Party) in respect of the Collateral charged by each Secured Party's Security shall be dealt with according to the preceding provisions hereof as though such Proceeds were paid or payable as Proceeds of realization of the Collateral for which they compensate.

9. Each Secured Party shall permit (a) the other Secured Party, and its respective employees, agents and contractors, access at all reasonable times to any property and assets of the Borrower upon which it has a prior charge or security interest in accordance with the terms hereof, and (b) the other Secured Party to remove such property and assets from the premises of the Borrower at all reasonable times without interference, provided, however, such other Secured Party shall promptly repair any damage caused to such premises by the removal of any such property or assets.

10. Subject to Section 11, the Borrower hereby confirms to and agrees with the Secured Parties that so long as any of its obligations to the Secured Parties, or either of them, remains outstanding, it shall stand possessed of its assets and property so charged for the Secured Parties in accordance with their respective interests and priorities as herein set out.

11. The Borrower shall be permitted to sell the Old Premises at any time if:

- (a) the sale is to an arm's length purchaser for cash; and
- (b) proceeds of no less than one million five hundred thousand dollars (\$1,500,000) are held in trust for and paid to Roynat and applied to the Roynat Loan immediately following completion of each such sale. For clarity, all proceeds of such sale, to the extent exceeding \$1,500,000, may be retained by the Borrower and to the extent retained, shall not be considered Proceeds of the Old Premises for the purposes of this Agreement or the Roynat Security.

If the foregoing criteria are met, Roynat and Pidhirney shall cooperate with the Borrower to facilitate such sales, including by providing discharges and undertakings (on appropriate trust conditions) as reasonably requested by the Borrower.

12. From time to time upon request of the other Secured Party, a Secured Party may advise the other Secured Party of the particulars of the indebtedness and liability of the Borrower to that Secured Party, and all Security held therefor, and exchange information with respect to the Borrower.

13. Each of Pidhirney and Roynat agrees that it will not transfer or assign any of its respective Security from the Borrower without first obtaining from the proposed assignee or transferee an agreement to be bound by the provisions of this Agreement.

14.

- (a) Neither Secured Party shall commence proceedings to enforce its Security unless it has provided at least sixty (60) days prior written notice to the other Secured Party (in this Section, an "Initiating Notice"), and the Secured Party providing

the Initiating Notice (in this Section 14(a), the "**Initial Notice Provider**") shall use reasonable efforts to include in such notice the circumstances relevant to the taking of any such steps. If an Initiating Notice has been provided, the other Secured Party shall not be required to provide an Initiating Notice to the Secured Party that provided the Initiating Notice, provided however that such other Secured Party shall not commence proceedings to enforce its Security until the expiry of the sixty (60) day period applicable to the Initiating Notice. However, if at any time during such sixty (60) day period such other Secured Party provides an Initiating Notice to the Initial Notice Provider, such sixty (60) day period shall be deemed to have been waived, and shall have no effect on either Secured Party. Nothing in this Section (including the 60-day notice period) shall prevent or otherwise restrict a Secured Party from filing or delivering to the Borrower a Notice of Intention to Enforce Security under the *Bankruptcy and Insolvency Act* (Canada), and where any of such Security is enforced, an enforcing Secured Party shall, to the extent of the priority established hereunder, pay forthwith upon receipt and without demand therefore any proceeds in which the other Secured Party is entitled to hereunder.

- (b) Following the provision of an Initiating Notice by Roynat, Pidhirney shall have reasonable access to the Premises for the purposes of removing the Collateral (other than the Roynat Specific Collateral). In the event that following the provision by Roynat of an Initiating Notice, for so long as (i) Pidhirney wishes to have access to either or both of the Premises for any other purpose, and (ii) Pidhirney has not provided an Initiating Notice; Pidhirney shall pay to Roynat, and continue to pay on a timely basis for so long as access is required to the Premises for such purpose, rent from the commencement of access on a per diem rate equivalent to principal and interest owing by the Borrower to Roynat on the Roynat Loan and such rent is to be payable in minimum increments of 30 days and, in addition, Pidhirney shall obtain, maintain and be responsible to have in place broad form replacement cost property insurance naming Roynat as a first loss payee and subject to a standard mortgage endorsement, liability insurance naming Roynat as an additional insured as its interest may appear, and shall pay and maintain and keep current all taxes, utility charges and other charges or taxes whatsoever kind or nature attributable to such use and occupation of the Premises. Pidhirney shall also be responsible for promptly repairing any damage (wear and tear excepted) caused to the Premises by its or its Agents' use of the Premises, or the removal by it or its Agents, of any property during such time of its access and possession.

15. The Borrower covenants to provide notice in writing to Pidhirney or Roynat, as the case may be, forthwith, of: (a) any demand from the other Secured Party made upon the Borrower, or (b) the commencement by the other Secured Party of proceedings against the Borrower to enforce its Security.

16. Any notice, demand or other communication which any party may desire or may be required to give to any other party shall be in writing and may be made or given by personal delivery, by courier, by registered mail or by facsimile transmission to the address for service of

the recipient set forth below. Any demand, notice or communication given by personal delivery, courier or facsimile shall be conclusively deemed to have been given on the day of actual receipt thereof provided such day is a business day (and if not, then on the next business day thereafter). The address for service for each party is as follows:

(a) If to Roynat, to:

Roynat Inc.
Suite 203 – 10060 Jasper Avenue
Edmonton, AB T5J 3R8

Attention: Brian Budgell
Facsimile: (780) 426-3456

(b) If to Pidhirney, to:

P.O. Box 61
Leslieville, AB T0M 1H0

Attention: Wayne Pidhirney
Facsimile: (403) 729-3606

With a copy to:

Bennett Jones LLP
4500, 855 – 2nd Street S.W.
Calgary, AB T2P 4K7

Attention: Chris Skelton
Facsimile: (403) 265-7219

(c) If to the Borrower, to:

6610 – 46th Avenue
Ponoka, AB T4J 1J8

Attention: Wade Galloway
Facsimile: (403) 783-5340

If any party giving any demand, notice or other communication knows or reasonably ought to know of any difficulties with the postal system that might affect delivery of mail, such demand, notice or other communications shall not be mailed, but shall be given by personal delivery, courier or by facsimile transmission. Any party may change its address for service by notice to the other parties in accordance herewith.

17. Each party hereto shall do, perform, execute and deliver all acts, deeds and documents as may be necessary from time to time to give full force and effect to the provisions of this Agreement, provided that no consent of the Borrower shall be necessary to any amendment of

the terms hereof by the Secured Parties unless the interests of the Borrower are directly affected thereby.

18. Neither Secured Party shall at any time challenge, contest or bring into question the validity, priority or perfection of the other Secured Party's Security or this Agreement.

19. The acknowledgements and agreements contained in this Agreement shall extend to, enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

20. The recitals and schedules to this Agreement form an integral part of this Agreement and shall be deemed to be included within the body of this Agreement as agreements of the parties hereto.

21. No provision of this Agreement shall be amended or waived, except by a statement in writing signed by the parties hereto.

22. This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein without application of any principle of conflict of laws which may result in laws other than the laws in force in such Province applying to this Agreement.

23. The Borrower agrees that it will be bound by and will act in accordance with the terms, provisions and intent of this Agreement. Nothing in this Agreement shall be construed as conferring any rights upon any of the Borrower or any other party other than the Secured Parties and any assignee of a Secured Party.

24. Each of the Secured Parties shall, at the cost and expense of the Borrower, execute upon request by the other Secured Party such further documents or instruments and take such further action as such requesting Secured Party may reasonably require from time to time to carry out the intent of this Agreement.

25. This Agreement may be executed in several counterparts, including by facsimile or other electronic means, each of which when so executed shall be deemed to be an original and all such counterparts taken together shall constitute one and the same original instrument and shall be effective as of the date hereof.

[signature page follows]

IN WITNESS WHEREOF, the parties have executed this Agreement by their duly authorized officers on the dates hereinafter set forth.

ROYNAT INC. **BRIAN BUDGELL**
SENIOR ASSOCIATE DIRECTOR

W. PIDHIRNEY HOLDINGS LTD.

Per: _____

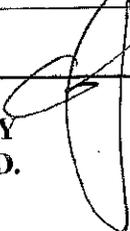


GREG STEENSON
MANAGING DIRECTOR, RISK MANAGEMENT

Per: _____

GALLOWAY
GROUP LTD.

CONSTRUCTION



Per: _____

IN WITNESS WHEREOF, the parties have executed this Agreement by their duly authorized officers on the dates hereinafter set forth.

ROYNAT INC.

Per: _____

W. PIDHIRNEY HOLDINGS LTD.

Per:  _____

**GALLOWAY CONSTRUCTION
GROUP LTD.**

Per: _____

IN WITNESS WHEREOF, the parties have executed this Agreement by their duly authorized officers on the dates hereinafter set forth.

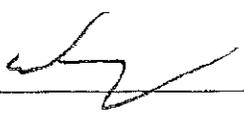
ROYNAT INC.

W. PIDHIRNEY HOLDINGS LTD.

Per: _____

Per: _____

GALLOWAY CONSTRUCTION
GROUP LTD.

Per: _____ 

SCHEDULE "A"

ROYNAT SECURITY

1. Demand Debenture dated August 8, 2014 in the stated principal amount of \$7,500,000, as amended.
2. Mortgage dated on or about August 8, 2014 in respect of the New Premises.
3. Mortgage dated on or about May 2, 2017 in respect of the Old Premises.

SCHEDULE "B"

PIDHIRNEY SECURITY

1. Mortgage in the principal amount of \$10,000,000 dated on or about May 1, 2017 in respect of the New Premises and the Old Premises.
2. General Security Agreement dated on or about May 1, 2017.

KARLA J. SOOKDEO
Commissioner for Oaths
in and for Alberta
My Commission Expires Dec. 22, 2021

This is Exhibit " E " referred to in the
Affidavit of -

.....Angela Blas.....
Sworn before me this6th..... day
ofJune..... A.D., 2019.....
.....Karla J. Sookdeo.....
A Notary Public, A Commissioner for Oaths
in and for the Province of Alberta

FORBEARANCE AGREEMENT

BETWEEN:

ROYNAT INC.
(hereinafter referred to as "Roynat" or the "Lender")

OF THE FIRST PART

-and-

GALLOWAY CONSTRUCTION GROUP LTD.
(formerly Galloway Oilfield Construction Ltd.)
(hereinafter referred to as "Galloway" or the "Borrower")

OF THE SECOND PART

-and-

WADE GALLOWAY & LYNETTE GALLOWAY
(jointly and severally referred to as the "Guarantors")

OF THE THIRD PART

WHEREAS:

1. The Borrower is indebted to Roynat for loans or other credit made or extended by Roynat as set forth in Schedule "A" (the "Loans");
2. The Borrower granted to Roynat the security described in Schedule "B" to this Agreement for the purposes of securing the Loans in favour of Roynat (the "Roynat Security");
3. The Guarantors have granted a guarantee of the Loans to Roynat to the face amount of \$1,000,000.00, now limited to \$500,000.00 plus legal costs on a solicitor/client full indemnification basis and interest which continues to accrue from the date of demand, such Guarantee dated June 25, 2014 (the "Guarantee");
4. The Borrower is in default of its obligations to Roynat pursuant to the terms of the Loans and the Roynat Security including, without limitation, in respect of Galloway's required working capital ratio and debt service coverage as follow:

	Covenant Required	Actual as of July 31, 2018
Working Capital Ratio	1.50:1	1.02:1
Debt Service Coverage Ratio	1.25:1	(1.35):1

5. The Borrower has advised Roynat of its intention to wind down and cease operations;

6. The Borrowers and the Guarantors shall, in this Agreement, be referred to jointly and severally as the "Obligors";
7. The Obligors have requested time within which to wind down the business operations of the Borrower, sell the assets and retire the Loans in full;
8. Roynat is prepared to agree to the requests of the Obligors on the terms and conditions outlined in this Agreement; and
9. Roynat, the Borrower, and W. Pidhirney Holdings Ltd. ("**Pidhirney**") are parties to that certain Priorities Agreement dated May 2, 2017 (the "**Priorities Agreement**").

NOW THEREFORE, in consideration of the foregoing and the mutual covenants hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by Roynat from the Obligors, and by the Obligors from Roynat, the parties hereto (the "**Parties**") agree as follows:

ARTICLE I **NO AMENDMENT**

I.1 Save as expressly provided in this Agreement, nothing in this Agreement is intended to alter, amend, modify or limit the existence or the effectiveness of any agreements between any of the parties including, without limitation, the Loans, Guarantee, and Security or any agreement evidencing the Loans, Guarantee, and Security, or detailing the terms of the Loans, Guarantee, and Security.

ARTICLE II **ACKNOWLEDGEMENT**

- II.1 The Obligors acknowledge, agree and represent that:
- (a) the Borrower is in default of its obligations to the Lender;
 - (b) the Loans are due and owing to Roynat;
 - (c) there is no defence or set off available to the Borrower or the Guarantors to the claims of the Lender for repayment of the Loans or for payment under the Guarantee;
 - (d) to the best of their individual and collective knowledge they have fully disclosed to the Lender prior to execution hereof the full extent of the financial assets and financial liabilities of the Borrower;
 - (e) the Borrower has not transferred any of their property whether real or personal to any other person which, if such transfer were known to the Lender might reasonably be expected to deter the Lender from entering into this Agreement;

(b) other than in the ordinary course of business, the Borrower shall not compromise any book debts or accounts receivable;

(c) the proceeds from the transfer, disposition, encumbrance or alienation of any property of the Borrower, including without limitation capital assets, shall, within one (1) business day of receipt of funds, be paid to the Lender or to Pidhirney, in accordance with their respective priorities to Collateral, as defined and set out in the Priorities Agreement;

(d) the Obligors will at all times keep current all remittances required to be made by them for taxes owed to federal, provincial and municipal governments, including, without limitation, monies owed in respect of source deductions for contributions pursuant to the *Canada Pension Plan Act*, *Employment Insurance Act* and *Income Tax Act*, and in respect of goods and services tax, Workers' Compensation Board contributions and municipal property taxes;

(e) the Borrower shall not declare or pay any dividends, repay any shareholder loans or make any other payment to any person who does not deal at arm's length (as such term is defined in the *Income Tax Act*) with the Borrower (provided that any payments in respect of the obligations of the Borrower to Pidhirney as authorized by paragraph 3.1(c) shall not be a violation of this subsection);

(f) the Borrower shall bring all of its principal and interest payments to Roynat current to November 15th. Thereafter, and for the balance of the Forbearance as herein defined, the Borrower shall make payments of interest only on the dates and times as stipulated in the existing loan arrangements with Roynat;

(g) on or before January 15, 2019, or such other date as may be agreed to by Roynat, the Borrower shall (if buyer conditions are removed) conclude the sale of the Lands located within the Town of Ponoka, Alberta, and legally described as:

PLAN 9924333
LOT 3
CONTAINING 1.2330 HECTARES (3.05 ACRES) MORE OR LESS
EXCEPTING THEREOUT:

HECTARES (ACRES) MORE OR LESS
A) PLAN 0020544 SUBDIVISION 0.416 1.03
EXCEPTING THEREOUT ALL MINES AND MINERALS

(the "Town Lot")

and remit proceeds to Roynat of no less than the sale proceeds less usual adjustments, commissions and legal fees.

(h) on or before November 30, 2018, or such other date as may be agreed to by Roynat, the Borrower shall have entered into a Listing Agreement with a licensed commercial realtor for the sale and disposition of its remaining land which is subject to the Security;

(i) on or before November 30, 2018, the Borrowers and the Guarantor shall provide to Roynat a written detailed proposal for the winddown of the Borrowers' operations ("**Winddown Plan**") including, without restriction:

(i) detailed plans with cost estimates and estimated revenues for the completion of all jobs underway;

(ii) proposals for the disposition of the Borrower's equipment including method, timing, cost and estimated recoveries;

(iii) plan for staged price reductions in respect of the sale of land; and

(iv) confirmation that the Loans and the Loans were paid in full no later than May 15, 2019;

(j) on or before November 30, 2018, the Borrower shall provide to Roynat proof, in a form satisfactory to Roynat, that all of its insurance premium payments and all remittances required to be made by the Borrower for taxes owed to federal, provincial, and municipal governments, including, without limitation, monies owed in respect of source deductions for contributions pursuant to the *Canada Pension Plan Act*, *Employment Insurance Act* and *Income Tax Act*, and in respect of goods and services tax, Workers' Compensation Board contributions and municipal property taxes are current; and

(k) on or before November 30, 2018, the Obligors shall deliver to Roynat, in a form satisfactory to Roynat and its solicitors, an amending agreement, executed by Pidhirney, whereby the 60 day Initiating Notice, as defined in paragraph 14 of the Priorities Agreement, is reduced to 10 days (which amending agreement will take effect upon execution thereof by Roynat).

ARTICLE IV **FORBEARANCE**

IV.1 The Obligors have requested that the Lender forbear from initiating or continuing any proceeding, remedy or execution for the recovery of the Loans, the Guarantee or the enforcement of and realization on the Security.

IV.2 Subject to the remaining provisions of this Agreement, the Lender agrees to forbear until May 15, 2019 from initiating or continuing any proceeding, remedy or execution for the recovery of the Loans or the Guarantee or the enforcement, of and realization on the Security (the "**Forbearance**").

IV.3 The Lenders shall be entitled to terminate any Forbearance and accelerate the expiration of any Forbearance, without prior notice, if:

(a) the Obligors, or any one of them, default in any of their obligations pursuant to this Agreement;

(b) the Lender becomes aware that any of the representations made by the Obligors in this Agreement are or were untrue;

- (f) they have no information or knowledge of any facts relating to the Obligors or the property of the Borrower now or previously owned which, if known to the Lender might reasonably be expected to deter the Lenders from entering into this Agreement;
- (g) the Lender has not waived any default on the part of the Borrower and is not by this Agreement waiving any default;
- (h) no person, other than the Borrower, has any legal or beneficial interest in any of the property secured by the Security in favour of the Lender, respectively, other than as previously disclosed in writing to the Lender;
- (i) all documentation executed by the Borrower evidencing, approving or authorizing or amending the Loans for or on behalf of the Borrower, has been duly and properly executed and are valid, binding and enforceable in accordance with their terms, and adequate consideration was given for same;
- (j) the Guarantee has been duly and properly executed and are valid, binding and enforceable in accordance with its terms, and adequate consideration was given for same;
- (k) the Security has been duly and properly executed and each is valid, binding and enforceable in accordance with its terms, and adequate consideration was given for same;
- (l) any acknowledgements of default or amendments to the term of the Loans executed by the Obligors in respect of the Loan and provided to the Lender have been duly and properly executed and are valid, binding and enforceable in accordance with their terms and adequate consideration was given for same;
- (m) interest, costs and fees continue to accrue on the Loans and indebtedness in accordance with the Loans, except as modified by this Agreement;
- (n) the facts as set out in the recitals to this Agreement are accurate; and
- (o) the Security secures any and all indebtedness of the Borrower to the Lender, whether past, present or future, direct or indirect, including, without limitation, any indebtedness arising pursuant to or in relation to the Loans, the Guarantee and this Agreement.

ARTICLE III

REQUIRED ACTIONS OF THE OBLIGORS

III.1 The Obligors each acknowledge and agree with the Lender that in addition to any other requirement set out elsewhere in this Agreement:

- (a) other than in the ordinary course of business and to an arm's length third party, the Borrower shall not transfer, lease, dispose of, encumber or otherwise alienate any interest in any assets (including capital assets) property, or funds without the prior written approval of Roynat, who may impose terms and conditions upon its approval as it sees fit;

(c) the Lender determines in its absolute discretion, acting reasonably, that continued forbearance will negatively impact the likelihood of the Lender being repaid all or any portion of the Loans or the Guarantees;

(d) if the Lender determines in its absolute discretion, acting reasonably, that continued forbearance will negatively impact their priority position or their ability to maximize realization with respect to any Security; or

(e) an Event of Default (as defined or ascribed a meaning in this Agreement) occurs or is declared by the Lender acting reasonably.

ARTICLE V **REPORTING OBLIGATIONS**

V.1 In addition to, and without restricting or altering the existing reporting requirements of the Borrower to the Lender, commencing Friday, November 30, 2018 and thereafter every second Friday through the Forbearance, the Borrower shall provide a report to the Lender, in a manner and format as requested by the Lender, acting reasonably, from time to time, whether in writing or verbally by way of regularly scheduled conference call, a progress report with respect to the Winddown Plan. The Lender reserves its right to request such further and other reports, information, appraisals and assessments as it considers appropriate, in its absolute discretion, from time to time.

ARTICLE VI **REDUCTION OF BORROWERS' INDEBTEDNESS**

VI.1 Subject to the provisions of this Agreement, the Borrower will ensure that any facilities extended to the Borrower by Roynat shall operate as agreed.

VI.2 Except as expressly specified in this Agreement, nothing in this Agreement constitutes an agreement by the Lender to advance or to continue to advance credit to any of the Borrowers.

VI.3 Except as expressly specified in this Agreement, nothing in this Agreement is intended to modify any agreement between the Lender and the Borrower.

VI.4 The Obligors agree that no less than the sale proceeds generated from the sale of the Town Lot less usual adjustments, commissions and legal fees, shall be paid to Roynat as a permanent reduction of the Loans within one (1) business day from the closing of the sale transaction of the Town Lot.

VI.5 All payments referenced in this Article shall be received by the Lenders, as applicable, by no later than 2:00pm on any given day.

VI.6 The Borrower agrees that interest shall continue to accrue on the Loans in accordance with applicable agreements between the Borrower and the Lender, including this Agreement, irrespective of when payments are made to the Lender and irrespective of which of the Loans such payments are applied to by the Lender.

ARTICLE VII
DEFAULT

VII.1 Each of the following shall constitute an Event of Default under the terms of this Agreement:

- (a) any default by any of the Obligors pursuant to the terms of this Agreement (including, without limitation, a default declared by Roynat);
- (b) any breach of covenant set out in this Agreement by any of the Obligors;
- (c) non-payment by the Borrower to the Lender of any amount, principal, interest, costs or fees when due pursuant to this Agreement;
- (d) after the effective date of this Agreement the occurrence of a default by the Obligors in the observance or performance of any agreement between such Obligor and Lender whether or not such agreement is specifically identified in this Agreement;
- (e) any representation made by the Obligors to the Lenders as at the effective date hereof proving to have been untrue in any material respect when made;
- (f) judgment(s) for the payment of money in excess of the cumulative sum of \$100,000.00 as against the Borrower;
- (g) the commencement of any legal proceeding seeking the dissolution or division of either of the Borrower, save for any legal proceeding to which the Lender, as applicable, consent to in writing;
- (h) If the Lender receives after the date of this Agreement, with respect to any of the Obligors, a Requirement to Pay (or other document similar in substance) for past due statutory payables, including without limitation from Canada Revenue Agency or Worker's Compensation Board, which in the Lender's sole opinion, acting reasonably, represents a material adverse change to the Security or priority position of the Lender;
- (i) If the Obligors, or any one of them, (i) commit an act of bankruptcy, make an assignment for the benefit of creditors, or make a proposal under the *Bankruptcy and Insolvency Act*; (ii) petition or apply to any tribunal or Court for the appointment of any receiver, trustee or similar liquidator for themselves or any of their property; (iii) if any receiver, trustee, manager, consultant, liquidator or similar party is appointed in respect of any of them or any of their property; (iv) if a petition is filed against any of them in bankruptcy; or (v) if any proceeding is commenced relating to them or to any portion of their property under any law relating to reorganization, arrangement or re-adjustment of debt, dissolution or winding-up;
- (j) any creditor or other person exercising or purporting to exercise any rights as against the Borrower or any assets of the Borrower, which would, in the assessment of the Lender, as applicable, to be determined in its absolute discretion, have an adverse impact on the Borrower, or the Security position of the Lender, or any priority position of the Lender or the prospect of repayment of the Loans, or payment pursuant to the Guarantee;

(k) the Borrower applying, absent the consent of the Lender, to obtain or extend any stay of proceedings;

(l) the Lenders acting reasonably, determining that it is in one or both of their respective best interests to declare an Event of Default; and

(m) the Borrower disposing or attempting to dispose of any of its property other than in the ordinary course of business without the prior written consent of the Lender, as applicable.

VII.2 A default on the part of any one of the Obligors shall constitute a default on the part of each of the Obligors. A default in relation to any one of the Loans, the Guarantee or any portion of the Security shall constitute a default in relation to the remainder, respectively, of the Loans, Guarantee and Security.

ARTICLE VIII DISCRETION OF LENDER

VIII.1 The Lender is not acting in a fiduciary capacity with respect to the Obligors. Any exercise of any discretion by or on behalf of the Lender will be undertaken reasonably, but shall be final and binding upon the Obligors and may be exercised by the Lender in the best interests of the Lender without regard to the interests of the Obligors.

ARTICLE IX NON-WAIVER

IX.1 Nothing in this Agreement constitutes a waiver on the part of the Lender of any rights or remedies which it may have in relation to the Obligors, save as specified expressly herein in writing.

IX.2 Nothing in this Agreement constitutes an acquiescence on the part of the Lenders with respect to any default on the part of the Obligors or waiver in relation to such default, save as specified expressly herein in writing.

ARTICLE X RELEASE

X.1 The Obligors, and each of them, do hereby release and discharge Roynat and their respective employees, directors, officers, solicitors and agents from any and all liability, past or present, direct or indirect, relating to the Loans, Guarantee, Security, and this Agreement and any conduct, omission, representation or matter directly or indirectly relating thereto, past or present (the "Released Claim").

X.2 The Obligors covenant and agree not to sue or participate in legal proceedings against any releasee with respect to a Released Claim. Should any of the Obligors violate the foregoing covenant, such Obligor agrees to pay (and fully indemnify) any releasee which is the subject of such suit or legal proceeding, in addition to such other damages as such releasee may sustain as a result of such violation, all legal fees and costs on a solicitor and his own client full indemnity basis incurred by the releasee as a result of such violation.

ARTICLE XI
NOTICE

XI.1 All notices which are required to be given pursuant to any provision of this Agreement shall be given in writing and shall be served personally, sent by facsimile or e-mail delivery addressed to:

Roynat

10060 Jasper Avenue
Edmonton, AB T5J 3R8
Fax: 780-426-3456
Attention: Angelo Blais, District Director

Copy to the Lenders' Counsel:

Duncan & Craig LLP
2800, 10060 Jasper Avenue
Edmonton, AB T5J 3V9
Attention: Darren R. Bieganeck, QC
Fax: 780-969-6381
E-mail: dbieganeck@dc LLP.com

The Obligors

Galloway Construction Group Ltd. and
Wade Galloway and Lynette Galloway
Box 7, Site 1, RR 4
Ponoka, AB T4J 1R4
Fax: 403-783-5340
E-mail: wade@gallowayconstruction.ca

With a copy to:

E-mail: wayne@pidhirney.net

XI.2 Notices sent by facsimile or e-mail delivery shall be deemed to be received on the date sent.

ARTICLE XII
LIMITATIONS

XII.1 In this Article any capitalized words or terms including "Loans", "Security" and "Guarantees" shall have the meaning ascribed to them in this Agreement and any other capitalized words shall have the meaning ascribed to such words in the *Limitations Act*, RSA 2000 L-12 (the "Act"), unless otherwise ascribed a meaning in this Agreement.

XII.2 All references in this Article to the Act shall mean and include the Act, any amendment thereof and/or any statute passed in substitution for the Act.

XII.3 The limitation periods in the Act applicable to any Claim or Remedial Order sought by the Lender or any successor or assign of Roynat, relating to the Loans, the Guarantee and/or the Security are intended to be extended by this Article.

XII.4 The Obligors, and each of them, and any of their respective successors, assigns or personal representatives shall not be entitled to immunity from liability by reason of any provision in the Act respecting a Claim or Remedial Order relating to all or any of the Loans, the Security and/or the Guarantee unless the Lenders, as applicable, or their respective successors or assigns, fail to seek a Remedial Order within ten years after the date upon which the Obligors, as applicable, or any of their respective successors, assigns or personal representatives would otherwise be entitled to immunity respecting such Claim or Remedial Order pursuant to the Act.

ARTICLE XIII **MISCELLANEOUS**

XIII.1 Execution of this Agreement by the Lender does not in any way limit, release or discharge the Obligors from the obligations and liabilities of the Obligors to the Lender, all as applicable.

XIII.2 The Obligors shall immediately notify the Lender, as applicable, of any actions, proceedings or steps taken by any other creditor of the Obligors to enforce or collect payment of monies owed to it, or of any other information which comes to the attention of the Obligors which has or might reasonably have a material affect on the Security or the amount or recoverability of the Loans, and the Obligors shall provide notice to the Lender, as applicable, prior to any intended sale or disposition of the assets of the Obligors out of its ordinary course of business of the Obligors. Provided further that no sale or disposition of the assets of the Obligors out of the ordinary course of business shall occur without the written consent of the Lender, as applicable.

XIII.3 The Obligors acknowledge that they have executed this Agreement, that they understand the terms of this Agreement and they have consulted legal counsel in relation to this Agreement. Concurrent with delivery of this Agreement in executed form, the Obligors shall deliver to the Lender a duly executed Certificate of Independent Legal Advice in a form satisfactory to Lender's counsel.

XIII.4 This Agreement shall be governed by the laws of the Province of Alberta and the parties attorn to the non-exclusive jurisdiction of the courts of the Province of Alberta.

XIII.5 On and after the effective date of this Agreement, the Obligors shall observe and fulfill all terms and conditions of this Agreement and all terms and conditions of any other agreement (save as expressly provided in this Agreement) entered into (or previously entered into) with the Lenders including, without limitation, any credit agreements and the Security.

XIII.6 All acknowledgements, representations, conditions, warranties, releases and waivers given by the Obligors in this Agreement or in any other document or agreement executed by any

of the Obligors or in any document given pursuant to this Agreement, and in any Security, any Guarantees, any agreement or other document evidencing the Loans or detailing the terms of the Loans, any lending agreement, loan agreement, account agreement, credit agreement and/or equipment facility agreement shall survive the execution of this Agreement and shall continue in full force and effect for the benefit of the Lender.

XIII.7 If any provision of this Agreement is or becomes illegal, invalid or unenforceable in any jurisdiction, the illegality, invalidity or unenforceability of that provision will not affect:

- (a) the legality, validity or enforceability of the remaining provisions of this Agreement; or
- (b) the legality, validity or enforceability of that provision in any other jurisdiction.

XIII.8 The Obligors represent and warrant that the execution and delivery of this Agreement and any document contemplated by this Agreement has been duly authorized and all corporate and other approvals and resolutions have been obtained prior to the execution and delivery of this Agreement and any document contemplated by this Agreement for the purpose of ensuring that the Agreement and any such document is valid, effective and binding upon the Obligors or other party executing the agreement document.

XIII.9 The Lender may in its absolute discretion assign (without the consent of the Obligors) to an assignee all or any interest of the Lender, or any one of them, in all or any of the indebtedness, Loans, Guarantee, Security and this Agreement, and any document in relation to the indebtedness, Loans, Guarantee, Security and this Agreement (provided that any assignee in respect of the Loans, Guarantee, or Security must have agreed in writing to be bound by the terms of this Agreement in respect thereof). The Lender without notice and without the Obligors' consent may disclose to any prospective assignee any and all information and documentation relating to any of the Obligors in the Lender's possession or control (including without limitation financial information) whether of a confidential nature or otherwise.

XIII.10 The Obligors and the Lender agree that all legal costs on a solicitor and own client full indemnity basis incurred by then Lender with respect to its dealings with the Obligors, including such dealings resulting in this Agreement, shall be added to the Loans, and allocated in relation to the Loans in the absolute discretion of the Lender, be guaranteed by the Guarantee (as applicable) and be secured by the Security.

XIII.11 No amendment to this Agreement shall be effective unless in writing and executed by each of the parties hereto or on their behalf by their legal counsel.

XIII.12 Time shall be of the essence of this Agreement.

XIII.13 The recitals to this Agreement form an integral part of this Agreement.

XIII.14 This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns.

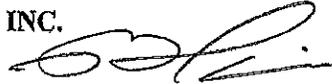
XIII.15 This Agreement may be executed in counterpart. A facsimile or other copy (electronic or otherwise) of this Agreement shall be as effective as an original.

XIII.16 Failure to specify an item as Security shall not limit or impact the efficacy of such item as Security.

XIII.17 This Agreement shall be deemed effective on the 21 day of November, 2018.

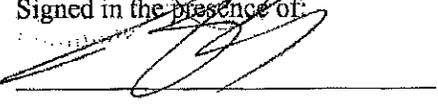
[signature page follows]

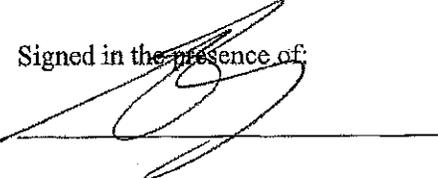
ROYNAT INC.



Per: ANGELO BLAIS
DISTRICT DIRECTOR

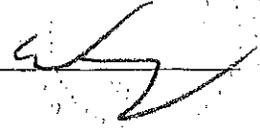
Per: 
GREG STEENSON
MANAGING DIRECTOR, RISK MANAGEMENT

Signed in the presence of:


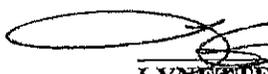
Signed in the presence of:


GALLOWAY
GROUP LTD.

CONSTRUCTION

Per: 


WADE GALLOWAY

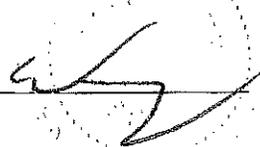

LYNETTE GALLOWAY

ROYNAT INC.

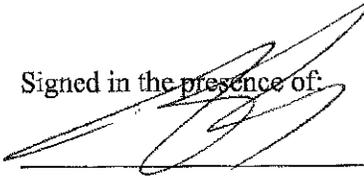
GALLOWAY
GROUP LTD.

CONSTRUCTION

Per: _____

Per: _____ 

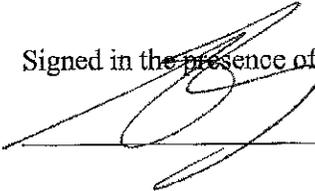
Signed in the presence of:





WADE GALLOWAY

Signed in the presence of:





LYNETTE GALLOWAY

AFFIDAVIT OF EXECUTION

CANADA)

PROVINCE OF ALBERTA)

TO WIT:)

I, Garry M Boris,
of the City of Red Deer, in the
Province of Alberta, MAKE OATH AND
SAY THAT:

1. I was personally present and did see Wade Galloway named in the attached instrument, who is personally known to me to be the person named therein, duly sign and execute the same for the purpose named therein.
2. The same was executed at the City of Red Deer, in the Province of Alberta and that I am the subscribing witness thereto.
3. I know the said Wade Galloway and he is, in my belief, of the full age of eighteen (18) years.

SWORN BEFORE ME at the City of
Red Deer, in the Province of
Alberta, this 21 day of November,
2018.
Darlene Mytton
A Commissioner for Oaths
in and for the Province of Alberta)



DARLENE MYTTON
My Commission Expires
May 16, 2021

AFFIDAVIT OF EXECUTION

CANADA)

PROVINCE OF ALBERTA)

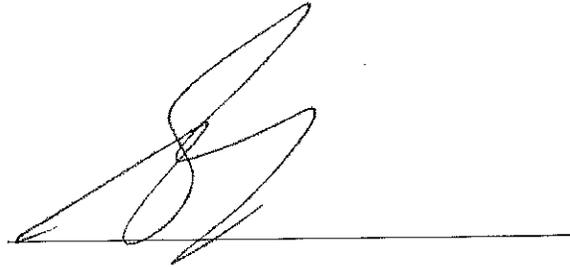
TO WIT:)

I, Garry M. Boris,
of the City of Red Deer, in the
Province of Alberta, MAKE OATH AND
SAY THAT:

1. I was personally present and did see Lynette Galloway named in the attached instrument, who is personally known to me to be the person named therein, duly sign and execute the same for the purpose named therein.
2. The same was executed at the City of Red Deer, in the Province of Alberta and that I am the subscribing witness thereto.
3. I know the said Lynette Galloway and she is, in my belief, of the full age of eighteen (18) years.

SWORN BEFORE ME at the City of
Red Deer, in the Province of
Alberta, this 21 day of November,
2018.

Garlene Mytton
A Commissioner for Oaths
in and for the Province of Alberta



GARLENE MYTTON
My Commission Expires
May 16, 2024

SCHEDULE "A"
ROYNAT LOANS

Account No.	010604-001
Interest Rate:	Roynat cost of funds plus 3.250%
	Roynat cost of funds as of November 2, 2018 was
	2.4925%
PIK Rate:	1.000%
Accrued Late Payment Charge (Interest):	\$17,697.81
Accrued PIK interest:	\$3,082.17
Principal Due:	\$6,249,952.83

SCHEDULE "B"

ROYNAT SECURITY

- Demand Debenture in the amount of \$7,500,000.00 dated August 8, 2014 – security interest in all present and after acquired personal property of the Borrower and first fixed specific charge on lands legally described as:

PLAN 1521209

BLOCK 2

LOT 1

EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 4.05 HECTARES (10.01 ACRES) MORE OR LESS
("Lot 1")

PLAN 1521209

BLOCK 3

LOT 2

EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 4.05 HECTARES (10.01 ACRES) MORE OR LESS
("Lot 2")

PLAN 1521209

BLOCK 2

LOT 3

EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 4.05 HECTARES (10.01 ACRES) MORE OR LESS
("Lot 3")

PLAN 1521209

BLOCK 3

LOT 4

EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 4.04 HECTARES (9.98 ACRES) MORE OR LESS
("Lot 4")

PLAN 1521209

BLOCK 2

LOT 5

EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 16.18 HECTARES (39.98 ACRES) MORE OR LESS
("Lot 5")

PLAN 9924333

LOT 3

CONTAINING 1.2330 HECTARES (3.05 ACRES) MORE OR LESS
EXCEPTING THEREOUT:

HECTARES (ACRES) MORE OR LESS
A) PLAN 0020544 SUBDIVISION 0.416 1.03
EXCEPTING THEREOUT ALL MINES AND MINERALS
("Town Lot")

- Supplemental Demand Debenture dated July 12, 2017 – security same as above

Certificate of Independent Legal Advice

The undersigned, being a Barrister and Solicitor, duly authorized to practice law do hereby certify to Roynat Inc. (the "Lender") that:

9. I have reviewed the terms of a Forbearance Agreement made effective as at the 21 day of November, 2018 between Galloway Construction Group Ltd., Wade Galloway and Lynette Galloway (individually and collectively the "Borrower") and the Lender along with the Schedules to that agreement (collectively the "Agreement").
10. For the purpose of this certificate the Client is Lynette Galloway.
11. I have reviewed and explained the terms of the Agreement to the Client.
12. The Client appeared to me to understand the meaning and effect of the Agreement.
13. I have advised the Client of the rights and obligations of the Client associated with the Agreement.
14. The Client appeared to me to execute the Agreement voluntarily and without duress.
15. I have acted on the matter for the Client and not for the Lender.
16. A facsimile or other copy of this Certificate shall be as effective as an original.

DATED EFFECTIVE the 21 day of November, 2018.

Per: _____

**GARRY MICHAEL BORIS
LAWYER - NOTARY
RED DEER - CANADA
403-340-2222**

Certificate of Independent Legal Advice

The undersigned, being a Barrister and Solicitor, duly authorized to practice law do hereby certify to Roynat Inc. (the "Lender") that:

1. I have reviewed the terms of a Forbearance Agreement made effective as at the 21 day of November, 2018 between Galloway Construction Group Ltd., Wade Galloway and Lynette Galloway (individually and collectively the "Borrower") and the Lender along with the Schedules to that agreement (collectively the "Agreement").
2. For the purpose of this certificate the Client is Wade Galloway.
3. I have reviewed and explained the terms of the Agreement to the Client.
4. The Client appeared to me to understand the meaning and effect of the Agreement.
5. I have advised the Client of the rights and obligations of the Client associated with the Agreement.
6. The Client appeared to me to execute the Agreement voluntarily and without duress.
7. I have acted on the matter for the Client and not for the Lender.
8. A facsimile or other copy of this Certificate shall be as effective as an original.

DATED EFFECTIVE the 21 day of November, 2018.

Per: _____

GARRY MICHAEL BOURG
LAWYER - NOTARY
RED DEER - CANADA
403-340-2222

**PRIORITIES AGREEMENT AMENDING AGREEMENT
(the "Amending Agreement")**

Dated as of the 30th day of November, 2018, among:

ROYNAT INC.
("Roynat")

-and-

W. PIDHIRNEY HOLDINGS LTD.
("Pidhirney")

-and-

GALLOWAY CONSTRUCTION GROUP LTD.
(the "Borrower")

*This is Exhibit " F " referred to in the
Affidavit of*

Angela Bais

Sworn before me this 6th day

of June A.D., 2019

Karla J. Sookdeo

*A Notary Public, A Commissioner for Oaths
in and for the Province of Alberta*

KARLA J. SOOKDEO
Commissioner for Oaths
in and for Alberta

My Commission Expires Dec. 22, 2021

WHEREAS:

- A. The parties hereto entered into a Priorities Agreement dated as of May 2, 2017 ("Priorities Agreement");
- B. Roynat and the Borrower have entered into a Forbearance Agreement dated effective the 21st day of November, 2018 whereby Roynat has agreed to provide the Borrower until March 31, 2019 within which to retire the outstanding indebtedness due and owing by the Borrower to Roynat (the "Forbearance Agreement");
- C. Neither Roynat nor Pidhirney has not issued demand for payment nor has it delivered to the Borrower a Notice of Intention to Enforce Security ("NOI") under the *Bankruptcy and Insolvency Act* (Canada) ("BIA");
- D. In consideration of entering into the Forbearance Agreement, one of the conditions imposed by Roynat was receipt of an agreement from Pidhirney to shorten to 10 days for the delivery of an Initiating Notice (as defined in paragraph 14(a) of the Priorities Agreement, and Pidhirney has agreed on the condition that Roynat also agree to a shortened period;
- E. The parties to the Priorities Agreement have consequently agreed to make certain amendments thereto.

NOW THEREFORE in consideration of these premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties covenant and agree as follows:

- 1) For the purposes of this Amending Agreement, capitalized terms used herein and not otherwise defined specifically herein shall have the meanings ascribed to them in the Priorities Agreement.

- 2) Paragraph 14(a) of the Priorities Agreement is deleted in its entirety and the following is substituted in its place:

"Each of Roynat and Pidhirney agree that they will provide at least 10 days prior written notice to the other (in this section, an "Initiating Notice") of their intention to enforce their respective Security against the Borrower. The provision of the Initiating Notice shall be considered satisfied if, concurrently upon issuance to the Borrower of a demand for payment and Notice of Intention to Enforce Security ("NOI") pursuant to section 244 of the *Bankruptcy and Insolvency Act* (Canada) ("BIA"), copies of the demand and NOI so issued are copied to the other Secured Party and each of Roynat and Pidhirney agree that where any of such Security is in force by either of Roynat or Pidhirney, the enforcing party shall, to the extent of the priority established hereunder, pay forthwith upon receipt and without demand therefore any proceeds received that the other Secured Party is entitled."

- 3) Paragraph 16(a) is hereby amended as follows:

- a) Delete "Brian Budgetell" and insert therein "Angelo Blais";
b) By inserting the following thereafter:

"With a copy to:

Duncan Craig LLP
2800, 10060 Jasper Avenue
Edmonton, AB T5J 3V9

Attention Darren R. Bieganek, QC
Facsimile: 780-969-6381"

- 4) Except as expressly amended by this Amending Agreement, the Priorities Agreement remains unamended and in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Amending Agreement by their duly authorized officers on the dates hereinafter set forth.

ROYNAT INC.

Per:

W. PIDHIRNEY HOLDINGS LTD.

Per:



GALLOWAY CONSTRUCTION
GROUP LTD.

Per:



- 2) Paragraph 14(a) of the Priorities Agreement is deleted in its entirety and the following is substituted in its place:

"Each of Roynat and Pidhirney agree that they will provide at least 10 days prior written notice to the other (in this section, an "Initiating Notice") of their intention to enforce their respective Security against the Borrower. The provision of the Initiating Notice shall be considered satisfied if, concurrently upon issuance to the Borrower of a demand for payment and Notice of Intention to Enforce Security ("NOI") pursuant to section 244 of the *Bankruptcy and Insolvency Act* (Canada) ("BIA"), copies of the demand and NOI so issued are copied to the other Secured Party and each of Roynat and Pidhirney agree that where any of such Security is in force by either of Roynat or Pidhirney, the enforcing party shall, to the extent of the priority established hereunder, pay forthwith upon receipt and without demand therefore any proceeds received that the other Secured Party is entitled."

- 3) Paragraph 16(a) is hereby amended as follows:

- a) Delete "Brian Budgett" and insert therein "Angelo Blais";
b) By inserting the following thereafter:

"With a copy to:

Duncan Craig LLP
2800, 10060 Jasper Avenue
Edmonton, AB T5J 3V9

Attention Darren R. Bieganek, QC
Facsimile: 780-969-6381"

- 4) Except as expressly amended by this Amending Agreement, the Priorities Agreement remains unamended and in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Amending Agreement by their duly authorized officers on the dates hereinafter set forth.

ROYNAT INC.

Per:


ANGELO BLAIS
DISTRICT DIRECTOR

W. PIDHIRNEY HOLDINGS LTD.

Per:

GALLOWAY CONSTRUCTION
GROUP LTD.

Per:

This is Exhibit " G " referred to in the Affidavit of

DUNCAN CRAIG LLP

LAWYERS MEDIATORS

CELEBRATING 125 YEARS

Angela Blais
Sworn before me this 6th day
of June A.D., 2019
Karla Sookdeo
A Notary Public, A Commissioner for Oaths
in and for the Province of Alberta

Our File: 204-200649

KARLA J. SOOKDEO
Commissioner for Oaths
in and for Alberta

Lawyer:
Telephone:
Email:
Fax:

Darren R. Bieganeck, QC
780.441.4386
dbieganeck@dcllp.com
780.969.6381

Your File:

My Commission Expires Dec. 22, 2021

May 21, 2019

**Via E-Mail: wade@gallowayconstruction.ca,
Registered Mail & Regular Mail**

Galloway Construction Group Ltd.
Box 7, Site 1, RR 4
Ponoka, AB T4J 1R4

Galloway Construction Group Ltd.
c/o #202, 4921 - 49 Street
Red Deer, AB T4N 1V2

Dear Sir/Madam:

**Re: Indebtedness owing to Roynat Inc. by Galloway Construction Group Ltd.
(formerly Galloway Oilfield Construction Ltd.)**

With reference to the above captioned matter, we write to advise that our office acts as legal counsel to Roynat Inc. ("Roynat") in relation to the recovery of the outstanding indebtedness owing to it by Galloway Construction Group Ltd. ("Galloway").

As at May 17, 2019, the outstanding indebtedness owing to our client is \$4,768,269.54 calculated as follows:

Principal: \$4,766,772.12
Accrued Interest: \$1.23
Late Payment Charge: \$1,496.19
Accrued PIK Interest: \$261.19

plus legal costs on a solicitor and own client basis estimated at the sum of \$1,500.00, and interest which continues to accrue daily.

We are advised by our client that Galloway is in default of its obligations to Roynat. Accordingly, on behalf of our client we hereby formally demand payment of the sum of \$4,768,269.54, plus legal costs on a solicitor and own client basis as noted above plus interest to the date of payment. The aforesaid sum must be paid within ten (10) days from the date of this letter. Please contact Roynat directly for up to date interest and costs figures prior to making payment.

Additionally, we enclose for service upon you in accordance with the *Bankruptcy and Insolvency Act* a Notice of Intention to Enforce Security pursuant to subsection 244(1). Please note that we have included an acknowledgement for Galloway to consent to earlier enforcement on the Notice of

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Duncan Craig LLP

May 21, 2019

Page 2

Intention to Enforce Security which would allow our client to take immediate enforcement steps, if it considers it necessary to do so.

Failure to comply with the terms of this demand will leave us with no choice but to recommend to our client that they take all avenues open to them for collection of the indebtedness including, without limitation, enforcement of security held in support thereof in accordance with the enclosed Notice of Intention. Please endorse the consent and return it to us at your convenience.

Kindly govern yourself accordingly.

Yours truly,

DUNCAN CRAIG LLP

Per:



DARREN R. BIEGANEK, QC

DRB/kjs

Enclosure

cc: Roynat Inc.

100521 Demand - Galloway 4125-8854-1724 v.1.docx

FORM 115
NOTICE OF INTENTION TO ENFORCE SECURITY
[Subsection 244(1)]

TO: GALLOWAY CONSTRUCTION GROUP LTD. (the "DEBTOR")

TAKE NOTICE THAT:

Roynat Inc., secured creditor, intends to enforce their security on the property and equipment of the Debtor as described below:

- 1) All present and after acquired personal property; and
- 2) Land and Building located on lands legally described as:

PLAN 1521209
BLOCK 2
LOT 1
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 4.05 HECTARES (10.01 ACRES) MORE OR LESS

PLAN 1521209
BLOCK 3
LOT 2
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 4.05 HECTARES (10.01 ACRES) MORE OR LESS

PLAN 1521209
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PLAN 1521209
BLOCK 3
LOT 4
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 4.04 HECTARES (9.98 ACRES) MORE OR LESS

PLAN 1521209
BLOCK 2
LOT 5
EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 16.18 HECTARES (39.98 ACRES) MORE OR LESS

The Security that is to be enforced is in the form of:

- a) Demand Debenture dated August 8, 2014;

The total amount of indebtedness secured by the Security is \$4,768,268.54 as at May 17, 2019 together with legal costs on a solicitor and own client basis plus interest which continues to accrue in accordance with the Loan Documents.

The secured creditor will not have the right to enforce the Security until after the expiry of the ten (10) day period following the sending of this notice, unless the insolvent corporation consents to an earlier enforcement.

DATED at Edmonton, Alberta, this 21st day of May, 2019.

DUNCAN & CRAIG LLP
Per:



Darren R. Bieganek, QC
Solicitor and Agent for
Roynat Inc.

CONSENT TO EARLY ENFORCEMENT

Galloway Construction Group Ltd. hereby consents to immediate enforcement of the above noted security to assist Roynat Inc. in recovering the outstanding indebtedness. Galloway Construction Group Ltd. also confirms that it has been offered the opportunity to receive independent legal advice and hereby waives the need for that advice and confirms that no legal advice has been provided by Duncan Craig LLP.

Galloway Construction Group Ltd.
Per:

Wade Galloway

The foregoing is hereby acknowledged by:

Wade Galloway

Witness

AFFIDAVIT OF CORPORATE SIGNING AUTHORITY

I, Wade Galloway, of the City of _____, in the Province of Alberta, MAKE OATH AND SAY:

1. THAT I am an authorized signing Officer of Galloway Construction Group Ltd. (the "Corporation"), named in the within or annexed instrument.
2. THAT I am authorized by the Corporation to execute the within or annexed instrument on behalf of the Corporation without a corporate seal.
3. THAT the within or annexed instrument was executed at the City of _____, in the Province of Alberta.

SWORN BEFORE ME at the City of _____, in the Province of Alberta, this _____ day of _____, 2019.

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

Wade Galloway

AFFIDAVIT OF EXECUTION

CANADA
PROVINCE OF ALBERTA
TO WIT:

) I, _____, of the City
) of _____, in the Province of
) Alberta, MAKE OATH AND SAY THAT:
)

1. I was personally present and did see Wade Galloway, named in the attached instrument, who is personally known to me to be the person named therein, duly sign and execute the same for the purpose named therein.
2. The same was executed at the City of _____, in the Province of Alberta and that I am the subscribing witness thereto.
3. I know the said Wade Galloway and he is, in my belief, of the full age of eighteen (18) years.

SWORN BEFORE ME at the City of _____, in the Province of Alberta,
this ____ day of _____, 2019.

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

DUNCAN CRAIG LLP
LAWYERS MEDIATORS
CELEBRATING 125 YEARS

Our File: 204-200649
Your File:

Lawyer: Darren R. Bieganek, QC
Telephone: 780.441.4386
Email: dbieganek@dcllp.com
Fax: 780.969.6381

May 21, 2019

**Via E-Mail: wade@gallowayconstruction.ca,
Registered Mail & Regular Mail**

Wade Galloway and Lynette Galloway
Box 7, Site 1, RR 4
Ponoka, AB T4J 1R4

Dear Sir/Madam:

Re: Indebtedness owing to Roynat Inc. by Galloway Construction Group Ltd.

We are solicitors for Roynat Inc. ("Roynat").

Galloway Construction Group Ltd. ("Galloway") is in default of their obligations to Roynat. Demand was made on Galloway on May 21, 2019 for repayment in full of their outstanding indebtedness to the Roynat. To date, that indebtedness remains outstanding. Copies of the demand letter together with Notice of Intention to Enforce Security which were forwarded to Galloway are attached for your reference.

You have granted a Guarantee dated June 25, 2014 to Roynat, whereby you guaranteed to pay, on demand, all present and future debts and liabilities of Galloway to Roynat limited to the amount of \$1,000,000.00, plus legal costs and expenses on a solicitor and own client basis and interest at the greater of the loan rates as defined in the Galloway Loan Documents from the date of demand.

We hereby formally demand payment of the sum of \$1,000,000.00, plus costs in the estimated sum of \$1,500.00 and interest to the date of payment. If payment in full of your Guarantee obligation is not made within 10 days from the date of this demand by way of certified cheque or bank draft then legal action will be taken against you for the full amount of the claim under the Guarantee plus interest and legal costs on a solicitor and own client basis.

Kindly govern yourself accordingly.

Yours truly,

DUNCAN CRAIG LLP

Per:


DARREN R. BIEGANEK, QC
DRB/kjs
Enclosure

cc: Roynat Inc.

*This is Exhibit "H" referred to in the
Affidavit of*

Angela Biais

Sworn before me this *6th* day

of *June* A.D., 20*19*

Karla J. Sookdeo

A Notary Public, A Commissioner for Oaths
In and for the Province of Alberta

KARLA J. SOOKDEO
Commissioner for Oaths
in and for Alberta

My Commission Expires Dec. 22, 20*21*

www.dcllp.com

DUNCAN CRAIG LLP
LAWYERS MEDIATORS
CELEBRATING 125 YEARS

Our File: 204-200649
Your File:

Lawyer: Darren R. Bieganeck, QC
Telephone: 780.441.4386
Email: dbieganeck@dcllp.com
Fax: 780.969.6381

May 21, 2019

**Via E-Mail: wade@gallowayconstruction.ca,
Registered Mail & Regular Mail**

Galloway Construction Group Ltd.
Box 7, Site 1, RR 4
Ponoka, AB T4J 1R4

Galloway Construction Group Ltd.
c/o #202, 4921 – 49 Street
Red Deer, AB T4N 1V2

Dear Sir/Madam:

**Re: Indebtedness owing to Roynat Inc. by Galloway Construction Group Ltd.
(formerly Galloway Oilfield Construction Ltd.)**

With reference to the above captioned matter, we write to advise that our office acts as legal counsel to Roynat Inc. ("Roynat") in relation to the recovery of the outstanding indebtedness owing to it by Galloway Construction Group Ltd. ("Galloway").

As at May 17, 2019, the outstanding indebtedness owing to our client is \$4,768,269.54 calculated as follows:

Principal: \$4,766,772.12
Accrued Interest: \$1.23
Late Payment Charge: \$1,496.19
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plus legal costs on a solicitor and own client basis estimated at the sum of \$1,500.00, and interest which continues to accrue daily.

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Additionally, we enclose for service upon you in accordance with the *Bankruptcy and Insolvency Act* a Notice of Intention to Enforce Security pursuant to subsection 244(1). Please note that we have included an acknowledgement for Galloway to consent to earlier enforcement on the Notice of

www.dcllp.com

Duncan Craig LLP

May 21, 2019

Page 2

Intention to Enforce Security which would allow our client to take immediate enforcement steps, if it considers it necessary to do so.

Failure to comply with the terms of this demand will leave us with no choice but to recommend to our client that they take all avenues open to them for collection of the indebtedness including, without limitation, enforcement of security held in support thereof in accordance with the enclosed Notice of Intention. Please endorse the consent and return it to us at your convenience.

Kindly govern yourself accordingly.

Yours truly,

DUNCAN CRAIG LLP

Per:



DARREN R. BIEGANEK, QC
DRB/kjs
Enclosure

cc: Roynat Inc.

190521 Demand - Galloway 4125-8854-1724 v.1.docx

FORM 115
NOTICE OF INTENTION TO ENFORCE SECURITY
[Subsection 244(1)]

TO: GALLOWAY CONSTRUCTION GROUP LTD. (the "DEBTOR")

TAKE NOTICE THAT:

Roynat Inc., secured creditor, intends to enforce their security on the property and equipment of the Debtor as described below:

- 1) All present and after acquired personal property; and
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EXCEPTING THEREOUT ALL MINES AND MINERALS
AREA: 4.05 HECTARES (10.01 ACRES) MORE OR LESS

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The Security that is to be enforced is in the form of:

- a) Demand Debenture dated August 8, 2014;

The total amount of indebtedness secured by the Security is \$4,768,268.54 as at May 17, 2019 together with legal costs on a solicitor and own client basis plus interest which continues to accrue in accordance with the Loan Documents.

The secured creditor will not have the right to enforce the Security until after the expiry of the ten (10) day period following the sending of this notice, unless the insolvent corporation consents to an earlier enforcement.

DATED at Edmonton, Alberta, this 21st day of May, 2019.

DUNCAN & CRAIG LLP

Per:



Darren R. Dieganek, QC
Solicitor and Agent for
Roynat Inc.

CONSENT TO EARLY ENFORCEMENT

Galloway Construction Group Ltd. hereby consents to immediate enforcement of the above noted security to assist Roynat Inc. in recovering the outstanding indebtedness. Galloway Construction Group Ltd. also confirms that it has been offered the opportunity to receive independent legal advice and hereby waives the need for that advice and confirms that no legal advice has been provided by Duncan Craig LLP.

Galloway Construction Group Ltd.
Per:

Wade Galloway

The foregoing is hereby acknowledged by:

Wade Galloway

Witness

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I, Wade Galloway, of the City of _____, in the Province of Alberta, MAKE OATH AND SAY:

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3. THAT the within or annexed instrument was executed at the City of _____, in the Province of Alberta.

SWORN BEFORE ME at the City of _____, in the Province of Alberta, this _____ day of _____, 2019.

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

Wade Galloway

AFFIDAVIT OF EXECUTION

CANADA
PROVINCE OF ALBERTA
TO WIT:

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3. I know the said Wade Galloway and he is, in my belief, of the full age of eighteen (18) years.

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

DUNCAN CRAIG LLP
LAWYERS MEDIATORS
CELEBRATING 125 YEARS

Our File: 204-200649

Your File:

Lawyer:
Telephone:
Email:
Fax:

Darren R. Bieganeck, QC
780.441.4386
dbieganeck@dcllp.com
780.969.6381

May 21, 2019

Via Fax: 403.265.7219

Bennett Jones LLP
4500 Bankers Hall East, 855 – 2nd Street SW
Calgary, AB T2P 4K7

Attention: Chris Skelton & Ken Lenz

Via Fax: 403.729.3606

W. Pidhirney Holdings Ltd.
P.O. Box 61
Leslieville, AB T0M 1H0

Attention: Wayne Pidhirney

Dear Sirs:

Re: Roynat Inc., Galloway Construction Group Ltd., Wade Galloway and Lynette Galloway

With reference to the above captioned matter, and further to the Priorities Amending Agreement among Roynat Inc., W. Pidhirney Holdings Ltd. and Galloway Construction Group Ltd. dated effective November 30, 2018, enclosed please find a copy of the demand and Notice of Intention to Enforce Security issued upon the Borrower today.

Yours truly,

DUNCAN CRAIG LLP

Per:


DARREN R. BIEGANEK, QC
DRB/kjs
Enclosure

cc: Roynat Inc.

This is Exhibit " I " referred to in the Affidavit of

Angela Blais
Sworn before me this *6th* day
of *June* A.D., 20 *19*

Karla J. Sookdeo
A Notary Public, A Commissioner for Oaths
in and for the Province of Alberta

KARLA J. SOOKDEO
Commissioner for Oaths
in and for Alberta
My Commission Expires Dec. 22, 20 21

DUNCAN CRAIG LLP
LAWYERS MEDIATORS
CELEBRATING 125 YEARS

Our File: 204-200649
Your File:

Lawyer: Darren R. Bieganek, QC
Telephone: 780.441.4386
Email: dbieganek@dcllp.com
Fax: 780.969.6381

May 21, 2019

**Via E-Mail: wade@gallowayconstruction.ca,
Registered Mail & Regular Mail**

Galloway Construction Group Ltd.
Box 7, Site 1, RR 4
Ponoka, AB T4J 1R4

Galloway Construction Group Ltd.
c/o #202, 4921 - 49 Street
Red Deer, AB T4N 1V2

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4125-8854-1724.v1

780.428.6036 ■ 1.800.782.9409 ■ Fax: 780.428.9683
2800 Scotia Place, 10060 Jasper Avenue, Edmonton, Alberta T5J 3V9

Duncan Craig LLP

May 21, 2019

Page 2

Intention to Enforce Security which would allow our client to take immediate enforcement steps, if it considers it necessary to do so.

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Kindly govern yourself accordingly.

Yours truly,

DUNCAN CRAIG LLP

Per:



DARREN R. BIEGANEK, QC

DRB/kjs
Enclosure

cc: Roynat Inc.

190521 Demand - Galloway 4125-8854-1724 v.1.docx

FORM 115
NOTICE OF INTENTION TO ENFORCE SECURITY
[Subsection 244(1)]

TO: GALLOWAY CONSTRUCTION GROUP LTD. (the "DEBTOR")

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DATED at Edmonton, Alberta, this 21st day of May, 2019.

DUNCAN & CRAIG LLP
Per:



Darren R. Bieganeck, QC
Solicitor and Agent for
Roynat Inc.

CONSENT TO EARLY ENFORCEMENT

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Galloway Construction Group Ltd.
Per:

Wade Galloway

The foregoing is hereby acknowledged by:

Wade Galloway

Witness

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2. THAT I am authorized by the Corporation to execute the within or annexed instrument on behalf of the Corporation without a corporate seal.
3. THAT the within or annexed instrument was executed at the City of _____, in the Province of Alberta.

SWORN BEFORE ME at the City of _____)
 _____, in the Province of _____)
 Alberta, this _____ day of _____)
 _____, 2019.)

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

 Wade Galloway

AFFIDAVIT OF EXECUTION

CANADA
PROVINCE OF ALBERTA
TO WIT:

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SWORN BEFORE ME at the City of _____)
_____, in the Province of Alberta,)
this ____ day of _____, 2019.)
)
)
)
)
)

A Commissioner for Oaths in and for the
Province of Alberta.)

To: Crystal Zheng

From: Leah Triol

D.O.: Alberta North DO

Date: 2019/05/16

**RoyNat Capital
Portfolio Administration**

PAYOUT FIGURES
As at May 17, 2019

Client Name : Galloway Construction Group Ltd.

Account No: 010604-001
Interest Rate: 5.733%

Principal Outstanding	(Includes arrears of \$ 4,762,857.44)	\$4,766,772.12
Accrued Interest	(2019/05/15 To 2019/05/16)	\$1.23
Accrued Late Payment Charge	(2019/05/15 To 2019/05/16)	\$1,496.19
Accrued PIK Interest	(2019/05/15 To 2019/05/16)	\$261.19
Total		\$4,768,269.54
Daily accrual valid until:	May 23, 2019	\$879.31

Checked by 

This is Exhibit "J" referred to in the Affidavit of
Angela Blais
 Sworn before me this 6th day
 of June A.D., 2019
Karla Sookdeo
 Justice of the Peace, A Commissioner for Oaths
 in and for the Province of Alberta

KARLA J. SOOKDEO
 Commissioner for Oaths
 in and for Alberta
 My Commission Expires Dec. 22, 2021