

2019 01G 7735
SUPREME COURT OF NEWFOUNDLAND AND LABRADOR
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF the
Receivership of Norcon Marine
Services Ltd.

AND IN THE MATTER OF the
Bankruptcy and Insolvency Act, RSC
1985, c B-3, as amended

Estate No.
Court No. 2019 01G 7735

SUMMARY OF CURRENT DOCUMENT	
Court File Number	2019 01G 7735
Date of Filing Document	December 11, 2019
Name of Party Filing or Person	Business Development Bank of Canada
Application to which Document being filed relates:	Application seeking Court Appointed Receiver pursuant to s. 243 of the <i>Bankruptcy and Insolvency Act</i>
Statement of Purpose in filing:	To support the application of the Business Development Bank of Canada
Court Sub-File Number, if any	

AFFIDAVIT

I, Robert Prince, of the Town of Riverview, in the Province of New Brunswick, make oath and say as follows:

1. That I am a Director of Business Restructuring with the Business Development Bank of Canada ("BDC") and as such have personal knowledge of the matters set out herein except where stated to be based on information and belief and whereso stated I verily believe same to be true.

2. BDC is a secured creditor of Norcon Marine Services Ltd. ("**Norcon**") and as of 6 November 2019, Norcon is indebted to BDC in the amount of \$559,122.22, including interest (the "**Norcon Indebtedness**") in connection with the following loans, copies of which are attached hereto as Exhibit "A" (the "**Loans**"):
 - i. Loan 033518-05 pursuant to a Letter of Offer dated November 26, 2012 from BDC and Norcon, as amended;
 - ii. Loan 033518-10 pursuant to a Letter of Offer dated March 9, 2017 from BDC to Norcon; and
 - iii. Loan 033518-11 pursuant to a Letter of Offer dated November 22, 2017 from BDC to Norcon
3. Both Burry's Shipyard Inc. ("**BSI**") and Norcon are owned and managed by Glenn Burry and Sonia Burry. Copies of search results at the online Registry of Companies (NL) evidencing this are attached hereto as Exhibit "B". Together, BSI and Norcon are represented as "The Burry Group", with Glenn Burry as President and Sonia Burry as Vice-President. A Burry Group organizational chart is attached hereto as Exhibit "C".
4. Pursuant to a Cross-Collateralization Agreement dated June 27, 2018 between BDC, Norcon, BSI Sonia Burry and Glenn Burry (the "**Cross-Collateralization Agreement**"), Norcon is also responsible for the indebtedness of BSI to BDC (the "**BSI Indebtedness**"). A true copy of the Cross-Collateralization Agreement is attached hereto as Exhibit "D". As of November 6, 2019, the BSI Indebtedness is in the total amount of \$836,380.43 (including interest) itemized as follows:
 - i. Loan 68720-01 from BDC to BSI outstanding in the amount of \$580,967.65;
 - ii. Loan 068720-04 from BDC to BSI outstanding in the amount of \$163,818.22; and
 - iii. Loan 068720-05 from BDC to BSI outstanding in the amount of \$91,594.56
5. Accordingly, Norcon is indebted to BDC in the amount of \$1,389,502.65, being the total of the Norcon Indebtedness and the BSI Indebtedness as of November 6, 2019 (collectively, the "**Indebtedness**") which Indebtedness is now due and payable.

6. BDC holds, *inter alia*, the following security with respect to the Indebtedness, copies of which are attached hereto as Exhibit "E":

- a. General Security Agreement dated 15 March 2017, providing BDC with a security interest over all present and after-acquired personal property of Norcon, notice of which was registered at the Personal Property Security Registry for the Province of Newfoundland and Labrador (the "GSA").
- b. A Marine Mortgage with respect to the vessel MV Northern Seal from Norcon to BDC dated 6 December 2012;
- c. A Marine Mortgage with respect to the vessel MV Norcon Oceanus from Norcon to BDC dated 17 December 2012;
- d. A Marine Mortgage with respect to the vessel MV Norcon Galatea from Norcon to BDC dated 28 June 2018;
- e. A Marine Mortgage with respect to the vessel MV Norcon Triton from Norcon to BDC dated 28 June 2018;
- f. Joint and Several Guarantee of Sonia Burry and Glenn Burry (the "Guarantors") dated 6 December 2012 for 20% of the outstanding amount of Loan 033518-05;
- g. Joint and Several Guarantee of the Guarantors dated 15 March 2017 for 25% of the outstanding amount of Loan 033518-10;
- h. Joint and Several Guarantee of the Guarantors dated 24 November 2017 for 25% of the outstanding amount of Loan 033518-11; and
- i. The Cross-Collateralization Agreement

(Collectively, the "Security")

7. On the June 21, 2018, BSI, Norcon and the Guarantors entered into a forbearance agreement with BDC (the “**Forbearance Agreement**”) wherein BDC agreed to forbear on enforcing its debt, which was then in default, provided that BSI and Norcon adhered to the terms of the Forbearance Agreement, including but not limited to the agreement to make monthly payments to BDC and comply with certain reporting requirements. Within twenty (20) days after signing the Forbearance Agreement, on July 11, 2018, BSI filed a Notice of Intention to File a Proposal under Division I of the BIA (the “**BSI NOI**”).
8. Following the filing of the BSI NOI, BSI, with the assistance of Deloitte Restructuring Inc. (the “**BSI Proposal Trustee**”), was granted the opportunity to conduct a Sales and Investment Solicitation Process (the “**SISP**”) to attempt to sell the business and assets of BSI, which SISP was initiated on June 28, 2018.
9. BSI and the Proposal Trustee were unable to secure a binding offer for the purchase or re-finance of the business and assets of BSI culminating in a viable restructuring plan notwithstanding ample opportunity and the following extensions to the stay of proceedings under the BIA granted by this Honourable Court:
 - i. On August 2, 2018, BSI was granted an extension to the stay of proceedings for a further period of 45 days, which gave BSI up until September 21, 2018 to put forth a viable restructuring plan.
 - ii. On September 21, 2018 BSI was granted a second extension to the stay of proceedings for a further period of 14 days, which gave BSI up until October 5, 2018 to put forth a viable restructuring plan. This extension was opposed by BDC.
 - iii. On October 5, 2018, BSI was granted a third extension to the stay of proceedings for a further period of 20 days, which gave BSI up until October 26, 2018 to put forth viable restructuring plan. This extension was granted notwithstanding BDC opposing the application and without the support and recommendation of the Proposal Trustee.
10. Throughout the period from the initial stay of proceedings on July 11, 2018 up until October 26, 2018, BDC’s concerns continued to grow; as notwithstanding the considerable passage of time and numerous extensions to the stay of proceedings, BSI did not demonstrate that it

was capable of making a viable proposal, information was not forthcoming from BSI to BDC and BDC's position as a secured creditor of BSI continued to deteriorate.

11. As a proposal could not be presented, on October 24, 2018, counsel for BSI ultimately advised this Court that it would not be seeking a further extension to the stay of proceedings. Accordingly, on October 27, 2018, BSI was deemed to have filed an assignment in bankruptcy. On October 28, 2018, BDC appointed BDO Canada Limited as Receiver of BSI (the "**Receiver**").
12. The Receiver developed a successful marketing and advertising plan and this Honourable Court ultimately approved the sale transaction between 524 Locust Corp. (the "**Purchaser**") and the Receiver contemplated by asset purchase agreement made between the Purchaser and the Receiver in relation to all of the property of BSI as described in the asset purchase agreement for the purchase price of \$750,000.01 (the "**BSI Sale**").
13. On October 31, 2018, the Forbearance Agreement between Norcon, BSI, the Guarantors and BDC expired. Accordingly, Norcon, through its counsel, requested that BDC extend and revise the Forbearance Agreement in favour of Norcon. A copy of correspondence from counsel for BDC to counsel for Norcon dated November 15, 2018 pertaining to this request is attached hereto as Exhibit "**F**".
14. On November 19, 2018 Norcon, BSI and the Guarantors entered into the revised and extended Forbearance Agreement (the "**November FA**"). A true copy of the November FA is attached here as Exhibit "**G**".
15. Norcon breached several conditions of the November FA, which breaches are set out in correspondence from counsel for BDC to counsel for Norcon. True copies of the correspondence are attached hereto as Exhibit "**H**".
16. On May 16, 2019 counsel for BDC sent a letter to counsel for Norcon indicating that the term of the November FA had expired and, in accordance with the terms of the November FA, BDC was entitled to proceed to enforce the Security in satisfaction of the Norcon Indebtedness and the BSI Indebtedness. At the same time, counsel for BDC advised that it would be issuing a demand forthwith to Norcon for the total amount of the Norcon Indebtedness and the BSI Indebtedness in the absence of an additional forbearance agreement. A true copy of this correspondence is attached hereto as Exhibit "**I**".

-
17. On October 28, 2019 counsel for BDC sent a letter to counsel for Norcon and the Guarantors again advising that the BSI Indebtedness and the Norcon Indebtedness was due and payable from Norcon to BDC and noting the joint and several liability of the Guarantors. Counsel for BDC again advised that in the absence of a forbearance agreement, BDC would immediately issue formal demands to Norcon along with s. 244 Notices under the BIA. At the same time BDC requested that Norcon provide a detailed proposal as to how it would meet its payment obligations with respect to the Indebtedness over the following 12-month period. Such information was to be provided by November 1, 2019. A true copy of this correspondence is attached hereto as Exhibit "J".
 18. The information requested was not provided by November 1, 2019 and, as such, on November 7, 2019, BDC served Norcon with a formal demand for payment of the BSI Indebtedness and the Norcon Indebtedness (the "**Demand**"), as well as with its s. 244 notice under the BIA (the "**Notice**"). The Demand and Notice were delivered by registered mail to counsel for Norcon on November 9, 2019. True copies of the Demand & Notice are attached hereto as Exhibit "K".
 19. Notwithstanding the issuance of the Demand, the BSI Indebtedness and the Norcon Indebtedness remain due and owing.
 20. At this stage, the functions to be carried out by Grant Thornton Limited ("**GTL**") going forward will be carried out for the benefit of all creditors of Norcon and it is BDC's view that the realization of Norcon's assets should now proceed in the hands of a court-appointed receiver.
 21. In addition to Norcon defaulting under the Loans, various issues have arisen with respect to Norcon's operations, which call into question Norcon's ability to sustain its business operations, which issues can be summarized, *inter alia*, as follows:
 - i. In December 2014, Norcon's account with BDC was referred to BDC's Business Restructuring Unit because of the presence of CRA arrears of over \$480,000. In July 2016, the CRA arrears had been cleared and BDC returned the account to regular administration. Remarkably, in December 2017 the Norcon account was again transferred to BDC's Business Restructuring Unit as Norcon was reporting significant cash flow problems. In February 2018, Norcon engaged Deloitte

Restructuring Inc. to provide restructuring advice. The Norcon account remains under administration by the Business Restructuring Unit.

- ii. Based on the most recent Norcon cash flow forecast, it is apparent Norcon faces significant cash flow challenges. Attached hereto as Exhibit "L" is a summary of BDC's estimate of Norcon's debt servicing requirements over the next three months. It is BDC's assessment that Norcon's monthly payments to creditors over the next three months, if they are being made, will significantly exceed cash generated; and that Norcon lacks the financial means required to operate a sustainable business;
- iii. Norcon lost Government of Newfoundland and Labrador ferry contracts (the "Ferry Contracts") in March 2019 and has not provided any evidence that it will be awarded new contracts in 2020. In prior years, these contracts were the foundation of Norcon's business. The detail of the cancelled Ferry Contracts was summarized to me in an email from a representative of Norcon, Robert Kennedy, dated February 28, 2019. A copy of the email is attached hereto as Exhibit "M";
- iv. BDC has not been provided with a restructuring plan detailing how Norcon could deviate from its current unsustainable business model, absent the Ferry Contracts. BDC has not been presented with alternative business contracts for the use of Norcon's vessels, either. BDC has only been provided with vague depictions of potential sources of business which could possibly materialize in 2020, an example of which is attached hereto as Exhibit "N";
- v. I am aware, based on information provided from Norcon and Deloitte, that over the course of at least the last three months, Norcon has failed to satisfy its obligations to Canada Revenue Agency and accrued a significant arrears liability of \$443,000. I believe this liability arising demonstrates Norcon's inability to prudently manage the cash requirements to ensure its vessels are prepared for service;
- vi. Norcon owns four vessels: the MV Northern Seal, the MV Galatea, the MV Oceanus and the MV Norcon Triton. To the best of my knowledge, since the loss of the Ferry Contracts in March 2019, only two of the four vessels have operated. The MV Northern Seal has been and remains idle in Glovertown, NL while MV Norcon Galatea is also idle in Clarenville, NL. Further, to the best of my knowledge, Norcon

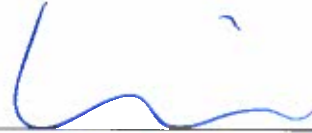
does not have any prospects for remunerative work for either the MV Northern Seal or the MV Galatea;

- vii. Norcon has been trying unsuccessfully, for over a year, to divest itself of real estate unimportant to Norcon's operations in order to generate liquidity required to meet Norcon's various needs. A one-year-old example of Norcon's reporting of its divestiture efforts to BDC is attached hereto as Exhibit "O", and it is our understanding that none of the Norcon redundant assets have been sold;
 - viii. BDC has not received internal financial statements from Norcon since the financial statements as at September 30, 2019 were received on November 5, 2019, depriving BDC of visibility into Norcon's current financial situation; and,
 - ix. Reportedly, one of Norcon's vessels, the MV Norcon Oceanus, is under arrest pursuant to a Warrant issued in the Federal Court of Canada, which arrest Norcon neglected to advise BDC of despite this vessel securing the Indebtedness.
22. BDC is of the view that the appointment of GTL as Receiver is just, convenient and necessary to immediately protect and preserve the property of Norcon, to more effectively deal with and sell the property of Norcon in a manner that will maximize the value for the creditors of Norcon, and to provide a more efficient forum for creditors of Norcon to resolve priority issues, all under the oversight of this Honourable Court.
23. If a Receiver is not appointed, BDC's position, as well as the position of other creditors, will be prejudiced, as Norcon has defaulted on its obligations since October 29, 2019 and the total Indebtedness continues to rise. Additionally, Norcon's assets continue to deteriorate making it less likely for a meaningful recovery by BDC and other creditors should a Receiver not take control of Norcon's assets under the oversight of this Court.
24. I make this affidavit in support of the originating application by BDC for an Order appointing GTL as the court-appointed receiver of all of the undertakings, property and assets of Norcon.

SWORN/AFFIRMED before me at
Moncton in the Province of New
Brunswick, this 11th day of December, 2019



A Commissioner for taking affidavits.



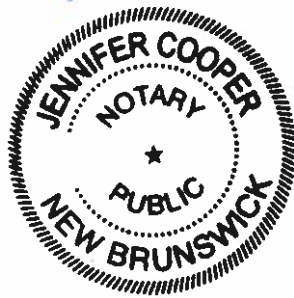
Robert Prince

THIS IS EXHIBIT " A " TO
THE AFFIDAVIT OF

Robert Prince

Sworn to before me
this 4 day of Dec, 2019







Letter of Offer dated November 26th, 2012

Norcon Marine Services Ltd.
46 Main St.
P.O. Box 35
Glovertown, NL
A0G 2L0

Attention of: Mr. Glenn Maxwell Burry

Re: Loan Account No. 033518-05

In accordance with this letter of offer of credit as amended from time to time (the "**Letter of Offer**"), Business Development Bank of Canada ("**BDC**") is pleased to offer you the following loan (the "**Loan**"). The Letter of Offer is open for acceptance until December 3rd, 2012 (the "**Acceptance Date**") after which date it shall become null and void.

This Loan is in addition to the existing loan(s) on which \$141,780.00 is outstanding.

LOAN PURPOSE AND FUNDING

Loan Purpose

Purchase Vessel - MV Joseph M	\$2,150,000.00
Vessel Refit	\$1,350,000.00
	<hr/>
	\$3,500,000.00

Funding

BDC	\$2,695,000.00
Share Owner's Investment	\$500,000.00
Working Capital	\$305,000.00
	<hr/>
	\$3,500,000.00

No change to the Loan Purpose or Funding may be made without BDC's prior written consent. The proceeds of the Loan may only be used for this Loan Purpose.

SCHEDULE

The Letter of Offer includes Schedule "A" which contains Definitions, Representations and Warranties, Covenants, Events of Default and General Terms and Conditions. Schedule "A" has been inserted after the signature page and forms an integral part of the Letter of Offer.

DEFINITIONS

In the Letter of Offer, capitalized terms have the meanings described in Schedule "A" – Section I or are defined elsewhere in the text of the Letter of Offer.

LENDER

BDC

BORROWER

Norcon Marine Services Ltd. (the "**Borrower**")

GUARANTOR

Glenn Maxwell Burry and Sonia Burry (collectively the "**Guarantor**")

LOAN AMOUNT

Cdn \$2,695,000 00.

INTEREST RATE

The Loan and all other amounts owing by the Borrower pursuant to the Loan Documents shall bear interest at the following rate:

Floating Rate

BDC's Floating Base Rate minus a variance of 0.050% per year (the "**Variance**"). On the date hereof, BDC's Floating Base Rate is 5.000% per year.

INTEREST CALCULATION

Interest shall be calculated monthly on the outstanding principal, commencing on the date of the first disbursement, both before and after maturity, default and judgment.

Arrears of interest or principal and all other amounts owing by the Borrower pursuant to the Loan Documents shall bear interest at the rate applicable to the Loan and shall be calculated and compounded monthly.

REPAYMENT

Principal is repayable as follows:

Regular

Payments			Start Date	End Date
Number	Frequency	Amount (\$)		
1	Once	37,470.00	23/02/2013	23/02/2013
71	Monthly	37,430.00	23/03/2013	23/01/2019

In addition, interest is payable monthly on the 23rd day of the month ("the **Payment Date**") commencing on the next occurring Payment Date following the first advance on the Loan.

On January 23rd, 2019 (the "**Maturity Date**"), the balance of the Loan in principal and interest and all other amounts owing pursuant to the Loan Documents shall become due and payable.

PREPAYMENT

Provided that the Borrower is not in default, the Borrower may prepay, on each anniversary of November 23rd, 2012 (the "**Loan Authorization Date**"), up to 15% of the then outstanding principal amount of the Loan without paying any indemnity. If the Borrower does not take advantage of this prepayment privilege, the prepayment privilege available on such anniversary shall cease.

In addition to the annual privilege, the Borrower may prepay at any time all or part of the principal provided that the Borrower pays the interest owing up to the time of the prepayment together with an indemnity equal to:

If the interest rate on the Loan is a floating rate:

- three months further interest on the principal prepaid at the floating interest rate then applicable to the Loan.

If the interest rate on the Loan is a fixed rate:

- the sum of (a) three months further interest on the principal prepaid at the fixed interest rate then applicable to the Loan, and (b) the Interest Differential Charge.

Partial prepayments shall be applied regressively on the then last maturing instalments of principal.

SECURITY

The Loan, interest on the Loan and all other amounts owing pursuant to the Loan Documents shall be secured by the following (the "**Security**"):

1. First marine mortgage on vessel MV Joseph M, IMO number 8964264 registered number to be provided. Collateral Marine Loan Agreement required.

2. First marine mortgage on vessel MV Northern Seal, Official number 0326961; IMO number 6622290, subject only to a prior charge in favour of BDC. Collateral Marine Loan Agreement required.
3. Joint and Several Guarantee of Glenn Maxwell Burry and Sonia Burry for 20% of the outstanding loan balance. The guarantors agree that they are personally responsible for the payment of the cancellation, standby and legal fees.

CONDITIONS PRECEDENT

Any obligation to make any advance under the Letter of Offer is subject to the following conditions being fulfilled to the satisfaction of BDC:

1. Receipt of the Security in form and substance satisfactory to BDC registered as required to perfect and maintain the validity and rank of the security, and such certificates, authorizations, resolutions and legal opinions as BDC may reasonably require.
2. Satisfactory review of all financial information relating to the Borrower and any corporate Guarantor and their respective business as BDC may reasonably require.
3. No Default or Event of Default shall have occurred.
4. No Material Adverse Change shall have occurred
5. Use of funding obtained from sources other than BDC, if applicable.
6. Provision of documents evidencing expenditures under the Loan Purpose, if applicable.
7. Satisfaction of all applicable disbursement conditions contained in the Underlying Conditions section of this Letter of Offer
8. Provide an executed Purchase and Sale Agreement confirming the purchase price of the MV Joseph M to be not exceeding \$1,700,000 USD excluding duty.
9. Provide a detailed listing prepared by Poseidon Marine Consultants Ltd. of work to be completed on the vessel MV. Joseph M. to bring the vessel to Canadian standards/class and confirmed by a physical inspection of the vessel while in port at Valletta Malta. The physical inspection is to be completed by a Poseidon Marine Consultant or a Class Representative from DNV prior to BDC disbursement.
10. Provide cost quotes for the vessel refit from an approved Canadian shipyard. Quotes to be reviewed by Poseidon Marine Consultants Ltd. with an opinion as to Burry's Shipyard's ability to complete the refit within budget
11. Provide acknowledgement from the Vendor's Banking Institution and the Escrow Agent appointed by the Bank's solicitor, confirming that funds being wired by the Bank's Solicitor are not to be released until the registration of the Bill of Sale transferring the vessel into the Canadian Registry of Shipping and the registration of the Bank's Marine Mortgage.
12. Provide confirmation from Transport Canada that the vessel, once registered as a Canadian vessel owned by the Borrower, is permitted to sail in Canadian waters.
13. Provide evidence of Marine Insurance coverage that includes marine vessels insured for the full value of the vessel under a standard Hull & Machinery insurance clause in

customary use for the occupation of the vessel, and Protection & Indemnity coverage (Minimum \$5,000,000). Such insurance shall include a Mortgage Interest Clause in favour of BDC, BDC included as First Loss Payee as its interests may appear, BDC as an additional insured, and shall provide a 30 day prior notice of cancellation. Insurance coverage as outlined herein is to be maintained in full force and effect for the duration of the Loan.

UNDERLYING CONDITIONS

So long as any amount owing pursuant to the Loan Documents remains unpaid, the following conditions shall apply:

1. a. Funds in the amount of \$500,000 from shareholder investment are to be injected according to Loan Purpose and Funding after the vessel has been purchased. Funds from Shareholder investment to be injected on a pro rata basis with BDCs disbursement(s) to complete the vessel refit.
- b. The amount of \$305,000 to be financed by the Borrowers working capital is to be applied concurrently with BDCs disbursement for the vessel purchase.
- c. Prior to each disbursement with the exception of the initial disbursement for the vessel purchase, the Borrower must submit a report, certified by Poseldon Marine Consultants, establishing in detail:
 - the stage of completion of the refit project
 - any change (proposed or planned) to the initial budget, plans and specifications with the value of these changes
 - expenses incurred and paid to date
 - the budgeted costs to be incurred to complete the project
- BDC may, in its sole discretion, require additional and more detailed reporting.
- d. Physical inspection(s) by a BDC representative of the expenditures under the Loan Purpose is to be done subsequent to first disbursement when the vessel has landed in Canadian waters.
- e. The vessel acquired under this program is to be registered in Canada concurrent with the first disbursement and have a Canadian port of origin.

DISBURSEMENT

Unless otherwise authorized, funds shall be disbursed to the solicitor or notary who shall confirm to BDC the execution, delivery and registration of the Security.

REPRESENTATIONS AND WARRANTIES

The Borrower makes the representations and warranties in Schedule "A" – Section II. These representations and warranties shall survive the execution of the Letter of Offer and shall continue in force and effect until the full payment and performance of all obligations of the Borrower pursuant to the Loan Documents.

COVENANTS

So long as any amount owing pursuant to the Loan Documents remains unpaid, the Borrower and any corporate Guarantor shall perform the covenants in Schedule "A" – Section III.

REPORTING OBLIGATIONS

The Borrower (and if applicable the corporate Guarantor) shall provide to BDC within 90 days of its (their) fiscal year end the following financial statements:

Company	Type	Frequency	Period Ending
Norcon Marine Services Ltd.	Review Engagement	Annual	December

and such other financial and operating statements and reports as and when BDC may reasonably require.

EVENTS OF DEFAULT

The occurrence of any of the events listed in Schedule "A" – Section IV constitutes an event of default under the Letter of Offer (each an "Event of Default"). If an Event of Default occurs, any obligation of BDC to make any advance, shall, at BDC's option, terminate and BDC may, at its option, demand immediate payment of the Loan and enforce any Security.

FEES

Cancellation Fee

If the Borrower does not draw on the Loan by November 23rd, 2013 (the "Lapsing Date"), the Loan shall lapse and be cancelled and the Borrower and the Guarantor shall pay BDC a cancellation fee of \$80,850.00. If the Borrower draws on the Loan partially, the undisbursed part of the Loan shall lapse on the Lapsing Date and be cancelled. If the Borrower cancels more than 50% of the Loan (cumulative), the Borrower and the Guarantor shall pay a prorated part of the above stated cancellation fee proportionate to the percentage of the Loan cancelled.

The cancellation fee is payable on demand and is liquidated damages, not a penalty, and represents a reasonable estimate of BDC's damages should the Loan be cancelled or allowed to lapse in whole or in part.

Standby Fee

The Borrower and the Guarantor shall pay BDC a non-refundable standby fee calculated at a rate of 1.5% per annum on the portion of the Loan which has not been advanced or cancelled. This fee shall be calculated daily and be payable in arrears commencing on May 23rd, 2013 and on each Payment Date thereafter.

Legal Fees and Expenses

The Borrower and the Guarantor shall pay, on demand, all legal and other out-of-pocket costs of BDC incurred in connection with the Loan and the Loan Documents including the enforcement of the Loan and the Loan Documents, whether or not any documentation is entered into or any advance is made to the Borrower. All legal and other out-of-pocket expenses of BDC in connection with any amendment or waiver related to the Loan and the Loan documents shall also be for the account of the Borrower.

Loan Management Fee

The Borrower shall pay BDC a management fee of \$750.00 per year. This management fee is payable annually on the Payment Date immediately following each anniversary of the first advance of the Loan. This fee is non-refundable and is subject to change.

Transaction Fees

The Borrower shall pay BDC loan amendment and Security processing fees charged for the administrative handling of the Loan.

CONFLICTS

The Loan Documents constitute the entire agreement between BDC and the Borrower. To the extent that any provision of the Letter of Offer is inconsistent with or in conflict with the provisions of the other Loan Documents, such provision of the Letter of Offer shall govern.

INDEMNITY

The Borrower shall indemnify and hold BDC harmless against any and all claims, damages, losses, liabilities and expenses incurred, suffered or sustained by BDC by reason of or relating directly or indirectly to the Loan Documents save and except any such claim, damage, loss, liability and expense resulting from the gross negligence or wilful misconduct of BDC.

GOVERNING LAW

This Letter of Offer shall be governed by and construed in accordance with the laws of the jurisdiction in which the Business Centre of BDC is located as shown on the first page of this Letter of Offer.

SUCCESSORS AND ASSIGNS

The Letter of Offer shall extend to and be binding on the Borrower and BDC and their respective successors and assigns. BDC, in its sole discretion, may assign, sell or grant

LETTER OF OFFER Norcon Marine Services Ltd. - 033518-05, November 26th, 2012

participation in (a "transfer") all or any part of its rights and obligations under this Letter of Offer or the Loan to any third party, and the Borrower agrees to sign any documents and take any actions that BDC may reasonably require in connection with any such transfer. Upon completion of the transfer, the third party will have the same rights and obligations under this Letter of Offer as if it were a party to it, with respect to all rights and obligations included in the transfer and BDC will be released to the extent of any interest under this Letter of Offer or the Loan it assigns. BDC may disclose information it has in connection with the Borrower or any Guarantor to any actual or prospective transferee. No Borrower or Guarantor shall have the right to assign any of its rights or obligations under or pursuant to the Loan Documents without BDC's prior written consent.

ACCEPTANCE

The Letter of Offer and any modification of it may be executed and delivered by original signature, fax, or any other electronic means of communication acceptable to BDC and in any number of counterparts, each of which is deemed to be an original and all of which taken together shall constitute one and the same Letter of Offer.

Should you have any questions regarding the Letter of Offer, do not hesitate to communicate with one of the undersigned.



Vanessa Power
Senior Account Manager
Tel: (709) 489-2183
Fax: (709) 489-6569



Dale Rideout
Manager, Business Centre
(709) 489-2182


LETTER OF OFFER Norcon Marine Services Ltd - 033518-05, November 26th, 2012

ACCEPTANCE

The parties accept the terms and conditions set forth above and in the attached Schedule "A".

This 27th day of November 2012.

Norcon Marine Services Ltd.


_____, Authorized Signing Officer
Name: Glenn Maxwell Burry


_____, Authorized Signing Officer
Name: Sonia Burry


GUARANTOR(S)

Glenn Maxwell Burry



Name: Glenn Maxwell Burry

Sonia Burry



Name: Sonia Burry

d.s.
Cub

This loan is being accepted on the condition
that the first payment be made May 23, 2013

November 26, 2012

SECTION I - DEFINITIONS

"Available Funds" - means in respect of the Borrower and any corporate Guarantor for any period of 12 months, the sum of the net profits before non-recurring or non operating items that are not related to normal operations (as designated by the external accredited accountant) plus depreciation and amortization; plus deferred income taxes, and minus the following: dividends, drawings/management bonuses, amortization of government grants and subsidies, redemption of share capital, advances or loans to (and repayment of advances or loans from) shareholders (owners), directors, related and non related businesses other than in the ordinary course of business.

"Available Funds Coverage Ratio" - means the ratio of Available Funds over the current portion of Term Debt.

"BDC's Base Rate" - means the annual rate of interest announced by BDC through its offices from time to time as its base rate and, as the case may be, subject to a discount for the duration, applicable to each of BDC's fixed interest rate plans then in effect for determining the fixed interest rates on Canadian dollar loans.

"BDC's Floating Base Rate" - means the annual rate of interest announced by BDC through its offices from time to time as its floating rate then in effect for determining the floating interest rates on Canadian dollar loans. The interest rate applicable to the Loan shall vary automatically without notice to the Borrower upon each change in BDC's Floating Base Rate.

"BDC's US Dollar Floating Base Rate" - means the 1-month US Dollar floating base rate set the last business day of each month for the following month for determining the floating interest rates on US Dollar loans. The interest rate applicable to the Loan shall vary automatically without notice to the Borrower upon each change in BDC's US Dollar Floating Base Rate. BDC's US Dollar Floating Base Rate for the period from the date of the first advance on the Loan to the first business day of the following month will be the 1-month US Dollar floating base rate as established by BDC on the first business day of the month in which the funds are disbursed. Thereafter, the 1-month US Dollar Floating Base Rate may vary on the first business day of each month.

"Corresponding Fixed Interest Rate Plan" - means, at any time in respect of a prepayment, the fixed interest rate plan then being offered by BDC to its clients equal to the number of years, rounded to the nearest year (minimum of one year), from the date such prepayment is received to the next scheduled Interest Adjustment Date (or the Maturity Date if earlier).

"Default" - means an Event of Default or any condition that, with the giving of notice, the passage of time or otherwise, is susceptible of being an Event of Default.

"GAAP" - means generally accepted accounting principles in Canada applied consistently.

"GAAP for Private Enterprises" means generally accepted accounting principles approved by the Accounting Standards Board for financial reporting for private companies in Canada who have elected not to adopt IFRS.

"IFRS" means International Financial Reporting Standards approved by the Accounting Standards Board for accounting for publicly accountable enterprises and private enterprises who have voluntarily decided to adopt this set of standards.

"Interest Adjustment Date" - means, in respect of any fixed interest rate plan, the day after the Interest Expiration Date of such fixed interest rate plan.

"Interest Differential Charge" - means, in respect of the prepayment of the Loan or any portion of the Loan on a fixed interest rate plan, if, on the date of the prepayment, the BDC's Base Rate for the Corresponding Fixed Interest Rate Plan is lower than the BDC's Base Rate in effect when the Borrower entered or renewed the fixed interest rate plan, whichever is most recent, the amount calculated as follows:

- (i) the difference between the two rates;
- (ii) such interest differential is multiplied by the principal that would have been outstanding at each future Payment Date until the next Interest Adjustment Date (or the maturity of the principal if earlier);
- (iii) the Interest Differential Charge is the present value of those monthly amounts calculated using BDC's Base Rate for the Corresponding Fixed Interest Rate Plan as the discount rate. In the case of partial prepayment, the Interest Differential Charge will be reduced in the same proportion as the amount prepaid bears to the principal outstanding on the Loan at the time prepayment is received. If the Loan is

secured by a mortgage or a hypothec on real estate and the Loan is prepaid in full after 5 years from the date of the mortgage or hypothec, the Interest Differential Charge shall not be payable if the mortgage or hypothec is given by an individual and shall only be payable if permitted under the Interest Act.

"Interest Expiration Date" - means the date on which a fixed interest rate plan expires.

"Loan" - shall have the meaning indicated in the Letter of Offer, or, as the context may require, at any time the unpaid principal balance of the Loan.

"Loan Documents" - means, collectively, the application for financing, the Letter of Offer, the security contemplated by the Letter of Offer and all other documents, instruments and agreements delivered in connection with the foregoing.

"Material Adverse Change" - means:

- (i) a material adverse change in, or a material adverse effect upon, the financial condition, operations, assets, business, properties or prospects of the Borrower or any corporate Guarantor,
- (ii) a material impairment of the ability of the Borrower or any corporate Guarantor to perform any of their obligations under any Loan Document, or
- (iii) a material adverse effect upon any substantial portion of the assets subject to security in favour of BDC or upon the legality, validity, binding effect, rank or enforceability of any Loan Document.

"Person" includes any natural person, corporation, company, Limited Liability Company, trust, joint venture, association, incorporated organization, partnership, governmental authority or other entity.

"Tangible Equity" - means the sum of the share capital [owners' capital for non incorporated businesses]; plus retained earnings [accumulated net income]; plus subordinated loans or advances from the shareholders [owners] in favour of BDC; minus loans or advances to the shareholders [owners], directors, related or non-related businesses other than in the normal course of business, minus intangible and non-business assets.

"Term Debt" - means the sum of the long-term debt plus the capital leases including the current portion to be paid over the next 12 months; plus the book value of preferred shares subject to a formal redemption agreement, if any.

"Term Debt to Tangible Equity Ratio" - means the ratio of the Term Debt over the Tangible Equity.

"Working Capital Ratio" - means the ratio of the total current assets over the total current liabilities. Current assets include the following: cash on deposit, accounts receivable (trade and other), inventory and prepaid expenses. Current liabilities include the following: bank advances, cheques in transit, accounts payable (trade and other) and the current portion due within the next 12 months of all long term debts.

SECTION II - REPRESENTATIONS AND WARRANTIES

The Borrower hereby represents and warrants to BDC that:

1. It is a partnership, trust or corporation, as the case may be, duly constituted, validly existing and duly registered or qualified to carry on business in each jurisdiction where it is required by applicable laws to be so registered or qualified.
2. The execution, delivery and performance of its obligations under the Letter of Offer and the other Loan Documents to which it is a party have been duly authorized and constitute legal, valid and binding obligations enforceable in accordance with their respective terms.
3. It is not in violation of any applicable law, which violation could lead to a Material Adverse Change.
4. No Material Adverse Change exists and there are no circumstances or events that constitute or would constitute, with the lapse of time, the giving of notice or otherwise, a Material Adverse Change.
5. No Default or Event of Default exists.
6. All information provided by it to BDC is complete and accurate and does not omit any material fact and, without limiting the generality of the foregoing, all financial statements delivered by it to BDC fairly present its financial condition as of the date of such financial statements and the results of its operations for the period covered by such financial statements, all in accordance with GAAP.

7. There is no pending or threatened claim, action, prosecution or proceeding of any kind including but not limited to non-compliance with environmental law or arising from the presence or release of any contaminant against it or its assets before any court or administrative agency which, if adversely determined, could lead to a Material Adverse Change.
8. In respect of properties and assets charged to BDC, it has good and marketable title, free and clear of any encumbrances, except those encumbrances which BDC has accepted in writing.

The foregoing representations and warranties shall remain in force and true until the Loan is repaid in full.

SECTION III - COVENANTS

The Borrower and each corporate Guarantor shall:

1. Perform their obligations and covenants under the Loan Documents.
2. Maintain in full force and effect and enforceable the Security contemplated by this Letter of Offer.
3. Notify BDC immediately of the occurrence of any Default under the Letter of Offer or any other Loan Documents
4. Comply with all applicable laws and regulations.
5. Keep all secured assets insured for physical damages and losses on an "All-Risks" basis, including Equipment Breakdown (or Boiler & Machinery) where applicable, for their full replacement value and cause all such insurance policies to name BDC as loss payee as its interests may appear. The policies shall also name BDC as mortgagee and include a standard mortgage clause in respect of buildings over which BDC holds Security; and
as further Security, assign or hypothecate all insurance proceeds to BDC, and
if requested by BDC, maintain adequate general liability insurance and environmental insurance to protect it against any losses or claims arising from pollution or contamination incidents and to provide copies of such policies; and maintain all policies of insurance in effect for the duration of the loan.
6. Notify BDC immediately of any loss or damage to their property.
7. Without limiting the generality of paragraph 4 above, in relation to their business operations and the assets and projects of their business, operate in conformity with all environmental laws and regulations; make certain that their assets are and shall remain free of environmental damage; inform BDC immediately upon becoming aware of any environmental issue and promptly provide BDC with copies of all communications with environmental authorities and all environmental assessments; pay the cost of any external environmental consultant engaged by BDC to effect an environmental audit and the cost of any environmental rehabilitation or removal necessary to protect, preserve or remediate the assets, including any fine or penalty BDC is obligated to incur by reason of any statute, order or directive by a competent authority.
8. Promptly pay all government remittances, assessments and taxes including real estate taxes and provide BDC with proof of payments as BDC may request from time to time.
9. Promptly furnish to BDC such information, reports, certificates and other documents concerning the Borrower and any corporate Guarantor as BDC may reasonably request from time to time.
10. Not, without the prior written consent of BDC,
 - a. Change the nature of their business.
 - b. Amalgamate, merge, acquire or otherwise restructure their business, or create an affiliated company, or sell or otherwise transfer a substantial part of their business or any substantial part of their assets, or grant any operating license.
 - c. Permit any Person holding Equity Interests in the Borrower or any corporate Guarantor or in any Person that controls directly or indirectly the Borrower or any corporate Guarantor, to sell or transfer their Equity Interests in such Borrower or corporate Guarantor, or permit the Borrower or any corporate Guarantor or any Person that directly or indirectly controls the Borrower or any corporate Guarantor to issue any Equity Interests to any Person which is not a Borrower or a corporate Guarantor.

"Equity Interests" means, with respect to any Person, any and all shares, interests, participations, rights in, or other equivalents (however designated) of such Person's capital, including any interest in a partnership, limited partnership or other similar Person and any beneficial interest in a trust, which carry

the right to vote on the election of directors or individuals exercising similar functions in respect of such Person and/or which entitle their holder to participate in the profits of such Person.

This provision shall not apply to any Borrower or any corporate Guarantor who is a Public Issuer.

"Public Issuer" means any Borrower or any corporate Guarantor whose Equity Interests are listed or posted for trading on the Toronto Stock Exchange or the TSX Venture Exchange or any other stock exchange or over-the-counter market acceptable to BDC.

11. Not engage in, or permit their premises to be used by a tenant or other Person, for any activity which BDC, from time to time, deems ineligible, including without limitation any of the following ineligible activities:

- a. businesses that are sexually exploitive or that are inconsistent with generally accepted community standards of conduct and propriety, including those that feature sexually explicit entertainment, products or services; businesses that are engaged in or associated with illegal activities; businesses trading in countries that are proscribed by the Federal Government;
- b. businesses that operate as stand-alone nightclubs, bars, lounges, cabarets, casinos, discotheques, video arcades, pool and billiard halls, and similar operations; or
- c. businesses that promote nudism and naturism.

BDC's finding that there is an ineligible activity shall be final and binding between the parties and will not be subject to review. The prohibitions set out in this paragraph 11 shall also apply to any entity that controls, is controlled by, or that is under the common control with, any Borrower and any corporate Guarantor.

SECTION IV - EVENTS OF DEFAULT

1. The Borrower fails to pay any amount owing under or pursuant to the Loan Documents
2. The Borrower fails to comply with or to perform any provision of the Letter of Offer or the other Loan Documents.
3. The Borrower is in default under any other agreement with BDC or any third party for the granting of a loan or other financial assistance and such default remains unremedied after any cure period provided in such other agreement.
4. Any representation or warranty made by the Borrower or any corporate Guarantor in any Loan Document is breached, false or misleading in any material respect, or becomes at any time false.
5. Any schedule, certificate, financial statement, report, notice or other writing furnished by the Borrower or corporate Guarantor to BDC in connection with the Loan is false or misleading in any material respect on the date as of which the facts therein set forth are stated or certified.
6. The Borrower or corporate Guarantor becomes insolvent or generally fails to pay, or admits in writing their inability or refusal to pay their debts as they become due, or any Borrower or corporate Guarantor applies for, consents to, or acquiesces in the appointment of a trustee, receiver or other custodian for such Borrower or corporate Guarantor or any property thereof, or makes a general assignment for the benefit of creditors; or, in the absence of such application, consent or acquiescence, a trustee, receiver or other custodian is appointed for the Borrower or corporate Guarantor for a substantial part of the property of such party; or any bankruptcy, reorganization, debt arrangement, or other case or proceeding under any bankruptcy or insolvency law, or any dissolution or liquidation proceeding, is commenced in respect of such party, or any Borrower or corporate Guarantor takes any action to authorize, or in furtherance of, any of the foregoing.
7. The Borrower ceases or threatens to cease to carry on all or a substantial part of their business.
8. Without the prior written consent of BDC, the occurrence of a change of control of the Borrower (as determined by BDC) who is not a Public Issuer.
9. The Borrower or any corporate Guarantor is in violation of any applicable law relating to terrorism or money laundering, including the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada).

10. In the event that either a) any Person or group of Persons, acting jointly or in concert, that already owns 20% or more of the outstanding Equity Interests of a Public Issuer, acquires a number of Equity Interests from such Public Issuer or from any third party that would result in such Person or group of Persons owning more than 50% of the outstanding Equity Interests of such Public Issuer or b) any Person or group of Persons, acting jointly or in concert, that does not already own 20% or more of the outstanding Equity Interests of a Public Issuer, acquires a number of Equity Interests from such Public Issuer or from any third party that would result in such Person or group of Persons owning at least 20% of the outstanding Equity Interests of such Public Issuer, BDC may review the Loan and may require that the Loan, together with interest and any other amounts then outstanding, be repaid within sixty (60) days. Should the Borrower fail to repay the Loan, accrued interest, and all other amounts outstanding within sixty (60) days of the demand by BDC under this provision, the Borrower shall be in Default and same shall constitute an Event of Default.

SECTION V - GENERAL TERMS AND CONDITIONS

The Borrower and each Guarantor agree to the following additional provisions:

Other Available Interest Rate Plans

Upon acceptance of the Letter of Offer, the Borrower can select one of BDC's other available fixed or floating interest rate plans. If the selection is made before the Acceptance Date, there is no fee and the selected plan shall be based on BDC's Base Rate in effect on the Loan Authorization Date. If the selection is made after the initial Acceptance Date, there is a fee and an Interest Differential Charge may apply. The new rate shall become effective on the fourth day following receipt of the request by BDC.

Standby Fee Date Change When Switching From Floating to Fixed Rate Plans

If the Borrower changes to a fixed interest rate plan within 2 months after the Loan Authorization Date, the standby fee shall be effective two months after the Loan Authorization Date. If the change to a fixed interest rate plan occurs later than two months after the Loan Authorization Date, the standby fee shall be effective on the date the new fixed interest plan takes effect.

Interest Adjustment Date

Provided no Default has occurred and is continuing, prior to each Interest Adjustment Date, BDC shall advise the Borrower of BDC's Base Rates then in effect for the fixed interest rate plans available. Not later than on the current Interest Expiration Date, the Borrower shall select a new interest rate plan. If the Borrower selects a new fixed interest rate plan, effective on the Interest Adjustment Date, the interest rate for the Loan shall be BDC's Base Rate applicable to the fixed interest rate plan selected by the Borrower adjusted by the Variance which new rate shall be applicable until the next Interest Expiration Date. If the Loan is on a fixed interest rate plan with blended payments of principal and interest, the repayment schedule shall be adjusted on each Interest Adjustment Date. If the Borrower has not advised BDC in writing of its choice before an Interest Adjustment Date, the Loan shall automatically switch to BDC's floating interest rate plan on the Interest Adjustment Date with an interest rate being BDC's Floating Base Rate as adjusted by the Variance. Outstanding principal for blended payment loans shall then be divided in equal monthly instalments to be paid until Maturity Date.

In the event BDC should demand repayment of the Loan by reason of an Event of Default, any fixed interest rate applicable at the time of demand shall continue to apply to the Loan until full repayment and shall not be adjusted at the next Interest Adjustment Date.

Pre-Authorized Payment System

All payments provided for in the Letter of Offer must be made by pre-authorized debits from the Borrower's bank account. The Borrower shall sign all documentation required to that effect and provide a sample cheque marked void.

Application of Payments

All payments shall be applied in the following order:

1. any prepayment indemnity (including the monthly interest and Interest Differential Charge)
2. protective disbursements;

- Other than regular payments of principal and interest, BDC may apply any other monies received by it, before or after Default, to any debt the Borrower may owe BDC under or pursuant to the Letter of Offer or any other agreement and BDC may change those applications from time to time.

The Borrower and any corporate Guarantor authorize BDC, from time to time, to obtain financial, compliance, account status and any other information about a Borrower and any corporate Guarantor and their respective business from their accountants, their auditors, any financial institution, creditor, credit reporting or rating agency, credit bureau, governmental department, body or utility.

Notices must be in writing and may be given in person, or by letter sent by fax, mail, courier or electronically; if to the Borrower, at the Borrower's address above or such other addresses as the Borrower may advise BDC in writing, or if to BDC, at BDC's address above.

Where in the Loan Documents, any covenant, agreement, warranty, representation or obligation is made or imposed upon two or more Persons or a party comprised of more than one Person, each such covenant, agreement, warranty, representation or obligation shall be deemed to be and be read and construed as a joint and several (solidary in Quebec) covenant, agreement, warranty, representation or obligation of each such Person or party, as the case may be. Without limiting the generality of the foregoing, each Borrower shall be jointly and severally (solidarily) liable with each other to BDC for the full performance of all obligations under the Loan Documents.

The Borrower and each Guarantor acknowledge that, pursuant to prudent banking practices in respect of "knowing your client", BDC, in compliance with its internal policies, is required to verify and record information regarding the Borrower and each Guarantor, their directors, authorized signing officers, shareholders and other Persons in control of the Borrower and each Guarantor. The Borrower and each Guarantor shall promptly provide all such information, including supporting documentation and other evidence, as may be reasonably requested by BDC or any prospective assignee or other financial institution participating in the Loan with BDC, in order to comply with internal policies and applicable laws on anti-money laundering and anti-terrorist financing.

The Borrower and each Guarantor shall not disclose the contents of this Letter of Offer to anyone except its professional advisors.

In the event that a Borrower or any Guarantor adopts any changes in accounting standards, including but not limited to GAAP for Private Enterprises and International Financial Reporting Standards (IFRS), which have an effect on any provision in the Letter of Offer relying on financial statement calculations, BDC may amend such provision to reflect the original intent of the provision.



Letter of Offer dated March 9, 2017

BDCID: 10007486508

Norcon Marine Services Ltd.
3 Wharf Road
Clareville, NL
A5A 2B2

Attention of: Mr. Glenn Burry

Re: Loan No. 033518-10

In accordance with this letter of offer of credit as amended from time to time (the "Letter of Offer"), Business Development Bank of Canada ("BDC") is pleased to offer you the following loan (the "Loan"). The Letter of Offer is open for acceptance until March 19, 2017 (the "Acceptance Date") after which date it shall become null and void.

This Loan is in addition to the existing CDN dollar loan(s) on which \$1,586,730.00 is outstanding.

LOAN PURPOSE AND FUNDING

Loan Purpose

Fixed Assets - Equipment

500,000.00

500,000.00

Funding

BDC 033518-10

500,000.00

500,000.00

No change to the Loan Purpose or Funding may be made without BDC's prior written consent. The proceeds of the Loan may only be used for the Loan Purpose.

DEFINITIONS

In the Letter of Offer, capitalized terms have the meanings described in Schedule "A" – Section I or are defined elsewhere in the text of the Letter of Offer.

LENDER

BDC

BORROWER

Norcon Marine Services Ltd. (the "Borrower")

GUARANTOR

Glenn Maxwell Burry

Sonia Burry

(Hereinafter individually or collectively referred to as the "Guarantor"). The terms of each guarantee are set forth in the Security section below.

LOAN AMOUNT

\$ 500,000.00

INTEREST RATE

The Loan and all other amounts owing by the Borrower pursuant to the Loan Documents shall bear interest at BDC's Floating Base Rate plus a variance of 1.90% per year (the "Variance"). On the date hereof, BDC's Floating Base Rate is 4.70% per year.

The Loan must remain on a floating rate up until the Lapsing Date (as defined herein) or full disbursement of the Loan, whichever occurs first, at which time the Borrower may choose to remain on a floating rate or may choose a fixed interest rate plan.

INTEREST CALCULATION

Interest shall be calculated monthly on the outstanding principal, commencing on the date of the first disbursement, both before and after maturity, Default and judgement.

Arrears of interest or principal and all other amounts owing by the Borrower pursuant to the Loan Documents shall bear interest at the rate applicable to the Loan and shall be calculated and compounded monthly.

REPAYMENT

Principal is repayable as follows:

Regular

Payments			Start Date	End Date
Number	Frequency	Amount ([/])		
1	Once	7,260.00	23-02-2019	23-02-2019
71	Monthly	6,940.00	23-03-2019	23-01-2025

In addition, interest is payable monthly on the 23rd day of the month (the "Payment Date") commencing on the next occurring Payment Date following the first advance on the Loan.

On January 23, 2025 (the "Maturity Date"), the balance of the Loan in principal and interest and all other amounts owing pursuant to the Loan Documents shall become due and payable.

PREPAYMENT

If the interest rate on the Loan is a floating rate: the Borrower may prepay at any time all or part of the principal provided the Borrower pays the interest owing up to the time of the prepayment.

If the interest rate on the Loan is a fixed rate: the Borrower may prepay at any time all or part of the principal provided the Borrower pays the interest owing up to the time of the prepayment and the Interest Differential Charge.

Partial prepayments shall be applied regressively on the then last maturing instalments of principal.

SECURITY

The Loan, interest on the Loan and all other amounts owing pursuant to the Loan Documents shall be secured by the following (the "Security"):

1. Joint and Several Guarantee of Glenn Maxwell Burry for 25% of the Loan amount outstanding. The guarantors agree that they are directly responsible for the payment of the cancellation, standby and legal fees.

Joint and Several Guarantee of Sonia Burry for 25% of the Loan amount outstanding. The guarantors agree that they are directly responsible for the payment of the cancellation, standby and legal fees.

2. General Security Agreement from Norcon Marine Services Ltd. providing: (1) a first security interest in the specific equipment being financed under this Loan (details to be provided by Borrower), and any existing BDC first security interest on specific equipment (list to be provided by BDC) and, (2) a security interest in all other present and after-acquired personal property, except consumer goods, subject to all existing and future charges unless limited by an existing Letter of Offer with the Borrower or an agreement with another creditor.

DISBURSEMENT

The Loan funds shall be disbursed as follows:

1. Invoices

Prior to the Lapsing Date (as defined hereinafter), BDC will disburse the Loan in one or more advances as requested by the Borrower and upon receipt from the Borrower of copies of invoices evidencing the purchase of equipment permitted under the Loan Purpose. Such invoices must be in the name of the Borrower or Guarantor who has granted security (GSA/Hypothec) to BDC and clearly describe the goods purchased, including make, model and serial/VIN/registration numbers when applicable.

Up to 125%

The Borrower must submit invoices documenting all purchases made under the Loan Purpose. BDC may disburse up to 125% of the value of equipment invoices (excluding applicable taxes).

Deposits

Disbursements for deposits and progress payments may be made, provided that the aggregate outstanding amount of funds so disbursed shall not at any given time exceed, prior to the delivery of equipment, the lesser of the authorized loan amount or \$500,000, and provided further that the undisbursed portion of the Loan shall at all times remain sufficient to cover all remaining payments on such equipment.

Equipment list

Upon completion of the inspection, the Borrower shall sign a BDC-prepared listing of all equipment financed under the Loan having a purchase price greater or equal to \$20,000, as well as all motor vehicles, trailers, mobile homes, boats, outboard motors and aircraft regardless of their purchase price.

Final site visit

Within 30 days following either the last disbursement or Lapsing Date, whichever occurs first, the Borrower shall allow the physical inspection by a BDC representative of the equipment financed under the Loan Purpose.

2. This Loan will only be disbursed once all Conditions Precedent have been met. Loan or part of the Loan may be disbursed directly to the supplier/Borrower. The Borrower agrees to provide invoices evidencing expenditures in relation to the Loan and proof of payment of same upon request by BDC for disbursement purposes or thereafter.

Unless otherwise authorized, funds for each Loan account number shall be disbursed to the solicitor or notary who shall confirm to BDC the execution, delivery and registration of the Security relating to the Loan.

CONDITIONS PRECEDENT

Any obligation to make any advance under the Letter of Offer is subject to the following conditions being fulfilled to the satisfaction of BDC:

1. Receipt of the Security in form and substance satisfactory to BDC registered as required to perfect and maintain the validity and rank of the security, and such

certificates, authorizations, resolutions and legal opinions as BDC may reasonably require.

2. Satisfactory review of all financial information relating to the Borrower and any corporate Guarantor and their respective business as BDC may reasonably require.
3. No Default or Event of Default shall have occurred.
4. No Material Adverse Change shall have occurred.
5. Satisfaction of all applicable disbursement conditions contained in the Underlying Conditions section of this Letter of Offer.
6. In the event of a change in the ownership of the business as declared in the section Declaration Pre-authorized Financing, BDC shall have performed an additional due diligence which is satisfactory to BDC, in its sole discretion.
7. Prior to the first disbursement, BDC shall have received payment for the processing fees associated with the present Loan

UNDERLYING CONDITIONS

The following conditions shall apply throughout the term of the Loan:

1. If the Borrower does not draw on the Loan by 2018-03-09 (the "Lapsing Date"), the Loan shall lapse and be cancelled. If the Borrower draws on the Loan partially, the undisbursed part of the Loan shall lapse on the Lapsing Date and be cancelled. In that event, the amount of the Loan and its schedule of reimbursement will be adjusted to reflect the lower loan amount.
2. The proceeds of the Loan may be used by the Borrower to purchase all types of equipment, whether new and used, including vehicles, but excluding:
 - Equipment purchased as inventory for resale;
 - Leasehold improvements;
 - Vessels, aircraft, locomotives and railway equipment or other similar vehicles;
 - Intangible assets including computer software; or
 - Equipment that is to be located outside of Canada.
3. Prior to any disbursement occurring after 180 days following the date of the Borrower's most recent fiscal year end, BDC must be in receipt of the accountant prepared financial statements for the Borrowers most recent fiscal year end.
4. Prior to each disbursement, BDC shall have received such Priority Agreements or Waivers as may be required to confirm the rank and priority of BDC's security interest in the goods financed under the Loan and all proceeds therefrom.

REPRESENTATIONS AND WARRANTIES

The Borrower makes the representations and warranties in Schedule "A" – Section II. These representations and warranties shall survive the execution of the Letter of Offer and shall continue in force and effect until the full payment and performance of all obligations of the Borrower pursuant to the Loan Documents.

COVENANTS

So long as any amount owing pursuant to the Loan Documents remains unpaid, the Borrower and any corporate Guarantor shall perform the covenants in Schedule "A" – Section III.

REPORTING OBLIGATIONS

The Borrower (and if applicable the corporate Guarantor) shall provide to BDC within 90 days of its (their) fiscal year end the following financial statements:

Company	Type	Frequency	Period Ending
Norcon Marine Services Ltd.	Review Engagement	Annual	January

and such other financial and operating statements and reports as and when BDC may reasonably require.

EVENTS OF DEFAULT

The occurrence of any of the events listed in Schedule "A" – Section IV constitutes an event of default under the Letter of Offer (each an "Event of Default"). If an Event of Default occurs, any obligation of BDC to make any advance, shall, at BDC's option, terminate and BDC may, at its option, demand immediate payment of the Loan and enforce any Security.

In addition to the events listed in Schedule "A" – Section IV, failure to comply with terms of any loans for account number(s) 068720 shall constitute an Event of Default.

FEES

Legal Fees and Expenses

BDC will pay all legal costs and fees incurred by BDC for the preparation and placing of the Loan and the Loan Documents. The Borrower and the Guarantor shall pay, on demand, all legal and other out-of-pocket costs of BDC incurred in connection with the enforcement of the Loan and the Loan Documents, or any amendment or waiver of same, whether or not any advance is made to the Borrower.

Loan Management Fee

The Borrower shall pay BDC a management fee of \$350.00 per year. This management fee is payable annually on the Payment Date immediately following each anniversary of the first advance of the Loan. This fee is non-refundable and is subject to change.

Transaction Fees

The Borrower shall pay BDC loan amendment and Security processing fees charged for the administrative handling of the Loan.

CONFLICTS

The Loan Documents constitute the entire agreement between BDC and the Borrower. To the extent that any provision of the Letter of Offer is inconsistent with or in conflict with the provisions of the other Loan Documents, such provision of the Letter of Offer shall govern.

INDEMNITY

The Borrower shall indemnify and hold BDC harmless against any and all claims, damages, losses, liabilities and expenses incurred, suffered or sustained by BDC by reason of or relating directly or indirectly to the Loan Documents save and except any such claim, damage, loss, liability and expense resulting from the gross negligence or wilful misconduct of BDC.

GOVERNING LAW

This Letter of Offer shall be governed by and construed in accordance with the laws of the jurisdiction in which the Business Centre of BDC is located as shown on the first page of this Letter of Offer.

SUCCESSORS AND ASSIGNS

The Letter of Offer shall extend to and be binding on the Borrower and BDC and their respective successors and assigns. BDC, in its sole discretion, may assign, sell or grant participation in (a "transfer") all or any part of its rights and obligations under this Letter of Offer or the Loan to any third party, and the Borrower agrees to sign any documents and take any actions that BDC may reasonably require in connection with any such transfer. Upon completion of the transfer, the third party will have the same rights and obligations under this Letter of Offer as if it were a party to it, with respect to all rights and obligations included in the transfer and BDC will be released to the extent of any interest under this Letter of Offer or the Loan it assigns. BDC may disclose information it has in connection with the Borrower or any Guarantor to any actual or prospective transferee. No Borrower or Guarantor shall have the right to assign any of its rights or obligations under or pursuant to the Loan Documents without BDC's prior written consent.

ANTI-MONEY LAUNDERING / KNOW YOUR CLIENT

The Borrower and each Guarantor acknowledge that, pursuant to prudent banking practices in respect of "knowing your client", BDC, in compliance with its internal policies, is required to verify and record information regarding the Borrower and each Guarantor, their directors, authorized signing officers, shareholders and other Persons in control of the Borrower and each Guarantor. The Borrower and each Guarantor agree to promptly provide all such information, including supporting documentation and other evidence, as may be reasonably requested by BDC in order to comply with internal policies and applicable laws on anti-money laundering and anti-terrorist financing.

ACCEPTANCE

The Letter of Offer and any modification of it may be executed and delivered by original signature, fax, or any other electronic means of communication acceptable to BDC and in any number of counterparts, each of which is deemed to be an original and all of which taken together shall constitute one and the same Letter of Offer.


SCHEDULE

The Letter of Offer includes Schedule "A" which contains Definitions, Representations and Warranties, Covenants, Events of Default and General Terms and Conditions. Schedule "A" has been inserted after the signature page and forms an integral part of the Letter of Offer.

LANGUAGE CLAUSE

The parties hereby confirm their express wish that the Letter of Offer and all related documents be drawn up in the English language. Les parties reconnaissent leur volonté expresse que la présente lettre d'offre ainsi que tous les documents qui s'y rattachent soient rédigés en langue anglaise.

Should you have any questions regarding the Letter of Offer, do not hesitate to communicate with one of the undersigned.



Vanessa Power
Senior Account Manager, Generalist
Phone: (709) 489-2183
Fax: (709) 489-8569
Vanessa.Power@bdc.ca

This letter was generated through BDC's mobile lending application. Please consider the environment before printing.

**DECLARATION
PRE-AUTHORIZED FINANCING**

You must read each statement and insert your initials in the box to the right. If you cannot declare that the statements are true and correct, you may not be eligible for this pre-authorized financing offer. However, BDC may be able to address your financing needs using its standard financing products and services.

If you provide untrue, inaccurate or incomplete information, BDC may: (i) withdraw this pre-authorized financing offer or, (ii) if a Letter of Offer has already been issued, may cease disbursement of funds and demand the full repayment of loan proceeds already disbursed.

For the purposes of the following statements, the word "Business" or "business" includes the borrower and any personal or corporate guarantors listed in the security requirements of this pre-authorized financing offer.

• **Business owners**

Qh Jb

The Business owners have not changed since the last BDC loan authorization

• **Positions Held in or on Behalf of Foreign Countries**

Qh Jb

None of the Business owners, partners, shareholders, directors or officers of the Business, or any family members (defined below) of any of those persons holds or has ever held one of the following offices or positions in or on behalf of a foreign country: (i) a head of state or government; (ii) a member of the executive council of government or member of a legislature; (iii) a deputy minister (or equivalent); (iv) an ambassador or an ambassador's attaché or counsellor; (v) a military general (or higher rank); (vi) a president of a state-owned company or state-owned bank; (vii) a head of a government agency; (viii) a judge; or (ix) a leader or president of a political party in a legislature. For the purpose of this statement, a "family member" means one of the following: (i) spouse or common-law partner; (ii) child; (iii) mother or father; (iv) spouse's or common-law partner's mother or father; and (v) brother, sister, half-brother or half-sister.

LETTER OF OFFER Norcon Marine Services Ltd. - 033518, March 9, 2017

ACCEPTANCE

The parties accept the terms and conditions set forth above and in the attached Schedule "A".

This 9th day of March 2017

Norcon Marine Services Ltd.



Authorized Signing Officer

Name: Sonia Burry
(Please print name of signing party)

GUARANTOR(S)



Glenn Maxwell Burry



Sonia Burry

March 9, 2017

SECTION I - DEFINITIONS

"Available Funds" – means in respect of the Borrower and any corporate Guarantor for any period of 12 months, the sum of the net profits before non-recurring or non-operating items that are not related to normal operations (as designated by the external accredited accountant) plus depreciation and amortization; plus deferred income taxes; and minus dividends.

"Available Funds Coverage Ratio" – means the ratio of Available Funds over the current portion of Term Debt.

"BDC's Base Rate" – means the annual rate of interest announced by BDC through its offices from time to time as its base rate and, as the case may be, subject to a discount for the duration, applicable to each of BDC's fixed interest rate plans then in effect for determining the fixed interest rates on Canadian dollar loans.

"BDC's Floating Base Rate" – means the annual rate of interest announced by BDC through its offices from time to time as its floating rate then in effect for determining the floating interest rates on Canadian dollar loans. The interest rate applicable to the Loan shall vary automatically without notice to the Borrower upon each change in BDC's Floating Base Rate.

"BDC's US Dollar Floating Base Rate" – means the 1-month US Dollar floating base rate set the last business day of each month for the following month for determining the floating interest rates on US Dollar loans. The interest rate applicable to the Loan shall vary automatically without notice to the Borrower upon each change in BDC's US Dollar Floating Base Rate. BDC's US Dollar Floating Base Rate for the period from the date of the first advance on the Loan to the first business day of the following month will be the 1-month US Dollar floating base rate as established by BDC on the first business day of the month in which the funds are disbursed. Thereafter, the 1-month US Dollar Floating Base Rate may vary on the first business day of each month.

"Corresponding Fixed Interest Rate Plan" – means, at any time in respect of a prepayment, the fixed interest rate plan then being offered by BDC to its clients equal to the number of years, rounded to the nearest year (minimum of one year), from the date such prepayment is received to the next scheduled Interest Adjustment Date (or the Maturity Date if earlier).

"Default" – means an Event of Default or any condition that, with the giving of notice, the passage of time or otherwise, is susceptible of being an Event of Default.

"GAAP" – means generally accepted accounting principles in Canada applied consistently.

"GAAP for Private Enterprises" – means generally accepted accounting principles approved by the Accounting Standards Board for financial reporting for private companies in Canada who have elected not to adopt IFRS.

"IFRS" – means International Financial Reporting Standards approved by the Accounting Standards Board for accounting for publicly accountable enterprises and private enterprises who have voluntarily decided to adopt this set of standards.

"Interest Adjustment Date" – means, in respect of any fixed interest rate plan, the day after the Interest Expiration Date of such fixed interest rate plan.

"Interest Differential Charge" – means, in respect of the prepayment of the Loan or any portion of the Loan on a fixed interest rate plan, if, on the date of the prepayment, the BDC's Base Rate for the Corresponding Fixed Interest Rate Plan is lower than the BDC's Base Rate in effect when the Borrower entered or renewed the fixed interest rate plan, whichever is most recent, the amount calculated as follows:

- (i) the difference between the two rates;
- (ii) such interest differential is multiplied by the principal that would have been outstanding at each future Payment Date until the next Interest Adjustment Date (or the maturity of the principal if earlier);
- (iii) the Interest Differential Charge is the present value of those monthly amounts calculated using BDC's Base Rate for the Corresponding Fixed Interest Rate Plan as the discount rate. In the case of partial prepayment, the Interest Differential Charge will be reduced in the same proportion as the amount prepaid bears to the principal outstanding on the Loan at the time prepayment is received. If the Loan is secured by a mortgage or a hypothec on real estate and the Loan is prepaid in full after 5 years from the date of the mortgage or hypothec, the Interest Differential Charge shall not be payable if the mortgage or hypothec is given by an individual and shall only be payable if permitted under the Interest Act.

"Interest Expiration Date" – means the date on which a fixed interest rate plan expires.

"Loan" – shall have the meaning indicated in the Letter of Offer, or, as the context may require, at any time the unpaid principal balance of the Loan.

"Loan Documents" – means, collectively, the application for financing, the Letter of Offer, the security contemplated by the Letter of Offer and all other documents, instruments and agreements delivered in connection with the foregoing.

"Material Adverse Change" – means:

- (i) a material adverse change in, or a material adverse effect upon, the financial condition, operations, assets, business, properties or prospects of the Borrower or any corporate Guarantor,
- (ii) a material impairment of the ability of the Borrower or any corporate Guarantor to perform any of their obligations under any Loan Document, or
- (iii) a material adverse effect upon any substantial portion of the assets subject to security in favour of BDC or upon the legality, validity, binding effect, rank or enforceability of any Loan Document.

"Person" – includes any natural person, corporation, company, Limited Liability Company, trust, joint venture, association, incorporated organization, partnership, governmental authority or other entity.

"Tangible Equity" – means the sum of the share capital [owners' capital for non-incorporated businesses]; plus retained earnings [accumulated net income]; plus subordinated loans or advances from the shareholders [owners] and related businesses; minus loans or advances to the shareholders [owners], directors, related or non-related businesses.

"Term Debt" – means the sum of the long-term debt plus the capital leases including the current portion to be paid over the next 12 months; plus the book value of preferred shares subject to a formal redemption agreement, if any.

"Term Debt to Tangible Equity Ratio" – means the ratio of the Term Debt over the Tangible Equity.

"Working Capital Ratio" – means the ratio of the total current assets over the total current liabilities. Current assets include the following: cash on deposit, accounts receivable (trade and other), inventory and prepaid expenses. Current liabilities include the following: bank advances, cheques in transit, accounts payable (trade and other) and the current portion due within the next 12 months of all long term debts.

SECTION II - REPRESENTATIONS AND WARRANTIES

The Borrower hereby represents and warrants to BDC that:

1. It is a partnership, trust or corporation, as the case may be, duly constituted, validly existing and duly registered or qualified to carry on business in each jurisdiction where it is required by applicable laws to be so registered or qualified.
2. The execution, delivery and performance of its obligations under the Letter of Offer and the other Loan Documents to which it is a party have been duly authorized and constitute legal, valid and binding obligations enforceable in accordance with their respective terms.
3. It is not in violation of any applicable law, which violation could lead to a Material Adverse Change.
4. No Material Adverse Change exists and there are no circumstances or events that constitute or would constitute, with the lapse of time, the giving of notice or otherwise, a Material Adverse Change.
5. No Default or Event of Default exists.
6. All information provided by it to BDC is complete and accurate and does not omit any material fact and, without limiting the generality of the foregoing, all financial statements delivered by it to BDC fairly present its financial condition as of the date of such financial statements and the results of its operations for the period covered by such financial statements, all in accordance with GAAP.
7. There is no pending or threatened claim, action, prosecution or proceeding of any kind including but not limited to non-compliance with environmental law or arising from the presence or release of any

contaminant against it or its assets before any court or administrative agency which, if adversely determined, could lead to a Material Adverse Change.

8. In respect of properties and assets charged to BDC, it has good and marketable title, free and clear of any encumbrances, except those encumbrances which BDC has accepted in writing.

The foregoing representations and warranties shall remain in force and true until the Loan is repaid in full.

SECTION III - COVENANTS

The Borrower and each corporate Guarantor shall:

1. Perform their obligations and covenants under the Loan Documents.
2. Maintain in full force and effect and enforceable the Security contemplated by this Letter of Offer.
3. Notify BDC immediately of the occurrence of any Default under the Letter of Offer or any other Loan Documents.
4. Comply with all applicable laws and regulations.
5. Keep all secured assets insured for physical damages and losses on an "All-Risks" basis, including Equipment Breakdown (or Boiler & Machinery) where applicable, for their full replacement value and cause all such insurance policies to name BDC as loss payee as its interests may appear. The policies shall also name BDC as mortgagee and include a standard mortgage clause in respect of buildings over which BDC holds Security; and
as further Security, assign or hypothecate all insurance proceeds to BDC; and
if requested by BDC, maintain adequate general liability insurance and environmental insurance to protect it against any losses or claims arising from pollution or contamination incidents, or any other type of insurance it may reasonably require, and to provide copies of such policies; and maintain all policies of insurance in effect for the duration of the Loan.
6. Notify BDC immediately of any loss or damage to their property.
7. Without limiting the generality of paragraph 4 above, in relation to their business operations and the assets and projects of their business, operate in conformity with all environmental laws and regulations; make certain that their assets are and shall remain free of environmental damage; inform BDC immediately upon becoming aware of any environmental issue and promptly provide BDC with copies of all communications with environmental authorities and all environmental assessments; pay the cost of any external environmental consultant engaged by BDC to effect an environmental audit and the cost of any environmental rehabilitation or removal necessary to protect, preserve or remediate the assets, including any fine or penalty BDC is obligated to incur by reason of any statute, order or directive by a competent authority.
8. Promptly pay all government remittances, assessments and taxes including real estate taxes and provide BDC with proof of payments as BDC may request from time to time.
9. Promptly furnish to BDC such information, reports, certificates and other documents concerning the Borrower and any corporate Guarantor as BDC may reasonably request from time to time.
10. Not, without the prior written consent of BDC,
 - a. Change the nature of their business.
 - b. Amalgamate, merge, acquire or otherwise restructure their business, or create an affiliated company, or sell or otherwise transfer a substantial part of their business or any substantial part of their assets, or grant any operating license.
 - c. Permit any Person holding Equity Interests in the Borrower or any corporate Guarantor or in any Person that controls directly or indirectly the Borrower or any corporate Guarantor, to sell or transfer their Equity Interests in such Borrower or corporate Guarantor, or permit the Borrower or any corporate Guarantor or any Person that directly or indirectly controls the Borrower or any corporate Guarantor to issue any Equity Interests to any Person which is not a Borrower or a corporate Guarantor.

"Equity Interests" means, with respect to any Person, any and all shares, interests, participations, rights in, or other equivalents (however designated) of such Person's capital, including any interest in a partnership, limited partnership or other similar Person and any beneficial interest in a trust, which carry

the right to vote on the election of directors or individuals exercising similar functions in respect of such Person and/or which entitle their holder to participate in the profits of such Person.

This provision shall not apply to any Borrower or any corporate Guarantor who is a Public Issuer.

"Public Issuer" means any Borrower or any corporate Guarantor whose Equity Interests are listed or posted for trading on the Toronto Stock Exchange or the TSX Venture Exchange or any other stock exchange or over-the-counter market acceptable to BDC.

11. Not engage in, or permit their premises to be used by a tenant or other Person, for any activity which BDC, from time to time, deems ineligible, including without limitation any of the following ineligible activities:

- a. businesses that are sexually exploitive or that are inconsistent with generally accepted community standards of conduct and propriety, including those that feature sexually explicit entertainment, products or services; businesses that are engaged in or associated with illegal activities; businesses trading in countries that are proscribed by the Federal Government;
- b. businesses that operate as stand-alone nightclubs, bars, lounges, cabarets, casinos, discotheques, video arcades, pool and billiard halls, and similar operations; or
- c. businesses that promote nudism and naturism.

BDC's finding that there is an ineligible activity shall be final and binding between the parties and will not be subject to review. The prohibitions set out in this paragraph 11 shall also apply to any entity that controls, is controlled by, or that is under the common control with, any Borrower and any corporate Guarantor.

SECTION IV - EVENTS OF DEFAULT

1. The Borrower fails to pay any amount owing under or pursuant to the Loan Documents.
2. The Borrower fails to comply with or to perform any provision of the Letter of Offer or the other Loan Documents.
3. The Borrower and/or the Guarantor is in default under any other agreement with BDC or any third party for the granting of a loan or other financial assistance and such default remains unremedied after any cure period provided in such other agreement.
4. Any representation or warranty made by the Borrower or any corporate Guarantor in any Loan Document is breached, false or misleading in any material respect, or becomes at any time false.
5. Any schedule, certificate, financial statement, report, notice or other writing furnished by the Borrower or corporate Guarantor to BDC in connection with the Loan is false or misleading in any material respect on the date as of which the facts therein set forth are stated or certified.
6. The Borrower or corporate Guarantor becomes insolvent or generally fails to pay, or admits in writing their inability or refusal to pay their debts as they become due; or any Borrower or corporate Guarantor applies for, consents to, or acquiesces in the appointment of a trustee, receiver or other custodian for such Borrower or corporate Guarantor or any property thereof, or makes a general assignment for the benefit of creditors; or, in the absence of such application, consent or acquiescence, a trustee, receiver or other custodian is appointed for the Borrower or corporate Guarantor for a substantial part of the property of such party; or any bankruptcy, reorganization, debt arrangement, or other case or proceeding under any bankruptcy or insolvency law, or any dissolution or liquidation proceeding, is commenced in respect of such party, or any Borrower or corporate Guarantor takes any action to authorize, or in furtherance of, any of the foregoing.
7. The Borrower ceases or threatens to cease to carry on all or a substantial part of their business.
8. Without the prior written consent of BDC, the occurrence of a change of control of the Borrower (as determined by BDC) who is not a Public Issuer.
9. The Borrower or any corporate Guarantor is in violation of any applicable law relating to terrorism or money laundering, including the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada).
10. In the event that either a) any Person or group of Persons, acting jointly or in concert, that already owns 20% or more of the outstanding Equity Interests of a Public Issuer, acquires a number of Equity Interests from such Public Issuer or from any third party that would result in such Person or group of Persons owning more than 50% of the outstanding Equity Interests of such Public Issuer or b) any Person or

group of Persons, acting jointly or in concert, that does not already own 20% or more of the outstanding Equity Interests of a Public Issuer, acquires a number of Equity Interests from such Public Issuer or from any third party that would result in such Person or group of Persons owning at least 20% of the outstanding Equity Interests of such Public Issuer, BDC may review the Loan and may require that the Loan, together with interest and any other amounts then outstanding, be repaid within sixty (60) days. Should the Borrower fail to repay the Loan, accrued interest, and all other amounts outstanding within sixty (60) days of the demand by BDC under this provision, the Borrower shall be in Default and same shall constitute an Event of Default.

SECTION V - GENERAL TERMS AND CONDITIONS

The Borrower and each Guarantor agree to the following additional provisions:

Other Available Interest Rate Plans

Upon acceptance of the Letter of Offer, the Borrower can select one of BDC's other available fixed or floating interest rate plans. If the selection is made before the Acceptance Date, there is no fee and the selected plan shall be based on BDC's Base Rate in effect on the Loan Authorization Date. If the selection is made after the initial Acceptance Date, there is a fee and an Interest Differential Charge may apply. The new rate shall become effective on the fourth day following receipt of the request by BDC. However, in the event of a period of increased interest rate volatility, which will be determined by a fluctuation of greater than 0.5% during the same transaction day of the yield to maturity of the five-year Canada bond benchmark, the Bank reserves the right to suspend the borrower's right to switch from a floating interest rate plan to a fixed interest rate plan.

Standby Fee Date Change When Switching From Floating to Fixed Rate Plans

If the Borrower changes to a fixed interest rate plan within 2 months after the Loan Authorization Date, the standby fee shall be effective two months after the Loan Authorization Date. If the change to a fixed interest rate plan occurs later than two months after the Loan Authorization Date, the standby fee shall be effective on the date the new fixed interest plan takes effect.

Interest Adjustment Date

Provided no Default has occurred and is continuing, prior to each Interest Adjustment Date, BDC shall advise the Borrower of BDC's Base Rates then in effect for the fixed interest rate plans available. Not later than on the current Interest Expiration Date, the Borrower shall select a new interest rate plan. If the Borrower selects a new fixed interest rate plan, effective on the Interest Adjustment Date, the interest rate for the Loan shall be BDC's Base Rate applicable to the fixed interest rate plan selected by the Borrower adjusted by the Variance which new rate shall be applicable until the next Interest Expiration Date. If the Loan is on a fixed interest rate plan with blended payments of principal and interest, the repayment schedule shall be adjusted on each Interest Adjustment Date. If the Borrower has not advised BDC in writing of its choice before an Interest Adjustment Date, the Loan shall automatically switch to BDC's floating interest rate plan on the Interest Adjustment Date with an interest rate being BDC's Floating Base Rate as adjusted by the Variance. Outstanding principal for blended payment loans shall then be divided in equal monthly instalments to be paid until Maturity Date.

In the event BDC should demand repayment of the Loan by reason of an Event of Default, any fixed interest rate applicable at the time of demand shall continue to apply to the Loan until full repayment and shall not be adjusted at the next Interest Adjustment Date.

Pre-Authorized Payment System

All payments provided for in the Letter of Offer must be made by pre-authorized debits from the Borrower's bank account. The Borrower shall sign all documentation required to that effect and provide a sample cheque marked void.

Application of Payments

All payments shall be applied in the following order:

1. any prepayment indemnity (including the monthly interest and Interest Differential Charge)
2. protective disbursements;
3. standby fees (arrears and current);

4. arrears, in the following order: transaction fees, administration fees, management fees, interest and principal;
5. current balances, in the following order: transaction fees, management fees, interest and principal;
6. cancellation fees;
7. credits to the tax reserve account and asset maintenance and upgrade account, if applicable; and
8. other amounts due and payable.

Other than regular payments of principal and interest, BDC may apply any other monies received by it, before or after Default, to any debt the Borrower may owe BDC under or pursuant to the Letter of Offer or any other agreement and BDC may change those applications from time to time.

Consent to Obtaining Information

The Borrower and any corporate Guarantor authorize BDC, from time to time, to obtain financial, compliance, account status and any other information about a Borrower and any corporate Guarantor and their respective business from their accountants, their auditors, any financial institution, creditor, credit reporting or rating agency, credit bureau, governmental department, body or utility.

Notices

Notices must be in writing and may be given in person, or by letter sent by fax, mail, courier or electronically; if to the Borrower, at the Borrower's address above or such other addresses as the Borrower may advise BDC in writing, or if to BDC, at BDC's address above.

Joint and Several Liability

Where in the Loan Documents, any covenant, agreement, warranty, representation or obligation is made or imposed upon two or more Persons or a party comprised of more than one Person, each such covenant, agreement, warranty, representation or obligation shall be deemed to be and be read and construed as a joint and several (solidary in Quebec) covenant, agreement, warranty, representation or obligation of each such Person or party, as the case may be. Without limiting the generality of the foregoing, each Borrower shall be jointly and severally (solidarily) liable with each other to BDC for the full performance of all obligations under the Loan Documents.

Anti- Money Laundering/Know Your Client

The Borrower and each Guarantor acknowledge that, pursuant to prudent banking practices in respect of "knowing your client", BDC, in compliance with its internal policies, is required to verify and record information regarding the Borrower and each Guarantor, their directors, authorized signing officers, shareholders and other Persons in control of the Borrower and each Guarantor. The Borrower and each Guarantor shall promptly provide all such information, including supporting documentation and other evidence, as may be reasonably requested by BDC or any prospective assignee or other financial institution participating in the Loan with BDC, in order to comply with internal policies and applicable laws on anti-money laundering and anti-terrorist financing.

Confidentiality

The Borrower and each Guarantor shall not disclose the contents of this Letter of Offer to anyone except its professional advisors.

Changes in Accounting Standards

In the event that a Borrower or any Guarantor adopts any changes in accounting standards, including but not limited to GAAP for Private Enterprises and International Financial Reporting Standards (IFRS), which have an effect on any provision in the Letter of Offer relying on financial statement calculations, BDC may amend such provision to reflect the original intent of the provision.



BDC 10009832048

Letter of Offer dated November 22, 2017

Norcon Marine Services Ltd.
3 Wharf Road
Clareville, NL
A5A 2B2

Attention of: Mr. Glenn Burry

Re: Loan(s) No. 033518-11

Business Development Bank of Canada ("BDC") is pleased to offer you the following loan(s) (hereinafter individually or collectively referred to as the "Loan") according to the terms of this letter (the "Letter of Offer"):

Loan 033518-11 in the amount of \$100,000.00

The Letter of Offer is open for acceptance until December 2, 2017 (the "Acceptance Date") after which date it will become null and void.

This Loan is in addition to the existing CDN dollar loan(s) on which \$1,770,618.00 is outstanding.

LOAN PURPOSE AND FUNDING

Loan Purpose	100,000.00
W/C - Liquidity for Growth	
	<hr/> 100,000.00
Funding	100,000.00
BDC 033518-11	
	<hr/> 100,000.00

No change to the Loan Purpose or Funding may be made without BDC's prior written consent. The proceeds of the Loan may only be used for the Loan Purpose

BORROWER

Norcon Marine Services Ltd (the "Borrower")

GUARANTOR

Glenn Burry

Business Development Bank of Canada
42 High Street, P.O. Box 744
Grand Falls-Windsor NL A2A2M4
www.bdc.ca

EN 10009832048

PREPAYMENT

Annual Prepayment Privilege: Provided that the Borrower is not in default of any of its obligations to BDC, the Borrower may, once in any 12 month period, prepay up to 15% of the outstanding principal on any Loan without indemnity. The first prepayment can be made at any time more than one year after November 22, 2017. The prepayment privilege is not cumulative and each prepayment on an individual Loan must be at least 12 months subsequent to the last prepayment on that same loan. The prepayment privilege is not transferable from one individual Loan to another and is not applicable if any Loan is being repaid in full.

Partial Indemnity: At any time, if your loan is on a floating interest rate, three months further interest on the principal prepaid, or if the Loan is on a fixed interest rate, three months further interest together with an Interest Differential Charge. The Interest Differential Charge is a present value amount calculated by determining the difference between BDC's Base Rate then applicable to the Loan and the corresponding BDC Base Rate at the time of prepayment multiplied by the principal that would have been outstanding at each future Payment Date until the next Interest Adjustment Date or the maturity of the principal if earlier.

SECURITY

The Loan, interest on the Loan and all other amounts owing under the Loan shall be secured by the following (the "Security"):

Loan 033518-11

1. Joint and Several Guarantee of Glenn Maxwell Burry and Sonia Burry for the full amount of the Loan amount outstanding. The guarantors agree that they are directly responsible for the payment of the cancellation, standby and legal fees.

DISBURSEMENT

Funds shall be disbursed to solicitor or notary unless otherwise authorized and as follows:

Loan 033518-11

1. Loan or part of the Loan may be disbursed directly to the Borrower /supplier. The working capital/leasehold portion of this Loan will be disbursed once all Conditions Precedent have been met. Invoices evidencing working capital improvements expenditures are not required.

CONDITIONS PRECEDENT

Any obligation to make any advance under the Letter of Offer is subject to the following conditions being fulfilled to the satisfaction of BDC:

1. Security in form and substance satisfactory to BDC.
2. Provision of documents evidencing expenditures under the Loan Purpose, if applicable
3. No material adverse change

4. Satisfaction of all applicable disbursement conditions set forth in the Disbursement section of this Letter of Offer
5. No Default shall have occurred
6. In the event of a change in the ownership of the business as declared in the section Declaration Pre-authorized Financing, BDC shall have performed an additional due diligence which is satisfactory to BDC, in its sole discretion
7. Prior to the first disbursement, BDC shall have received payment for the processing fees associated with the present Loan

COVENANTS

The Borrower:

- Confirms that the information in the Application for Financing and all information provided to BDC by the Borrower or on the Borrower's behalf is true.
- Agrees to comply with laws and regulations, including but not limited to environmental laws, applicable to the Borrower and its business
- Authorizes BDC to obtain relevant information from any party for the purpose of evaluating the financial condition of the Borrower or its business.
- Agrees to obtain BDC's prior written consent a) to change the nature of the business; b) to amalgamate, merge, acquire or otherwise restructure the business or create an affiliated company; c) to sell or transfer shares or any interest in a partnership or limited partnership or trust or change the effective voting control (as determined by BDC)
- Agrees to refrain from conducting, or permitting to be conducted, any activity which BDC has described as an "Ineligible Activity" in the Application for Financing and acknowledges that this covenant applies to any entity that controls, is controlled by, or is under common control with, the Borrower
- Agrees to keep secured assets insured against physical damage and other losses on an "All-Risks" Basis including Equipment Breakdown (or Boiler & Machinery) where applicable, for their full replacement value and to name BDC as loss payee as its interests may appear and to ensure that a standard mortgage clause be included in all policies insuring real property and to maintain all policies of insurance in effect for the duration of the Loan

REPORTING OBLIGATIONS

The Borrower (and if applicable the corporate Guarantor) shall provide to BDC within 90 days of its (their) fiscal year end the following financial statements:

Company	Type	Frequency	Period Ending
Barrett Marine Services Ltd.	Consolidated Financial Statements	Quarterly	December 31

and such other financial and operating statements and reports as and when BDC may reasonably require

DEFAULT

Any representation to BDC is false.
Failure to make any payment or to comply with the terms of this Letter of Offer or any Security or any other agreement between the Borrower and/or the Guarantor and BDC in respect of this loan or any other loan
Insolvency or bankruptcy or failure to perform obligations to other creditors
Cessation of business.

The occurrence of any of the above events by the Borrower constitutes a Default at which time BDC may demand immediate payment of the Loan and enforce the Security.

FEEES

PAYABLE BY BORROWER AND GUARANTOR:

Cancellation: If the Borrower does not draw on the Loan by the Lapsing Date indicated below (the "Lapsing Date"), the Loan shall lapse and be cancelled and the Borrower and the Guarantor shall pay BDC the applicable cancellation fee indicated below. If the Loan is partially disbursed on the Lapsing Date, the Borrower and the Guarantor shall pay BDC a percentage of the cancellation fee in proportion to the percentage of the Loan that is cancelled. No cancellation fee will be payable if 50% or more of the Loan has been disbursed.

Loan 033518-11

Lapsing Date: November 22, 2018 (the "Lapsing Date 11")
Cancellation Fee: \$3,000.00 (the "Cancellation Fee 11")

Legal: Fees and expenses, payable on demand, incurred by BDC in connection with the placing of the Loan and the Security including the enforcement of the Loan and the Security, whether or not any documentation is entered into or any advances made.

PAYABLE BY BORROWER:

Loan Management: Payable annually on the Payment Date immediately following each anniversary of the first disbursement date.

Loan 033518-11

\$150.00 per year (the "Management Fee 11")

Transaction and Administration: The Standard Loan Amendment, Security Processing and administration fees for the handling of the

SUCCESSORS AND ASSIGNS

The Letter of Offer shall be binding on the Borrower and its respective successors and assigns. BDC may assign, sell or grant participation in (a "transfer") all or any part of its rights and obligations under the Letter of Offer to any third party, and the Borrower agrees to sign any documents and take any actions that BDC may reasonably require in connection

with any such transfer

ANTI-MONEY LAUNDERING / KNOW YOUR CLIENT

The Borrower and each Guarantor acknowledge that, pursuant to prudent banking practices in respect of "knowing your client", BDC, in compliance with its internal policies, is required to verify and record information regarding the Borrower and each Guarantor, their directors, authorized signing officers, shareholders and other Persons in control of the Borrower and each Guarantor. The Borrower and each Guarantor agree to promptly provide all such information, including supporting documentation and other evidence, as may be reasonably requested by BDC in order to comply with internal policies and applicable laws on anti-money laundering and anti-terrorist financing.

ACCEPTANCE

The Letter of Offer and any modification of it may be executed and delivered by original signature, fax, or any other electronic means of communication acceptable to BDC and in any number of counterparts, each of which is deemed to be an original and all of which taken together shall constitute one and the same Letter of Offer.

LANGUAGE CLAUSE

The parties have expressly requested that this Letter of Offer and all related documents be drawn up in the English language. Les parties reconnaissent leur volonté expresse que la présente lettre d'offre ainsi que tous les documents qui s'y rattachent soient rédigés en langue anglaise.

GOVERNING LAW

This Letter of Offer shall be governed by and construed in accordance with the laws of the jurisdiction in which the Business Centre of BDC is located as shown on the first page of this Letter of Offer.

LETTER OF OFFER - BDC.ca

2014 11 14 14:11

Should you have any questions regarding the Letter of Offer, do not hesitate to communicate with one of the undersigned

V. Power

Vanessa POWER
Sr Acct Mgr, General, Dir/trice prin/e, BDC
Phone: (709) 293-0894
Fax: (709) 489-6569
Vanessa.Power@bdc.ca

This letter was generated through BDC's mobile lending application. Please consider the environment before printing.

DECLARATION

FINANCING

You must read each statement below. If you cannot agree with the statements, you are not eligible for this financing offer. However, BDC may be able to address your financing needs using its standard financing products and services following a full credit due diligence.

If you provide untrue, inaccurate or incomplete information, BDC may (i) withdraw this financing offer or, (ii) if a Letter of Offer has already been issued, may cease disbursement of funds and demand the full repayment of loan proceeds already disbursed.

For the purposes of the following statements, the word "you" is to be read as "includes the borrower, whether a corporation or an individual, and any person acting as a director, officer or agent in the security requirements of this financing offer."

• Business owners

The Business owner has not changed since the last BDC financing transaction.

• Politically Exposed

None of the Business owners or the business owner's partner, shareholders, directors or officers, as the case may be, or any Family members or close associates thereof, holds or has ever held one of the following offices or positions in Canada or in or on behalf of a foreign country:

- 1) head of state or government in foreign country, Governor general or lieutenant governor in Canada; member of a Senate, executive council of government or a legislature; leader or president of a political party in a legislature;
- 2) deputy minister (or equivalent); ambassador or an ambassador's attaché or counsellor; military general (or higher rank);
- 3) president of a federal or provincial crown corporation or state owned company or state owned bank, or head of a government agency;
- 4) judge of an appellate court, mayor, head of an international organization that is established by governments or head of an institution of any such organization.

For the purpose of this paragraph, "Family member" means one of the following: (i) spouse or common-law partner; (ii) child; (iii) mother or father; (iv) spouse's or common-law partner's mother or father; and (v) a child of their mother or father. "Close associate" means a person closely connected to a person listed above in (1) to (4) for personal or business reasons.

• International Activities

Business presently does not, or does not expect to have, in the next twelve months, export or import activities in any country outside of the following countries:

- United States, Mexico, European Free Trade Area States, United Kingdom, Australia, Japan, China.

If the business has or expects to have export or import activities in the next twelve months to declare these countries to you, BDC will ask management to complete the appropriate

RECEIVED 02/10/2014 11:11 AM

ACCEPTANCE

We accept the terms and conditions of this Letter of Offer and Declaration set forth above

Norcon Marine Services Ltd


_____, Authorized Signing Officer
GUARANTOR(S)



Glenn Burry



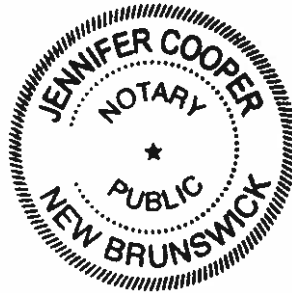
Sonia Burry

THIS IS EXHIBIT " B " TO
THE AFFIDAVIT OF

Robert Prince

Sworn to before me
this 11 day of Dec, 2019

[Signature]



Registry of Companies - Detailed Company Information**Company Name:** BURRY'S SHIPYARD INC.

Not In Good Standing

Company Number:	66458	Corporation Type:	Company
Status:	Active	Category:	Local
Last Annual Return:	2017-11-30	Business Type:	With Share Capital
Incorporation Jurisdiction:	NL	Filing Type:	Incorporation With Share Capital
Incorporation Date:	2011-12-20	Min/Max Directors:	1 / 5

Additional Information:*(Latest addresses on file)***Registered Office:**
3 Wharf Road
Clarenville
NL Canada
A5A 2B2**Mailing Address:**
Same as Registered Office**Current Directors**

Records Found: 2

Director Name	Citizenship
Glenn Burry	Canadian
Sonia Burry	Canadian

Documents

Records Found: 11

Document Type	Date Registered	Document Status
Annual Return (With Share Capital) (2017-11-30)	2017-12-01	Processed
Annual Return (With Share Capital) (2016-11-30)	2017-01-09	Processed
Letter - Notification of Outstanding Issue	2016-12-09	Processed
Annual Return (With Share Capital) (2015-11-30)	2015-12-07	Processed
Annual Return (With Share Capital) (2014-11-30)	2014-12-04	Processed
Annual Return (With Share Capital) (2013-11-30)	2013-12-04	Processed
Annual Return (With Share Capital) (2012-11-30)	2012-12-20	Processed
Articles of Incorporation (With Share Capital)	2011-12-20	Verified
Certificate of Incorporation	2011-12-20	Generated
Notice Of Directors	2011-12-20	Verified
Notice of Registered Office	2011-12-20	Verified

Registry of Companies - Detailed Company Information**Company Name:** NORCON MARINE SERVICES LTD.

In Good Standing

Company Number: 42798
Status: Active
Last Annual Return: 2018-12-31
Incorporation Jurisdiction: NL
Incorporation Date: 2000-01-31

Corporation Type: Company
Category: Local
Business Type: With Share Capital
Filing Type: Incorporation With Share Capital
Min/Max Directors: 1 / 5

Additional Information:*(Latest addresses on file)*

Registered Office:
3 Wharf Road
Clareville
NL Canada
A5A 2B2

Mailing Address:
PO Box 35
Glovertown
NL Canada
A0G 2L0

Current Directors

Records Found: 2

Director Name	Citizenship
Glenn Burry	Canadian
Sonia Burry	Canadian

Documents

Records Found: 31

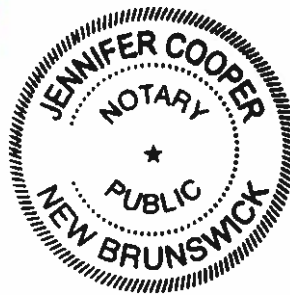
Document Type	Date Registered	Document Status
Annual Return (With Share Capital) (2018-12-31)	2018-12-17	Processed
Annual Return (With Share Capital) (2017-12-31)	2018-01-29	Processed
Annual Return (With Share Capital) (2016-12-31)	2017-01-25	Processed
Annual Return (With Share Capital) (2015-12-31)	2016-01-19	Processed
Annual Return (With Share Capital) (2014-12-31)	2015-01-22	Processed
Annual Return (With Share Capital) (2013-12-31)	2014-02-20	Processed
Articles Of Amendment	2013-04-15	Verified
Certificate of Amendment (279)	2013-04-15	Generated
Notice of Registered Office	2013-04-15	Verified
Letter - Notification of Outstanding Issue	2013-04-04	Processed
Letter - Notification of Outstanding Issue	2013-03-11	Processed
Annual Return (With Share Capital) (2012-12-31)	2013-02-21	Processed

THIS IS EXHIBIT " C " TO
THE AFFIDAVIT OF

Robert Prince

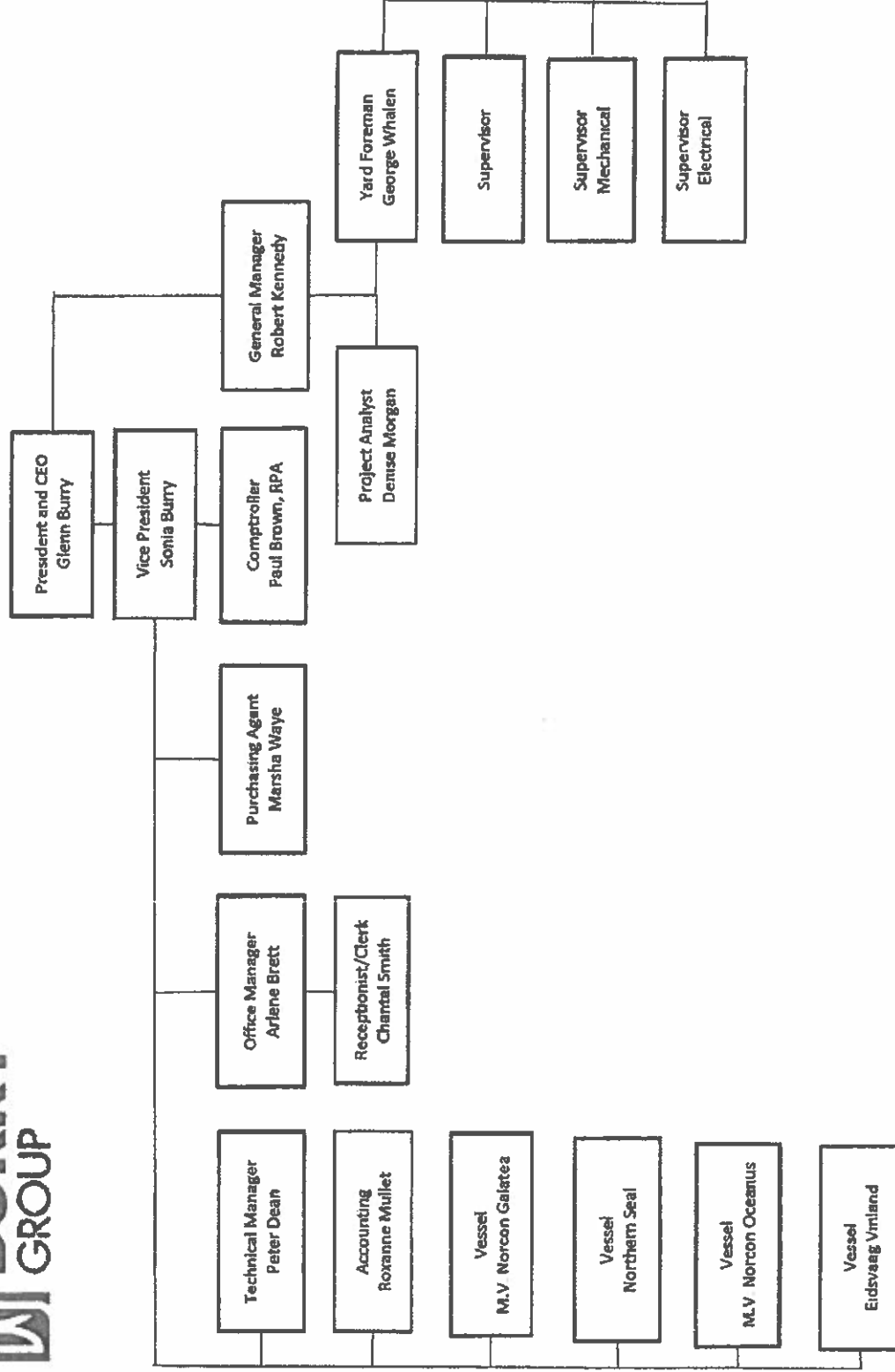
Sworn to before me
this 11 day of Dec., 2019

[Handwritten signature]





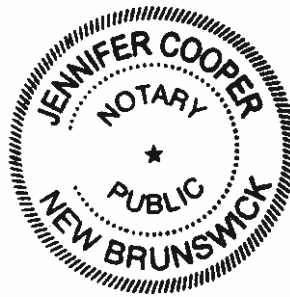
The Burry Group - Organizational Chart



THIS IS EXHIBIT " D " TO
THE AFFIDAVIT OF

Robert Prince

Sworn to before me
this 11 day of Dec, 20 19



CROSS-COLLATERALIZATION AGREEMENT

This Cross-collateralization Agreement (this "Agreement") is made as of the 21 day of June 2018, by and between Norcon Marine Services Ltd. ("NMSL"), Burry's Shipyard Inc. ("BSI") (NMSL and BSI are each a "Borrower" and collectively, the "Borrowers"); Glenn Maxwell Burry ("Glenn"), Sonia Burry ("Sonia"), NMSL, in its capacity as guarantor, (Glenn, Sonia and NMSL are each a "Guarantor" and collectively, the "Guarantors"); and Business Development Bank of Canada, in its capacity as lender ("BDC").

1. Cross-Collateralization, Cross-Guarantee

1.1 Cross-Collateralization. Subject to Section 1.6 below, and notwithstanding the provisions of a particular "Finance Instrument" (as defined below in Section 3.2), including, without limitation, any statement therein that such Finance Instrument constitutes the entire agreement between the parties thereto with respect to the subject matter thereof, the assignment, mortgage, pledge, charge and security interest created by each Finance Instrument shall secure payment and performance of all "Borrower Obligations" (as defined below in Section 3.1). The assignments, mortgages, pledges, charges and security interests originally created by a Finance Instrument are in no way affected by the termination or expiration of such Finance Instrument or the payment of the Borrower Obligations created by that Finance Instrument.

1.2 Re-Grant of Security Interest. As security for payment and performance of all indebtedness, liabilities and obligations of any kind or description whatsoever of NMSL to BDC (whether due or to become due, present or future, absolute or contingent, joint or several, direct or indirect and, without limitation, including future advances) arising under a Finance Instrument, whether any such Finance Instrument is executed at a prior time, concurrently herewith or at any time in the future, NMSL hereby assigns, mortgages, pledges, charges and grants a security interest to BDC in and to the collateral described therein. As security for payment and performance of all indebtedness, liabilities and obligations of any kind or description whatsoever of BSI to BDC (whether due or to become due, present or future, absolute or contingent, joint or several, direct or indirect and, without limitation, including future advances) arising under a Finance Instrument, whether any such Finance Instrument is executed at a prior time, concurrently herewith or at any time in the future, BSI hereby assigns, mortgages, pledges, charges and grants a security interest to BDC in and to the collateral described therein.

1.3 Additional Security. This Agreement and the assignment, mortgage, pledge, charge and security interest granted hereby are in addition to and not in substitution for any Finance Instrument or assignment, mortgage, pledge, charge or security interest granted thereby and this Agreement is a continuing agreement that shall remain in full force and effect until discharged by BDC.

1.4 Application of Receipts. All money collected or received by BDC in respect of collateral as described in any Finance Instrument may be applied on account of such parts of the Borrower Obligations as BDC in its sole discretion determines.

1.5 **Cross-Guarantees.** Subject to Section 1.6 below, notwithstanding the provisions of a particular "Guarantee" (as defined below in Section 3.4), including, without limitation, any statement therein that such Guarantee constitutes the entire agreement between the parties thereto with respect to the subject matter thereof or any limitation on the amount owing by a Guarantor under any Guarantee, the Guarantors each confirm that each Guarantee shall guarantee payment and performance of all "Borrower Obligations" of all of the Borrowers to BDC. The liability of each Guarantor under each Guarantee shall as set out therein, and shall guarantee the due and punctual payment and performance of each of the Finance Instruments as applicable, and all of the Borrower Obligations. Each of the Borrowers and Guarantors acknowledge and agree that all Finance Instruments and Guarantees shall be held by BDC as collateral security for all of the Borrower Obligations.

1.6 **Limitations.** Notwithstanding anything to the contrary in Section 1.1 to 1.5 above, nothing in this Agreement shall create a guarantee of financial assistance:

- i) by NMSL of or in respect of any obligations, present and future, of BSI towards BDC;
- ii) by BSI of or in respect of any obligations, present and future, of NMSL towards BDC.

2. Default and Remedies

2.1 **Default.** If any Borrower or any Guarantor of any of the Borrower Obligations fails to pay when due any portion of the Borrower Obligations; or there occurs a "Default" or "Event of Default" under any Finance Instrument or the forbearance agreement between the parties dated as of ___ day of June, 2018 (the "Forbearance Agreement"), there shall be constituted thereby a "Default" or "Event of Default" under all Finance Instruments and this Agreement, and BDC may declare any or all Borrower Obligations to be immediately due and payable without protest, presentment, demand or further notice of any kind (all of which are expressly waived by the Borrowers) and/or proceed to protect, exercise and enforce its rights and remedies under this Agreement, the Forbearance Agreement, the Finance Instruments and such other rights and remedies as are provided by law or by equity or by statute, without notice to or demand or further notice of any kind (all of which are expressly waived by the Borrowers).

2.2 **Remedies.** The rights and remedies of BDC hereunder are cumulative and in addition to and not in substitution for any rights or remedies provided in the Finance Instruments, by law or by equity or by statute.

3. Defined Terms

3.1 In this Agreement, "Borrower Obligations" means all indebtedness, liabilities and obligations of any kind or description whatsoever of all of the Borrowers to BDC (whether due or to become due, present or future, absolute or contingent, joint or several, direct or indirect and, without limitation, including future advances) arising under a Finance Instrument, whether any such Finance Instrument is executed at a prior time, concurrently herewith or at any time in the future.

3.2 In this Agreement, "Finance Instrument" means a commitment letter, loan agreement, marine loan agreement, letter of offer, terms letter, offer of finance, credit agreement,

promissory note, leasing agreement, master leasing agreement, leasing schedule, conditional sale contract, security agreement, equipment loan and security agreement, guarantee, chattel mortgage, hypothec, pledge, debenture, real property mortgage, marine mortgage, general security agreement, assignment of management and services agreements or any other instrument, evidence of indebtedness or security between BDC and any of the Borrowers, as any of the same may be amended, replaced or superseded from time to time, including, but not limited to:

- (a) Loan 068720-01 pursuant to a Letter of Offer between BDC and BSI dated October 16, 2012;
- (b) Loan 033518-05 pursuant to a Letter of Offer dated November 26, 2012 between BDC and NMSL, as amended by Letters of Amendment dated March 13, 2015 and September 3, 2015;
- (c) Loan 033518-07 pursuant to a Letter of Offer dated August 28, 2013 between BDC and NMSL. As amended by the Letters of Amendment;
- (d) Loan 033518-10 pursuant to a Letter of Offer dated March 9, 2017 between BDC and NMSL;
- (e) Loan 068720-05 pursuant to a Letter of Offer dated March 9, 2017 between BDC and BSI;
- (f) Loan 068720-04 pursuant to a Letter of Offer dated March 9, 2017 between BDC and BSI;
- (g) Loan 033518-11 pursuant to a Letter of Offer dated November 22, 2017 between BDC and NMSL;
- (h) First marine mortgage on vessel MV Northern Seal made by NMSL dated December 6, 2012 and corresponding Marine Loan Agreement;
- (i) First marine mortgage on vessel MV Galataa made by NMSL dated June 2018 and corresponding Marine Loan Agreement;
- (ii) First marine mortgage on vessel MV Triton made by NMSL dated June ____, 2018 and corresponding Marine Loan Agreement;
- (j) First marine mortgage on vessel MV Norcon Oceanus made by NMSL dated December 17, 2012 and corresponding Marine Loan Agreement;
- (k) Mortgage dated November 26, 2012 made by BSI in favour of BDC with respect to real property at 3 Wharf Road, Clarendville, Newfoundland and Labrador;
- (l) General Security Agreement from NMSL dated March 15, 2017 providing a first security interest in certain equipment of NMSL and a second charge over all of NMSL's present and after-acquired personal property; and

- (m) General Security Agreement from BSI dated November 20, 2012 providing a first security interest in all present and after-acquired personal property, except consumer goods, subject to The Bank of Nova Scotia's priority on inventory and accounts receivable.

3.3 In this Agreement, "Guarantee" means any guarantee of any of the obligations of any Borrower or Borrowers in favour of BDC provided by any Guarantor, Guarantors, Borrower or Borrowers, including, but not limited to:

- (a) Joint and Several Guarantee of Glenn and Sonia for 25% of the outstanding amount of Loan 033518-05;
- (b) Guarantee of Sonia for 10% of the outstanding amount of Loan 068720-01;
- (c) Guarantee of Glenn for 10% of the outstanding amount of Loan 068720-01;
- (d) Guarantee of NMSL for 25% of the outstanding amount of Loan 068720-01;
- (e) Joint and Several Guarantee of the Glenn and Sonia for 100% of the outstanding amount of Loan 033518-07;
- (f) Joint and Several Guarantee of the Personal Guarantors for 25% of the outstanding amount of Loan 033518-10;
- (g) Joint and Several Guarantee of the Guarantors for 25% of the outstanding amount of Loan 068720-04;
- (h) Joint and Several Guarantee of the Guarantors for 100% of the outstanding amount of Loan 068720-05; and
- (i) Joint and Several Guarantee of Glenn and Sonia for 100% of the outstanding amount of Loan 033518-11.

4. General

4.1 **Benefit of the Agreement.** This Agreement shall enure to the benefit of and be binding upon the successors and permitted assigns of the parties hereto.

4.2 **Assignment.** This Agreement is assignable by BDC without the consent of the the Borrowers and the Guarantors and shall not be assigned by the Borrowers or the Guarantors without the prior written consent of BDC.

4.3 **Amendments and Waivers.** No amendment to this Agreement shall be valid or binding unless set forth in writing and duly executed by the Borrowers and an authorized representative of BDC. No waiver of any breach of any provision of this Agreement shall be effective or binding unless made in writing and signed by the party purporting to give the same

and, unless otherwise provided in the written waiver, shall be limited to the specific breach waived.

4.4. **Severability.** If any provision of this Agreement is determined to be invalid, illegal or unenforceable in whole or in part, it shall be severable from this Agreement and the remainder of this Agreement shall be construed as if such invalid, illegal or unenforceable provision or parts had been deleted herefrom.

4.5 **Notices.** Any notice or communication to be given hereunder may be given effectively by delivering the same at the addresses and in the manner provided in the Finance Instruments which contain such information which have been most recently entered into between the Borrower and BDC.

4.6 **Further Assurances.** The Borrower must at its expense from time to time do, execute and deliver, or cause to be done, executed and delivered, all such financing statements, further assignments, documents, acts, matters and things as may be reasonably requested by BDC for the purpose of giving effect to this Agreement or for the purpose of establishing compliance with the representations, warranties and covenants herein contained.

[Remainder of page intentionally left blank]

BUSINESS DEVELOPMENT

By:

Name: Robert Prime
Title: Director Business Restructuring
(Authorized Signatory)

By:

Name: R. French
Title: AUP BRU
(Authorized Signatory)

By:

Name:
Title:
(Authorized Signatory)

By:

Name:
Title:
(Authorized Signatory)

By:

Title:
(Authorized Signatory)

By:

Name:
Title:
(Authorized Signatory)

GLENN MAXWELL BURRY

By:

SONIA BURRY

By:


IN WITNESS WHEREOF the parties hereto have duly executed this Agreement effective as of the 27th day of June, 2018

BUSINESS DEVELOPMENT BANK OF CANADA

By: _____
Name: _____
Title: _____
(Authorized Signatory)


By: _____
Name: _____
Title: _____
(Authorized Signatory)

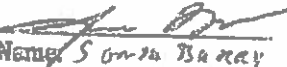
NORCON MARINE SERVICES LTD.

By: 
Name: GLENN H. BARRY
Title: PRESIDENT
(Authorized Signatory)

By: 
Name: SONIA BARRY
Title: VICE PRESIDENT
(Authorized Signatory)

BURRY'S SEAWARD INC.

By: 
Name: GLENN M. BURRY
Title: PRESIDENT
(Authorized Signatory)

By: 
Name: SONIA BARRY
Title: VICE PRESIDENT
(Authorized Signatory)



GLENN MAXWELL BURRY

By:

A stylized, cursive signature of Glenn Maxwell Burry, written in dark ink over a horizontal line.

SONIA BURRY

By:

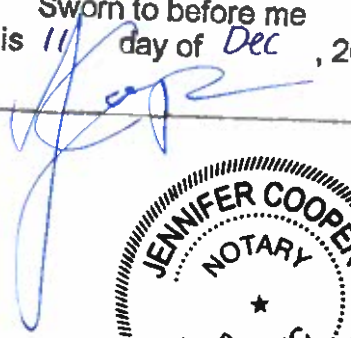
A stylized, cursive signature of Sonia Burry, written in dark ink over a horizontal line.

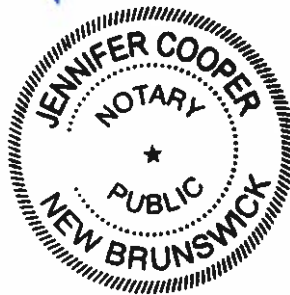
Aug
56

THIS IS EXHIBIT " E " TO
THE AFFIDAVIT OF

Robert Prince

Sworn to before me
this 11 day of Dec, 2019







BDCID : 10007518276

GENERAL SECURITY AGREEMENT

THIS AGREEMENT dated this 15 day of March, 2017

BETWEEN:

NORCON MARINE SERVICES LTD., in the Province of NEW-FUNDLAND AND LABRADOR

(the "Debtor")

AND:

**BUSINESS DEVELOPMENT BANK OF CANADA, with a business centre at
42 High Street, P.O. Box 744, Grand Falls-Windsor, NL A2A 2M4**

(the "BDC")

1. SECURITY INTEREST

(You, as the Debtor, will grant to BDC a charge, referred to as a security interest, over all personal property now held or in the future held or acquired by you. You will also grant a charge, referred to as a floating charge, over your complete undertaking. These charges are the security BDC will hold in consideration of lending you funds or providing the credit facility to you.)

1.1 For consideration the Debtor hereby:

- (a) mortgages and charges as a fixed and specific charge, and assigns and transfers to BDC, and grants to BDC a general and continuing security interest in all of the Debtor's present and after acquired personal property including, without limitation:
 - (i) all office, trade, manufacturing and all other equipment and all goods, including, without limitation, machinery, tools, fixtures, computers, furniture, furnishings, chattels, motor vehicles and other tangible personal property that is not inventory, and all parts, components, attachments, accessories, acccessions, replacements, substitutions, additions and improvements to any of the above (all of which is collectively called the "Equipment");
 - (ii) all inventory, including, without limitation, goods acquired or held for sale or lease or furnished or to be furnished under contracts of rental or service all raw materials, work in process, finished goods, returned goods, repossessed goods, all livestock and their young after conception, all crops and timber, and all packaging materials, supplies and containers relating to or used or consumed in connection with any of the foregoing (all of which is collectively called the "Inventory");
 - (iii) all debts, accounts, claims, demands, moneys and choses in action which now are, or which may at any time be, due or owing to or owned by the Debtor and all books, records, documents, papers and electronically recorded data recording, evidencing or relating to the debts, accounts, claims, demands, moneys and choses in action (all of which is collectively called the "Accounts");

- (iv) all documents of title, chattel paper, instruments, securities and money, and all other personal property, of the Debtor that is not Equipment, Inventory or Accounts,
 - (v) all patents, trade-marks, copyrights, industrial designs, plant breeder's rights, integrated circuit topographies, trade-names, goodwill, confidential information, trade secrets and know-how, including without limitation, environmental technology and bio-technology, software and any registrations and applications for registration of the foregoing and all other intellectual and industrial property of the Debtor (all of which is collectively called the "Intellectual Property"),
 - (vi) all the Debtor's contractual rights, licenses and all other choses in action of every kind which now are, or which may at any time be due or owing to or owned by the Debtor, and all other intangible property of the Debtor, that is not Accounts, chattel paper, instruments, documents of title, Intellectual Property, securities or money,
 - (vii) the personal property described in Schedule 'A' attached to this Agreement and all additions thereto and replacements thereof, and
 - (viii) all proceeds of every nature and kind arising from the personal property referred to in this Security Agreement,
- (b) grants to BDC a general and continuing security interest and charges by way of a floating charge.
- (i) all of the undertaking and assets of the Debtor, of every nature or kind and wherever situated, whether presently owned or hereafter acquired, and all their proceeds, other than its assets and undertakings that are otherwise validly and effectively subject to the charges and security interests in favour of BDC created pursuant to this Clause 1.1.

1.2 The security interests, mortgages, transfers, assignments, charges, grants and conveyances created pursuant to Clause 1.1 shall be collectively called the "Security Interests", and the property subject to the Security Interests and all property, assets and undertaking charged, assigned or transferred or secured by any instruments supplemental to or in implementation of this Security Agreement are collectively called the "Collateral"

1.3 The schedules, including definitions, form part of this Security Agreement.

2. EXCEPTIONS

(With few exceptions, all of your personal property is subject to the security interests and charges described in Clause 1.1. Only the following items are exempted: (i) any leasehold and possibly some consumer goods are exempted. Corporations do not hold consumer goods.)

2.1 The last day of the term created by any lease or agreement is excepted out of any charge or the Security Interests but the Debtor shall stand possessed of the reversion and shall remain upon trust to assign and dispose of it to any third party as BDC shall direct.

2.2 All the Debtor's consumer goods are excepted out of the Security Interests.

3. ATTACHMENT

(Value or consideration has flowed between you and BDC and the Security Interests in your personal property are complete once you sign this Security Agreement.)

The Debtor agrees that the Security Interests attach upon the signing of this Security Agreement (or in the case of after acquired property, upon the date of acquisition), that value has been given, and that the Debtor has (or in the case of after acquired property, will have upon the date of acquisition) rights in the Collateral and the Debtor confirms that there has been no agreement between the Debtor and BDC to postpone the time for attachment of the Security Interests and that it is the Debtor's understanding that BDC intends the Security Interests to attach at the same time.

4. PURCHASE MONEY SECURITY INTEREST

(To the extent that BDC helps you acquire an interest in any personal property, you grant a special security interest to BDC over that personal property. The special security interest is known as a "Purchase Money Security Interest".)

The Debtor acknowledges and agrees that the Security Interests constitute and are intended to create Purchase Money Security Interests in Collateral to the extent that moneys advanced by BDC, including all future advances and re-advances, are used or are to be used, in whole or in part, to purchase or otherwise to acquire rights in Collateral.

5. OBLIGATIONS SECURED

(The Security Interests and charges you have granted to BDC secure all indebtedness and all obligations to BDC.)

This Security Agreement is in addition to and not in substitution for any other security interest or charge now or in the future held by BDC from the Debtor or from any other person and shall be general and continuing security for the payment and performance of all indebtedness, liabilities and obligations of the Debtor to BDC (including interest thereon), whether incurred prior to, at the time of or after the signing of this Security Agreement including extensions and renewals, and all other liabilities of the Debtor to BDC, present and future, absolute or contingent, joint or several, direct or indirect, matured or not, extended or renewed, wherever and however incurred, including all advances on current or running account, future advances and re-advances of any loans or credit by BDC and the Debtor's obligation and liability under any contract or guarantee now or in the future in existence whereby the Debtor guarantees payment of the debts, liabilities and/or obligations of a third party to BDC, and for the performance of all obligations of the Debtor to BDC, whether or not contained in this Security Agreement (all of which indebtedness, liabilities and obligations are collectively called the "Obligations").

6. REPRESENTATIONS AND WARRANTIES

You state that you are able to legally grant this Security Agreement to BDC, it will be binding and the Collateral is not subject to any circumstances that have not been approved by BDC. You own the Collateral and nothing prevents you from granting the Security Interests and charges in favour of BDC. BDC will rely on all of the following representations and warranties.)

6.1 The Debtor represents and warrants to BDC that:

- (a) if a corporation, it is a corporation incorporated and organized and validly existing and in good standing under the laws of the jurisdiction of its incorporation; it has the corporate power to own or lease its property and to carry on the business conducted by it; it is qualified as a corporation to carry on the business conducted by it and to own or lease its property and is in good standing under the laws of each jurisdiction in which the nature of its business or the property owned or leased by it makes such qualification necessary, and the execution, delivery and performance of this Security Agreement are within its corporate powers, have been authorized and do not contravene, violate or conflict with any law or the terms and provisions of its constituting documents or its by-laws or any shareholders agreement or any other agreement, indenture or undertaking to which the Debtor is a party or by which it is bound;
- (b) if it is a corporation, its name as set forth on page 1 of this Security Agreement is its full, true and correct name as stated in its constituting documents and if such name is in English, it does not have or use a French language form of its name or a combined English language and French language form of its name and vice versa, and the Debtor has provided a written memorandum to BDC accurately setting forth all prior names under which the Debtor has operated;
- (c) if it is a partnership, its name as set forth on page 1 is its full, true and correct, and where required or voluntarily registered its registered, name; it is a partnership validly created and organized and validly existing under the laws of the jurisdiction of its creation; it has the power to carry on the business conducted by it, it is qualified as a partnership to carry on the business conducted by it and is in good standing under the laws of each jurisdiction in which the nature of its business makes such qualification necessary; and the execution, delivery and performance of this Agreement are within its powers, have been authorized, and do not contravene, violate or conflict with any law or the terms of its partnership agreement or any other agreement, indenture or undertaking to which the Debtor is a party or by which it is bound, and a complete list of the names, addresses and (if individuals) the dates of birth of the partners of the partnership are set forth on a Schedule attached to this Security Agreement;

- (d) If the Debtor is an individual, that individual's full name and address provided to BDC are the individual's full and correct name and address and the individual's date of birth as described on the individual's birth certificate a true copy of which has been provided to BDC or, if no birth certificate issued from any jurisdiction in Canada exists, as described on the documents provided to BDC is the individual's correct birth date;
- (e) there is no litigation or governmental proceedings commenced or pending against or affecting the Collateral or the Debtor, in which a decision adverse to the Debtor would constitute or result in a material adverse change in the business, operations, properties or assets or in the condition, financial or otherwise, of the Debtor; and the Debtor agrees to promptly notify BDC of any such future litigation or governmental proceeding;
- (f) It does not have any information or knowledge of any facts relating to its business, operations, property or assets or to its condition, financial or otherwise, which it has not disclosed to BDC in writing and which, if known to BDC, might reasonably be expected to deter BDC from extending credit or advancing funds to the Debtor;
- (g) it has good title and lawfully owns and possesses all presently held Collateral, free from all security interests, charges, encumbrances, liens and claims, save only the Security Interests and the charges or security interests consented to in writing by BDC, and it has not granted any licenses in or of its Intellectual Property other than as disclosed and consented to by BDC;
- (h) to the extent that any of the Collateral includes serial numbered goods and motor vehicles which require serial number registration by virtue of the Act and its regulations including motor vehicles, tractors, manufactured homes, mobile homes, boats, outboard motors for boats or aircraft, the Debtor has given the full and correct serial numbers and any Ministry of Transport designation marks or other relevant licensing authority marks of all such Collateral to BDC;
- (i) the Collateral is and/or will be located at the place(s) described in Schedule "A" and will not be removed from such location(s) without the prior written consent of BDC;
- (j) this Security Agreement is granted in accordance with resolutions of the directors (and of the shareholders as applicable) of the Debtor, if the Debtor is a corporation, or, if the Debtor is a partnership, of the partners of the Debtor, and all other requirements have been fulfilled to authorize and make the execution and delivery of this Security Agreement, and the performance of the Debtor's obligations valid and there is no restriction contained in the constituting documents of the Debtor or in any shareholders agreement or partnership agreement which restricts the powers of the authorized signatories of the Debtor to borrow money or give security; and
- (k) the Debtor's place(s) of business and chief executive office have been correctly provided to BDC

7. COVENANTS OF THE DEBTOR

(The Security Interests and the Collateral must be protected while this Security Agreement remains in effect. These covenants are your promise to BDC describing how BDC's Security Interests will be attended to. You will also covenant to maintain accurate books and records and allow BDC's inspection. Your premises are found in the Security Agreement and Schedules.)

7.1 The Debtor covenants with BDC that while this Security Agreement remains in effect the Debtor will:

- (a) promptly pay and satisfy the Obligations as they become due or are demanded;
- (b) defend the title to the Collateral for BDC's benefit, against the claims and demands of all persons;
- (c) duly and effectively maintain and ensure that the Security Interests are and continue to be valid and effective;
- (d) maintain the Collateral in good condition and repair and provide adequate storage facilities to protect the Collateral and not permit the value of the Collateral to be impaired;

- (e) observe and conform to all valid requirements of any governmental authority relative to any of the Collateral and all covenants, terms and conditions upon or under which the Collateral is held,
- (f) forthwith pay and satisfy:
 - (i) all taxes, assessments, rates, duties, levies, government fees, claims and dues lawfully levied, assessed or imposed upon it or the Collateral when due, unless the Debtor shall in good faith contest its obligations so to pay and shall furnish to BDC such security as BDC may require;
 - (ii) all security interests, charges, encumbrances, liens and claims which rank or could rank in priority to, or on an equal basis with, any of the Security Interests; and
 - (iii) all fees from time to time chargeable by BDC arising out of any term of the commitment letter between BDC and the Debtor including, without limitation inspection, administration and returned cheque handling fees;
- (g) forthwith pay and satisfy all costs, charges, expenses and legal fees and disbursements (on a solicitor and its own client basis) which may be incurred by BDC in connection with granting loans or credit to the Debtor, including for:
 - (i) inspecting the Collateral;
 - (ii) negotiating, preparing, perfecting, registering or renewing the registration of this Security Agreement and the Security Interests, any Financing or Financing Change Statement, any modification or amending agreement and other documents relating to the Debtor's obligations, whether or not relating to this Security Agreement;
 - (iii) complying with any disclosure requirements under the Act,
 - (iv) investigating title to the Collateral;
 - (v) taking, recovering, keeping possession and disposing of the Collateral,
 - (vi) maintaining the Collateral in good repair, storing the Collateral and preparing the Collateral for disposition,
 - (vii) any inspection, appraisal, investigation or environmental audit of the Collateral and the cost of any environmental rehabilitation, treatment, removal or repair necessary to protect, preserve or remedy the Collateral including any fine or penalty BDC becomes obligated to pay by reason of any statute, order or direction of competent authority;
 - (viii) all other actions and proceedings taken to preserve the Collateral, enforce this Security Agreement and of any other security interest held by BDC as security for the Obligations, protect BDC from liability in connection with the Security Interests or assist BDC in its loan and credit granting or realization of the Security Interest, including any actions under Bankruptcy and Insolvency Act (Canada) and all remuneration of any Receiver (as defined in Article 15 hereof) or appointed pursuant to Bankruptcy and Insolvency Act (Canada),
 - (ix) any sums BDC pays as fines, or as clean up costs because of contamination of or from your assets. Further, you will indemnify BDC and its employees and agents from any liability or costs incurred including legal defence costs. Your obligation under this paragraph continues even after the Obligations are repaid and this agreement is terminated
- (h) at BDC's request, execute and deliver further documents and instruments and do all acts as BDC in its absolute discretion requires to confirm, register and perfect, and maintain the registration and perfection of, the Security Interests;
- (i) notify BDC promptly of:

- (i) any change in the information contained in this Security Agreement relating to the Debtor, its business or the Collateral, including, without limitation, any change of name or address (including any change of trade name, proprietor or partner) and any change in the present location of any Collateral;
- (ii) the details of any material acquisition of Collateral, including the acquisition of any motor vehicles, trailers, manufactured homes, boats or aircraft;
- (iii) any material loss or damage to the Collateral;
- (iv) any material default by any account debtor in the payment or other performance of its obligations to the Debtor respecting any Accounts;
- (v) any claims against the Debtor including claims in respect of the Intellectual Property or of any actions taken by the Debtor to defend the registration of or the validity of or any infringement of the Intellectual Property;
- (vi) the return to or repossession by the Debtor of Collateral that was disposed of by the Debtor; and
- (vii) all additional places of business and any changes in its place(s) of business or chief executive office;
- (j) prevent the Collateral, other than Inventory sold, leased, or otherwise disposed of as permitted by this Security Agreement, from being or becoming an accession to property not covered by this Security Agreement;
- (k) carry on and conduct its business and undertaking in a proper and businesslike manner so as to preserve and protect the Collateral and the earnings, income, rents, issues and profits of the Collateral, including maintenance of proper and accurate books of account and records;
- (l) permit BDC and its representatives, at all reasonable times, access to the Collateral including all of the Debtor's property, assets and undertakings and to all its books of account and records for the purpose of inspection and the taking of extracts and copies, whether at the Debtor's premises or otherwise, and the Debtor will render all assistance necessary;
- (m) observe and perform all its obligations under
 - (i) leases, licences, undertakings, and any other agreements to which it is a party;
 - (ii) any statute or regulation, federal, provincial, territorial, or municipal, to which it is subject;
- (n) deliver to BDC from time to time promptly upon request:
 - (i) any documents of title, instruments, securities and chattel paper constituting, representing or relating to the Collateral;
 - (ii) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to the Collateral to allow BDC to inspect, audit or copy them;
 - (iii) all financial statements prepared by or for the Debtor regarding the Debtor's business;
 - (iv) such information concerning the Collateral, the Debtor and the Debtor's business and affairs as BDC may reasonably require;
- (o) with respect to the Intellectual Property, take all necessary steps and initiate all necessary proceedings, to maintain the registration or recording of the Intellectual Property, to defend the Intellectual Property from infringement and to prevent any licensed or permitted user from doing

anything that may invalidate or otherwise impair the Intellectual Property;

- (p) with respect to copyright forming part of the Intellectual Property, provide to BDC waivers of the moral rights thereto executed by all contributors or authors of the copyrighted work;
- (q) receive and hold in trust on behalf of and for the benefit of BDC all proceeds from the sale or other disposition of any Collateral;
- (r) consent to BDC contacting and making enquiries of the Debtor's lessors, as well as municipal or other government officials or assessors; and
- (s) observe and perform the additional covenants and agreements set out in any schedules to this Security Agreement, including Schedule B, if any

7.2 Any amounts required to be paid to BDC by the Debtor under this Clause 7 shall be immediately payable with interest at the highest rate borne by any of the Obligations until all amounts have been paid

7.3 This Security Agreement shall remain in effect until it has been terminated by BDC by notice of termination to the Debtor and all registrations relating to the Security Agreement have been discharged.

8. INSURANCE

(It is your obligation to thoroughly insure the Collateral in order to protect your interests and those of BDC. You will follow the specific requirements of the insurance coverage described in this Clause.)

8.1 The Debtor covenants that while this Security Agreement is in effect the Debtor shall:

- (a) maintain or cause to be maintained insurance on the Collateral with a reputable insurer, of kinds, for amounts and payable to such person or persons, all as BDC may require, and in particular maintain insurance on the Collateral to its full insurable value against loss or damage by fire and all other risks of damage, including an extended coverage endorsement and in the case of motor vehicles, insurance against theft;
- (b) cause the insurance policy or policies required by this Security Agreement to be assigned to BDC, including a standard mortgage clause or a mortgage endorsement, as BDC may require;
- (c) pay all premiums respecting such insurance, and deliver all policies to BDC if it so requires

8.2 If proceeds of any required insurance becomes payable, BDC may, in its absolute discretion, apply these proceeds to the Obligations as BDC sees fit or release any insurance proceeds to the Debtor to repair, replace or rebuild but any release of insurance proceeds to the Debtor shall not operate as a payment on account of the Obligations or in any way affect this Security Agreement or the Security Interests

8.3 The Debtor will forthwith, on the happening of loss or damage to the Collateral, notify BDC and furnish to BDC at the Debtor's expense any necessary proof and do any necessary act to enable BDC to obtain payment of the insurance proceeds, but nothing shall limit BDC's right to submit to the insurer a proof of loss on its own behalf.

8.4 The Debtor hereby authorizes and directs the insurer under any required policy of insurance to include the name of BDC as loss payee on any policy of insurance and on any cheque or draft which may be issued respecting a claim settlement under and by virtue of such insurance, and the production by BDC to any insurer of a notarial or certified copy of this Security Agreement (notarized or certified by a notary public or solicitor) shall be the insurer's complete authority for so doing

8.5 If the Debtor fails to maintain insurance as required, BDC may, but shall not be obliged to, maintain or effect such insurance coverage, or so much insurance coverage as BDC may wish to maintain.

9. OTHER PROHIBITIONS

You agree to not encumber your property so as to interfere with the security interests or charges granted to BDC and you will not dispose of any of the Collateral except inventory, disposed of in the ordinary course of your business.)

Without the prior written consent of BDC the Debtor will not:

- (a) create or permit to exist any security interest in, charge, encumbrance or lien over, or claim against any of its property, assets, undertakings including without limitation the Collateral which ranks or could in any event rank in priority to or on an equal basis with any of the Security Interests created by this Security Agreement;
- (b) grant, sell, or otherwise assign any of its chattel paper or any of the Collateral except only inventory that is disposed of in accordance with Clause 10.2; or
- (c) where the Debtor is a corporation
 - (i) repay or reduce any shareholders loans or other debts due to its shareholders; or
 - (ii) change its name, merge with or amalgamate with any other entity;

10. RESTRICTIONS ON SALE OR DISPOSAL OF COLLATERAL

(You will preserve and protect all of the Collateral and not dispose of it without the consent of BDC. Any sales or other disposition will result in you holding the proceeds in trust for BDC. Your responsibilities towards the Collateral and any trust proceeds are important to BDC.)

10.1 Except as provided by this Security Agreement, without BDC's prior written consent the Debtor will not:

- (a) sell, lease, license or otherwise dispose of the Collateral;
- (b) release, surrender or abandon possession of the Collateral; or
- (c) move or transfer the Collateral from the jurisdictions in which the Security Interests have been perfected

10.2 Provided that the Debtor is not in default under this Security Agreement, the Debtor may lease, sell, license, consign or otherwise deal with items of inventory only in the ordinary course of its business and for the purposes of carrying on its business.

10.3 Any disposition of any Collateral, excepting sales of inventory in the ordinary course, shall result in the Debtor holding the proceeds in trust for and on behalf of BDC and subject to BDC's exclusive direction and control. Nothing restricts BDC's right to attach, seize or otherwise enforce its Security Interests in any Collateral sold or disposed, unless it is sold or disposed with BDC's prior written consent.

11. PERFORMANCE OF OBLIGATIONS

(If you do not strictly do all those things that you have agreed to do in this Security Agreement, BDC may perform those obligations but you will be required to pay for them.)

If the Debtor fails to perform its covenants and agreements under this Security Agreement, BDC may, but shall not be obliged to, perform any or all of such covenants and agreements without prejudice to any other rights and remedies of BDC, and any payments made and any costs, charges, expenses and legal fees and disbursements (on a solicitor and its own client basis) incurred by BDC shall be immediately payable by the Debtor to BDC with interest at the highest rate borne by any of the Obligations and shall be secured by the Security Interests, until all such amounts have been paid.

12. ACCOUNTS

(Any dealing with the Collateral that results in an account being created, or proceeds arising, is of particular importance to BDC. The account, or proceeds, acts in substitution for the Collateral that has been sold, usually inventory. You will protect the account or proceeds in favour of BDC.)

Notwithstanding any other provision of this Security Agreement, BDC may collect, realize, sell or otherwise deal with all or a portion of the Accounts in such manner, upon such terms and conditions and at any time, whether before or after default, as may seem to it advisable, and without notice to the Debtor, except in the case of disposition after default and then subject to the applicable provisions of the Act, if any. All forms of payment

received by the Debtor in payment of any Account, or as proceeds, shall be subject to the Security Interests and shall be received and held by the Debtor in trust for BDC.

13. APPROPRIATION OF PAYMENTS

(BDC has the right to determine how funds it receives will be applied in relation to your loan facility.)

Any and all payments made respecting the Obligations and monies realized from any Security Interests (including monies collected in accordance with or realized on any enforcement of this Security Agreement) may be applied to such part or parts of the Obligations as BDC sees fit, and BDC may at any time change any appropriation as BDC sees fit.

14. DEFAULT

(You must comply with the payment and other obligations that you have made in favour of BDC. You must also strictly satisfy the covenants and agreements that you have made in this Security Agreement. Failure to do so will be considered a default and BDC will exercise its legal remedies and possibly pursue them. This Clause defines the defaults and outlines your obligations.)

4.1 Unless waived by BDC, the Debtor shall be in default under this Security Agreement and shall be deemed to be in default under all other agreements between the Debtor and BDC in any of the following events:

- (a) the Debtor defaults, or threatens to default, in payments when due of any of the Obligations; or
- (b) the Debtor is in breach of, or threatens to breach, any term, condition, obligation or covenant made by it to or with BDC, or any representation or warranty of the Debtor to BDC is untrue or ceases to be accurate, whether or not contained in this Security Agreement; or
- (c) the Debtor or a guarantor of the Debtor declares itself to be insolvent or admits in writing its inability to pay its debts generally as they become due, or makes an assignment for the benefit of its creditors, is declared bankrupt, makes a proposal or otherwise takes advantage of any provisions for relief under Bankruptcy and Insolvency Act (Canada), the Companies Creditors Arrangement Act (Canada) or similar legislation in any jurisdiction, or makes an authorized assignment; or
- (d) a receiver, manager, receiver and manager or receiver-manager of all or a part of the Collateral is appointed; or
- (e) an order is made or a resolution is passed for the winding up of the Debtor or a guarantor of the Debtor; or
- (f) the Debtor or a guarantor of the Debtor ceases or threatens to cease to carry on all or a substantial part of its business or makes or threatens to make a sale of all or substantially all of its assets; or
- (g) distress or execution is levied or issued against all or any part of the Collateral; or
- (h) if the Debtor is a corporation and any member or shareholder:
 - (i) commences an action against the Debtor; or
 - (ii) gives a notice of dissent to the Debtor in accordance with the provisions of any governing legislation; or
- (i) if the Debtor is a corporation and its voting control changes without BDC's prior written consent; or
- (j) the Debtor uses any monies advanced to it by BDC for any purpose other than as agreed upon by BDC; or
- (k) without BDC's prior written consent, the Debtor creates or permits to exist any security interest, charge, encumbrance, lien or claim against any of the Collateral which ranks or could in any event rank in priority to or on an equal basis with any of the Security Interests; or

- (l) the holder of any other security interest, charge, encumbrance, lien or claim against any of the Collateral does anything to enforce or realize on such security interest, charge, encumbrance, lien or claim; or
- (m) the Debtor enters into an amalgamation, a merger or other similar arrangement with any other person without BDC's prior written consent or, if the Debtor is a corporation, it is continued or registered in a different jurisdiction without BDC's prior written consent, or
- (n) BDC in good faith and on commercially reasonable grounds believes that the prospect of payment or performance of any of the Obligations is impaired or that any of the Collateral is or is about to be placed in jeopardy or removed from the jurisdiction in which this Security Agreement has been registered, or
- (o) the lessor under any lease to the Debtor of any real or personal property takes any steps to or threatens to terminate such lease or otherwise exercise any of its remedies under such lease as a result of any default by the Debtor; or
- (p) the Debtor causes or allows hazardous materials to be brought upon any lands or premises occupied by the Debtor or to be incorporated into any of its assets, or the Debtor causes, permits, or fails to remedy any environmental contamination upon, in or under any of its lands or assets, or fails to comply with any abatement or remediation order given by a responsible authority; or
- (q) any permit, license, certification, quota or order granted to or held by the Debtor is cancelled, revoked or reduced, as the case may be, or any order against the Debtor is enforced, preventing the business of the Debtor from being carried on for more than 5 days or materially adversely changing the condition (financial or otherwise) of the Debtor's business; or
- (r) if an individual, the Debtor dies or is declared incompetent by a court of competent jurisdiction

15. ENFORCEMENT

(If a default occurs, BDC has numerous remedies and legal rights, including enforcement of the Security Agreement according to this Clause. You also have rights provided by the Personal Property Security Act and the common law in your jurisdiction.)

15.1 Upon any default under this Security Agreement BDC may declare any or all of the Obligations whether or not payable on demand to become immediately due and payable and the Security Interests will immediately become enforceable. To enforce and realize on the Security Interests BDC may take any action permitted by law or in equity as it may deem expedient and in particular, without limitation, BDC may do any of the following:

- (a) appoint by instrument a receiver, manager, receiver and manager or receiver-manager (the "Receiver") of all or any part of the Collateral, with or without bond as BDC may determine, and in its absolute discretion remove such Receiver and appoint another in its stead;
- (b) enter upon any of the Debtor's premises at any time and take possession of the Collateral with power to exclude the Debtor, its agents and its servants, without becoming liable as a mortgagee in possession;
- (c) preserve, protect and maintain the Collateral and make such replacements and repairs and additions to the Collateral as BDC deems advisable;
- (d) dispose of all or part of the Collateral, whether by public or private sale or lease or otherwise, in such manner, at such price as can be reasonably obtained and on such terms as to credit and with such conditions of sale and stipulations as to title or conveyance or evidence of title or otherwise as to BDC may seem reasonable, provided that if any sale, lease or other disposition is on credit the Debtor will not be entitled to be credited with the proceeds of any such sale, lease or other disposition until the monies are actually received;
- (e) register assignments of the Intellectual Property, and use, sell, assign, license or sub-license any of the Intellectual Property; and

- (f) exercise all of the rights and remedies of a secured party under the Act and any other applicable laws.

15.2 A Receiver appointed pursuant to this Security Agreement insofar as responsibility for its actions is concerned shall be the agent of the Debtor and not of BDC and, to the extent permitted by law or to such lesser extent permitted by its appointment, shall have all the powers of BDC under this Security Agreement, and in addition shall have power to:

- (a) carry on the Debtor's business and for such purpose from time to time to borrow money either secured or unsecured, and if secured by granting a security interest on the Collateral, such security interest may rank before or on an equal basis with or behind any of the Security Interests and if it does not so specify such security interest shall rank in priority to the Security Interests, and
- (b) make an assignment for the benefit of the Debtor's creditors or a proposal on behalf of the Debtor under Bankruptcy and Insolvency Act (Canada); and
- (c) commence, continue or defend proceedings in the name of the Receiver or in the name of the Debtor for the purpose of protecting, seizing, collecting, realizing or obtaining possession of or payment for the Collateral, and
- (d) make any arrangement or compromise that the Receiver deems expedient.

15.3 Subject to the claims, if any, of the creditors of the Debtor ranking in priority to this Security Agreement, all amounts realized from the disposition of the Collateral pursuant to this Security Agreement will be applied as BDC, in its absolute discretion and to the full extent permitted by law, may direct as follows:

- (a) in payment of all costs, charges and expenses (including legal fees and disbursements on a solicitor and its own client basis) incurred by BDC respecting or incidental to:
 - (i) the exercise by BDC of the rights and powers granted to it by this Security Agreement; and
 - (ii) the appointment of the Receiver and the exercise by the Receiver of the powers granted to it by this Security Agreement, including the Receiver's reasonable remuneration and all outgoings properly payable by the Receiver;
- (b) in or toward payment to BDC of all principal and other monies (except interest) due in respect of the Obligations;
- (c) in or toward payment to BDC of all interest remaining unpaid respecting the Obligations; and
- (d) in payment to those parties entitled thereto under the Act.

16. GENERAL PROVISIONS PROTECTING BDC

(You have granted this Security Agreement to BDC in consideration by BDC advancing funds or providing credit or a credit facility to you. BDC will not be responsible for debts or liabilities that may arise except to the extent that it agrees to be responsible or liable in this Security Agreement. If enforcement becomes necessary, BDC will act in good faith and in a commercially reasonable manner.)

16.1 To the full extent permitted by law, BDC shall not be liable for any debts contracted by it during enforcement of this Security Agreement, for damages to persons or property or for salaries or non-fulfilment of contracts during any period when BDC shall manage the Collateral upon entry or seizure, nor shall BDC be liable to account as a mortgagee in possession or for anything except actual receipts or be liable for any loss on realization or for any default or omission for which a mortgagee in possession may be liable. BDC shall not be bound to do, observe or perform or to see to the observance or performance by the Debtor of any obligations or covenants imposed upon the Debtor nor shall BDC, in the case of securities, instruments or chattel paper, be obliged to preserve rights against other persons, nor shall BDC be obliged to keep any of the Collateral identifiable. To the full extent permitted by law, the Debtor waives any provision of law permitted to be waived by it which imposes greater obligations upon BDC than described above.

16.2 Neither BDC nor any Receiver appointed by it shall be liable or accountable for any failure to seize, collect, realize, sell or obtain payments for the Collateral nor shall they be bound to institute proceedings for the purposes of

selling, collecting, realizing or obtaining payment or possession of the Collateral or the preserving of any right of BDC, the Debtor or any other party respecting the Collateral. BDC shall also not be liable for any misconduct, negligence, misfeasance by BDC, the Receiver or any employee or agent of BDC or the Receiver, or for the exercise of the rights and remedies conferred upon BDC or the Receiver by this Security Agreement.

16.3 BDC or any Receiver appointed by it may grant extensions of time and other indulgences, take and give securities, accept compromises, grant releases and discharges, release any part of the Collateral to third parties and otherwise deal with the debtors of the Debtor, co-obligants, guarantors and others and with the Collateral and other securities as BDC may see fit without liability to BDC and without prejudice to BDC's rights respecting the Obligations or BDC's right to hold and realize the Collateral.

16.4 BDC in its sole discretion may realize upon any other security provided by the Debtor in any order or concurrently with the realization under this Security Agreement whether such security is held by it at the date of this Security Agreement or is provided at any time in the future. No realization or exercise of any power or right under this Security Agreement or under any other security shall prejudice any further realization or exercise until all Obligations have been fully paid and satisfied.

16.5 Any right of BDC and any obligation of the Debtor arising under any other agreements between BDC and the Debtor shall survive the signing, registration and advancement of any money under this Security Agreement, and no merger respecting any such right or obligation shall occur by reason of this Security Agreement. The obligation, if any, of the Debtor to pay legal fees, a commitment fee, a standby fee or administration fees, under the terms of BDC's commitment letter with the Debtor shall survive the signing and registration of this Security Agreement and BDC's advancement of any money to the Debtor and any legal fees, commitment fees, standby fees or administration fees owing by the Debtor shall be secured by the Collateral.

16.6 In the event that BDC registers a notice of assignment of Intellectual Property the Debtor shall be responsible for and shall indemnify BDC against all maintenance and renewal costs in respect thereof, and any costs of initiating or defending litigation, together with all costs, liabilities and damages related thereto.

16.7 Notwithstanding any taking of possession of the Collateral, or any other action which BDC or the Receiver may take, the Debtor now covenants and agrees with BDC that if the money realized upon any disposition of the Collateral is insufficient to pay and satisfy the whole of the Obligations due to BDC at the time of such disposition, the Debtor shall immediately pay to BDC an amount equal to the deficiency between the amount of the Obligations and the sum of money realized upon the disposition of the Collateral, and the Debtor agrees that BDC may bring action against the Debtor for payment of the deficiency, notwithstanding any defects or irregularities of BDC or the Receiver in enforcing its rights under this Security Agreement.

17. APPOINTMENT OF ATTORNEY

(You appoint BDC your attorney for specific matters.)

The Debtor hereby irrevocably appoints BDC or the Receiver, as the case may be, with full power of substitution, as the attorney of the Debtor for and in the name of the Debtor to do, make, sign, endorse or execute under seal or otherwise all deeds, documents, transfers, cheques, instruments, demands, assignments, assurances or consents that the Debtor is obliged to sign, endorse or execute and generally to use the name of the Debtor and to do everything necessary or incidental to the exercise of all or any of the powers conferred on BDC, or the Receiver, as the case may be, pursuant to this Security Agreement. This grant and authority shall continue and survive any mental infirmity or legal incapacity of the Debtor subsequent to the execution hereof.

18. CONSOLIDATION

(Should you wish to reduce the Security Interest, BDC may require you to also pay other obligations to it before discharging its Security Interest.)

For the purposes of the laws of all jurisdictions in Canada, the doctrine of consolidation applies to this Security Agreement.

19. NO OBLIGATION TO ADVANCE

(BDC determines, in the end, whether any advances or further advances under the loan facility will be made.)

Neither the preparation and execution of this Security Agreement nor the perfection of the Security Interests or the advance of any monies by BDC shall bind BDC to make any advance or loan or further advance or loan, or extend any time for payment of any indebtedness or liability of the Debtor to BDC.

20. WAIVER

(Indulgences granted by BDC should not be taken for granted.)

BDC may permit the Debtor to remedy any default without waiving the default so remedied. BDC may from time to time and at any time partially or completely waive any right, benefit or default under this Security Agreement but such waiver shall not be a bar to or a waiver of any such right, benefit or default thereafter, or of any other right, benefit or default under this Security Agreement. No waiver shall be effective unless it is in writing and signed by BDC. No delay or omission on the part of BDC in exercising any right shall operate as a waiver of such right or any other right.

21. NOTICE

(This Clause describes how the various notices referred to in this Security Agreement may be given.)

Notice may be given to either party by prepaid mail or delivered to the party for whom it is intended, at the principal address of such party provided in this Security Agreement or at such other address as may be given in writing by one party to the other, and any notice if mailed shall be deemed to have been given at the expiration of three business days after mailing and if delivered, on delivery.

22. EXTENSIONS

(Your duties and responsibilities to BDC remain in place regardless of any concerns you may have about the loan facility or BDC's actions.)

BDC may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges, refrain from perfecting or maintaining perfection of security interests, and otherwise deal with the Debtor, the Debtor's account debtors, sureties and others and with the Collateral and other security interests as BDC may see fit without prejudice to the Debtor's liability or BDC's right to hold and realize on the Security Interests.

23. NO MERGER

(Except as agreed upon in the Security Agreement or another contract specifically discussing this point, this Security Agreement is an independent obligation on your part.)

This Security Agreement shall not create any merger or discharge of any of the Obligations, or any assignment, transfer, guarantee, lien, contract, promissory note, bill of exchange or security interest of any form held or which may be held by BDC now or in the future from the Debtor or from any other person. The taking of a judgment respecting any of the Obligations will not operate as a merger of any of the covenants contained in this Security Agreement.

24. RIGHTS CUMULATIVE

(This Agreement describes some rights and remedies of BDC. BDC also is entitled to rely on all other rights and remedies available to it in law and in any other agreements it has entered into with you.)

BDC's rights and remedies set out in this Security Agreement, and in any other security agreement held by BDC from the Debtor or any other person to secure payment and performance of the Obligations, are cumulative and no right or remedy contained in this Security Agreement or any other security agreements is intended to be exclusive but each will be in addition to every other right or remedy now or hereafter existing at law, in equity or by statute, or pursuant to any other agreement between the Debtor and BDC that may be in effect from time to time.

25. ASSIGNMENT

(Should BDC assign or transfer or otherwise deal with this Security Agreement on its own behalf, you agree that this Security Agreement shall remain binding and effective upon you.)

BDC may, without notice to the Debtor, at any time assign or transfer, or grant a security interest in, all or any of the Obligations, this Security Agreement and the Security Interests. The Debtor agrees that the assignee, transferee or secured party, as the case may be, shall have all of BDC's rights and remedies under this Security Agreement and the Debtor will not assert as a defence, counterclaim, right of set-off or otherwise any claim which it now has or may acquire in the future against BDC in respect of any claim made or any action commenced by such

assignee, transferee or secured party, as the case may be, and will pay the assigned Obligations to the assignee, transferee or secured party, as the case may be, as the said Obligations become due.

26. SATISFACTION AND DISCHARGE

(Until this Security Agreement is terminated and any registrations relating to it are discharged, the Security Agreement will remain effective even though the indebtedness to BDC may have been paid.)

Any partial payment or satisfaction of the Obligations, or any ceasing by the Debtor to be indebted to BDC shall not be a redemption or discharge of this Security Agreement. The Debtor shall be entitled to a release and discharge of this Security Agreement upon full payment and satisfaction of all Obligations, and upon written request by the Debtor and, subject to applicable law, payment to BDC of an administrative fee to be fixed by BDC and payment of all costs, charges, expenses and legal fees and disbursements (on a solicitor and his own client basis) incurred by BDC in connection with the Obligations and such release and discharge. The Debtor shall, subject to applicable law, pay an administrative fee, to be fixed by BDC, for the preparation or execution of any full or partial release or discharge by BDC of any security it holds, of the Debtor, or of any guarantor or covenantor with respect to any Obligations.

27. ENVIRONMENT

The Debtor represents and agrees that

- (a) it operates and will continue to operate in conformity with all applicable environmental laws, regulations, standards, codes, ordinances and other requirements of any jurisdiction in which it carries on business and will ensure its staff is trained as required for that purpose;
- (b) it has an environmental emergency response plan and all officers and employees are familiar with that plan and their duties under it;
- (c) it possesses and will maintain all environmental licences, permits and other governmental approvals as may be necessary to conduct its business and maintain the Collateral;
- (d) there has been no complaint, prosecution, investigation or proceeding, environmental or otherwise respecting the Debtor's business or assets including without limitation the Collateral;
- (e) it will advise BDC immediately upon becoming aware of any environmental problems relating to its business or the Collateral;
- (g) it will provide BDC with copies of all communications with environmental officials and all environmental studies or assessments prepared for the Debtor and it consents to BDC contacting and making enquiries of environmental officials or assessors;
- (h) it will from time to time when requested by BDC provide to BDC evidence of its full compliance with the Debtor's obligations in this Clause 27.

28. ENUREMENT

This Security Agreement shall enure to the benefit of BDC and its successors and assigns, and shall be binding upon the Debtors and its heirs, executors, administrators, successors and any assigns permitted by BDC, as the case may be.

29. INTERPRETATION

29.1 In this Security Agreement:

- (a) "Collateral" has the meaning set out in Clause 1 and any reference to the Collateral shall, unless the context otherwise requires, be deemed to be a reference to the Collateral in whole or in part;

- (b) "the Act" means the *Personal Property Security Act* of the province in which the business centre of BDC is located, as described on page 1 of this Security Agreement, and all regulations under the Act, as amended from time to time.

29.2 Words and expressions used in this Security Agreement that have been defined in the Act shall be interpreted in accordance with their respective meanings given in the Act unless otherwise defined in this Security Agreement or unless the context otherwise requires.

29.3 The invalidity or unenforceability of the whole or any part of any clause of this Security Agreement shall not affect the validity or enforceability of any other clause or the remainder of such clause of this Security Agreement.

29.4 The headings used in this Security Agreement have been inserted for convenience of reference only and shall not define, limit, alter or enlarge the meaning of any provision of this Security Agreement.

29.5 This Security Agreement shall be governed by the laws of the province referred to in subclause 29.1(b). For enforcement purposes, the Debtor hereby attorns to the jurisdiction of the courts and laws of any province, state, territory or country in which BDC enforces its rights and remedies hereunder.

30. COPY OF AGREEMENT AND FINANCING STATEMENT

The Debtor:

- (a) acknowledges receiving a copy of this Security Agreement, and
- (b) if the Act so permits, waives all rights to receive from BDC a copy of any financing statement or financing change statement filed, or any verification statement or other document received at any time respecting this Security Agreement.

31. TIME

Time shall in all respects be of the essence.

32. INDEPENDENT ADVICE

The Debtor acknowledges having received, or having had the opportunity to receive, independent legal and accounting advice respecting this Security Agreement and its effect.

33. PARENTHETICAL COMMENTS

The Debtor acknowledges and agrees that the comments in parentheses are intended to provide a brief but not thorough indication of the intent of the legal provisions that follow in each subsequent clause, and do not form part of this Security Agreement.

34. THE COMMITMENT LETTER

BDC has extended an offer of financing or a commitment letter to the Debtor relating to the loan facilities secured by this Security Agreement. The Debtor acknowledges and agrees that in the event of any discrepancy between any term of this Security Agreement and any term of the commitment letter, the terms of the commitment letter shall apply and take precedence over the terms of this Security Agreement.

35. WAIVER

I HAVE READ AND UNDERSTOOD THE GENERAL SECURITY AGREEMENT GRANTED TO THE BDC WITH RESPECT TO ALL THE INDEBTEDNESS, LIABILITIES AND OBLIGATIONS OWED OR THAT MAY BECOME DUE AND PAYABLE BY ME TO THE BDC; I UNDERSTAND THE NATURE OF AND ALL CONSEQUENCES ASSOCIATED WITH THE EXECUTION AND DELIVERY OF THE GENERAL SECURITY AGREEMENT; AND I ACKNOWLEDGE AND CONFIRM THAT I HAVE EITHER OBTAINED INDEPENDENT

LEGAL ADVICE IN CONNECTION WITH THE EXECUTION AND DELIVERY OF THE SECURITY DOCUMENTATION OR HAVE VOLUNTARILY DETERMINED NOT TO SEEK SUCH INDEPENDENT LEGAL ADVICE.

IN WITNESS WHEREOF the Debtor has hereunto set his hand and seal or has affixed its corporate seal duly attested by the hand(s) of its proper officer(s) in that behalf, on the day and year first above written.

NORCON MARINE SERVICES LTD.

Per 
GLENN BURRY
AUTHORIZED SIGNING OFFICER

I have the authority to bind the Corporation

SCHEDULE "A"

Subclause 1 1(a).

- 1 the following specific items, even though they may be included within the descriptions of Collateral: (insert description by item or kind).

See attached Equipment List.

- 2 the following serial numbered goods

Serial No. (re motor vehicles & trailers, etc.)

Year Make and Model

- 3 Location(s) of the Collateral: