

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

IN THE MATTER OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF TEHAMA INC. (the "**Applicant**")

**APPLICATION RECORD
(returnable January 20, 2023)**

January 20, 2023

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Toronto-Dominion Centre

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Lawyers for the Applicant

TO: **SERVICE LIST**

Service List

(as at January 18, 2023)

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AND TO:	<p>BDC CAPITAL INC. 101 College Street, Suite 310 Toronto, ON M5G 1L7</p> <p>Salman Qadir Salman.QADIR@bdc.ca</p>
AND TO:	<p>OMERS VENTURES IV., LP by its general partner OMERS VENTURES MANAGEMENT INC. 100 Adelaide Street West, Suite 900 Toronto, ON M5H 0E2</p> <p>Shawn Chance (Director) SChance@omersventures.com</p>
AND TO:	<p>FEDERAL ECONOMIC DEVELOPMENT AGENCY FOR SOUTHERN ONTARIO 151 Yonge Street, 3rd floor Toronto, ON M5C 2W7</p> <p>Susan Anzolin (Director General) FDO.feddevontario.fdo@feddevontario.gc.ca</p>
AND TO:	<p>ATTORNEY GENERAL OF CANADA Department of Justice Canada Ontario Regional Office, Tax Law Section 120 Adelaide Street West, Suite 400 Toronto, ON M5H 1T1</p> <p>Diane Winters Tel: 647-256-7459 diane.winters@justice.gc.ca</p>

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Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

IN THE MATTER OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*,
R.S.C. 1985, c. C 36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF TEHAMA INC. (the "**Applicant**")

NOTICE OF APPLICATION

TO THE RESPONDENTS:

A LEGAL PROCEEDING HAS BEEN COMMENCED by the Applicant. The claim made by the Applicant appears on the following pages.

THIS APPLICATION will come on for a hearing:

- In person
- By telephone conference
- By video conference

at the following location:

330 University Avenue, Toronto, Ontario, via Zoom (the details of which are attached at **Schedule "A"**)

on Friday, January 20, 2023, at 9:15 a.m.

IF YOU WISH TO OPPOSE THIS APPLICATION, to receive notice of any step in the application or to be served with any documents in the application, you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the Rules of Civil Procedure, serve it on the Applicant's lawyer or, where the Applicant does not have a lawyer, serve it on the Applicant, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the Applicant's lawyer or, where the Applicant does not have a lawyer, serve it on the Applicant, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but not later than 2 p.m. on the day before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.

Date: January 20, 2023

Issued By: _____
Local Registrar
330 University Avenue
Toronto, ON M5G 1R7

TO: THIS HONOURABLE COURT

AND TO: THE SERVICE LIST

Service List

(as at January 18, 2023)

TO:	<p>DENTONS CANADA LLP 77 King Street West, Suite 400 Toronto-Dominion Centre Toronto, ON M5K 0A1</p> <p>Robert Kennedy Tel: 416-367-6756 Fax: 416-863-4592 robert.kennedy@dentons.com</p> <p>Chase Irwin Tel: 1-613-783-9642 chase.irwin@dentons.com</p> <p>Mark A. Freake Tel: 416-863-4456 mark.freake@dentons.com</p> <p><i>Lawyers for the Applicant</i></p>
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AND TO:	OMERS VENTURES IV., LP by its general partner OMERS VENTURES MANAGEMENT INC. 100 Adelaide Street West, Suite 900 Toronto, ON M5H 0E2 Shawn Chance (Director) SChance@omersventures.com
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APPLICATION

1. The Applicant, Tehama Inc. (the “**Company**”), makes an application for:
 - (a) an order substantially in the form attached as Tab 3 of the Application Record (the “**Initial Order**”) pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”), among other things:
 - (i) abridging the time for and validating the service of this Notice of Application and the Application Record and dispensing with further service thereof;
 - (ii) declaring that the Company is a party to which the CCAA applies;
 - (iii) appointing Deloitte Restructuring Inc. (“**Deloitte**”), as monitor of the Company in these proceedings (the “**Monitor**”), subject to the permissions of the Court as required under section 11.7(2) of the CCAA;
 - (iv) granting an administration charge in the amount of \$200,000 (the “**Administration Charge**”), in favour of counsel to the Company, the Monitor and its counsel, and counsel to the DIP Lender (as defined herein);
 - (v) approving the DIP Facility (as defined herein), authorizing borrowings under the DIP Commitment (as defined herein) in an amount up to \$300,000, and granting a charge in favour of the DIP Lender (the “**DIP Lender's Charge**”);

- (vi) granting a directors' charge in favour of the Company's directors and officers in the amount of \$225,000 (the "**Directors' Charge**", and together with the Administration Charge and DIP Lender's Charge, the "**Priority Charges**"); and
 - (vii) granting an initial stay of proceedings (the "**Stay of Proceedings**") to January 30, 2023 (the "**Stay Period**"); and
- (b) such further and other relief as counsel may advise and this Honourable Court may permit.

THE GROUNDS FOR THE APPLICATION ARE:

Overview

2. The Company is in the business of providing a next-generation "desktop as a service" (DaaS) platform which enables customers to utilize cloud-based virtual offices, room and desktops from anywhere in the world. The Company's services are often used in the context of critical services delivery, including services to support IT infrastructure.
3. Following months of liquidity challenges, the Company is now facing a severe liquidity crisis, has limited cash on hand, and is generally unable to meet its obligations as they become due. Absent additional funding, the Company will be forced to immediately cease operations.
4. The Company has commenced these CCAA proceedings to address the challenges facing its business (the "**Business**") and effect the restructuring transactions necessary to maximize value for its stakeholders.

5. The Company is entitled to seek protection under the CCAA given that, among other things:

- (a) the Company is insolvent and is a company to which the CCAA applies; and
- (b) the current and contingent claims against the Company exceed \$5 million.

Assets and Liabilities

6. The Company's internal financial statements for the period ended as at December 31, 2022 (unaudited) reveal that the Company sustained a net loss of US\$7,692,184 on revenue of approximately US\$3,602,040.

7. As at December 31, 2022, the Company had:

- (a) total assets with a book value of approximately US\$6,893,347, which primarily consisted of cash, receivables and prepaid expenses, capital and intangible assets; and
- (b) total liabilities with a book value of approximately US\$10,203,136, which primarily consisted of accounts payable and accrued liability, lease obligations, deferred revenue, convertible and term loan debt liabilities.

The Stay of Proceedings

8. The Company urgently requires the Stay of Proceedings to prevent enforcement action by its creditors and disruption to its Business. Accordingly, the proposed Initial Order provides the Stay of Proceedings in respect of, among others, the Company and its directors and officers for the Stay Period.

9. The Stay of Proceedings will preserve the *status quo* and afford the Company the breathing room and stability required to advance its restructuring efforts, including developing a sale and investor solicitation process (“**SISP**”). The Stay of Proceedings will also allow the Company to continue to operate as a going concern with minimal disruption.

10. It is necessary and in the best interests of the Company and its stakeholders that the Company and its directors and officers be afforded the breathing space provided by the CCAA as they attempt to restructure the Company and maximize value for its stakeholders.

11. If the proposed Initial Order is granted, the Company intends to bring a motion on January 30, 2023 (or such other date set by this Honourable Court prior to the expiry of the Initial Stay Period) (the “**Comeback Hearing**”) for an Amended and Restated Initial Order, among other things, extending the Initial Stay Period, increasing certain of the Priority Charges, approving a key employee retention program and approving a SISP.

The DIP Facility

12. In connection with the commencement of these proceedings, the Company entered into a DIP facility agreement with 14667913 Canada Inc. (the “**DIP Lender**”) on January 19, 2023 (the “**DIP Commitment**”).

13. Pursuant to the DIP Commitment, the DIP Lender has agreed to provide a debtor in possession facility (the “**DIP Facility**”) to the Company in the maximum principal amount of \$500,000.

14. The DIP Commitment is conditional upon, among other things, the issuance of the proposed Initial Order approving the DIP Facility and granting the DIP Lender’s Charge.

15. Given its ongoing liquidity crisis, the Company requires the DIP Facility to, among other things, fund its ongoing operations and pursue its restructuring efforts. Without access to the DIP Facility, the Company will be forced to immediately cease its ordinary course operations.

16. The amount to be funded under the DIP Facility during the Stay Period is limited to the amount necessary to ensure the continued operations of the Business prior to the Comeback Hearing, being \$300,000.

Appointment of Deloitte as Monitor

17. The proposed Initial Order contemplates that Deloitte will act as the Monitor in these CCAA proceedings, subject to the permissions of the Court as required under section 11.7(2) of the CCAA. Deloitte has consented to act as the Monitor on the terms of the proposed Initial Order, if granted.

18. Deloitte is a “trustee” within the meaning of subsection 2(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, is familiar with the Company’s financial circumstance.

Authorization to Make Pre-Filing Payments

19. To preserve continuity in the Business, the proposed Initial Order authorizes (but does not require) the Company to pay, with the consent of the Monitor, amounts owing for goods and services actually supplied to the Company prior to the date of the Initial Order, with the Monitor considering, among other factors, whether:

- (a) the supplier or service provider is essential to the ongoing operations of the Company and the payment is required to ensure ongoing supply or service, as applicable;
- (b) making such payment will preserve, protect or enhance the value of the Property (as defined in the Initial Order) or the Business; and
- (c) the supplier or service provider is required to continue to provide goods or services to the Company after the date of the Initial Order, including pursuant to the terms of the Initial Order.

20. The authorization to make the aforementioned pre-filing payments will allow the Company to maintain its customer, service and supplier relationships and an uninterrupted supply of essential goods and services. A disruption in the supply of such goods and services will jeopardize the Company's ability to operate in the ordinary course.

The Priority Charges

21. Pursuant to the proposed Initial Order, the Company is seeking the granting of the Priority Charges in the following priority:

- (a) First – Administration Charge (up to a maximum amount of \$200,000);
- (b) Second – Directors' Charge (up to a maximum amount of \$225,000); and
- (c) Third – DIP Lender's Charge (up to a maximum amount of \$300,000);

22. Each of the Priority Charges is appropriately limited to that which is reasonably necessary for the Company's continued operations in the ordinary course of business during the Stay Period.

23. The Monitor is supportive of the granting of each of the Priority Charges and their quantum.

Other Grounds

24. The Company further relies on:

- (a) the provisions of the CCAA and the inherent and equitable jurisdiction of this Honourable Court;
- (b) Rules 1.04, 1.05, 2.03, 3.02, 14.05(2), 16, 38 and 39 of the Rules of Civil Procedure, R.R.O. 1990, Reg. 194, as amended and section 106 of the *Courts of Justice Act*, R.S.O. 1990, c. C. 43, as amended; and
- (c) Such further and other grounds as counsel may advise and this Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE WILL BE USED AT THE HEARING OF THE APPLICATION:

25. The Affidavit of Rob White sworn January 20, 2023, and the exhibits attached thereto.

26. The Consent of Deloitte to act as the Monitor.

27. The preliminary report of the Monitor, to be filed separately.

28. Such further and other material as counsel may advise and this Honourable Court may permit.

January 20, 2023

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Lawyers for the Applicant

Schedule "A"

Conference Details to join Motion via Zoom

SCJvirtual courtroom396 is inviting you to a scheduled Zoom meeting.

Join Zoom Meeting

<https://ca01web.zoom.us/j/69800268150?pwd=NExEc2VRM21DOWVCdFB0RUJBby9Idz09>

Meeting ID: 698 0026 8150

Passcode: 423575

One tap mobile

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Passcode: 423575

Find your local number: <https://ca01web.zoom.us/u/gbpBKKWR5J>

Join by SIP

69800268150@zmca.us

Join by H.323

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Meeting ID: 698 0026 8150

Passcode: 423575

Court File No.

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF TEHAMA INC

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceedings commenced at Toronto, Ontario

NOTICE OF APPLICATION

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Lawyers for the Applicant

Tab 2

Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

IN THE MATTER OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF TEHAMA INC. (the "**Applicant**")

**AFFIDAVIT OF ROB WHITE
(sworn January 20, 2023)**

I, **ROB WHITE**, of the City of Ottawa, in the Province of Ontario, **MAKE OATH AND
SAY:**

1. I am the Chief Financial Officer of Tehama Inc. ("**Tehama**" or the "**Company**") As such, I have personal knowledge of the matters deposed to in this affidavit, including the business and financial affairs of the Company. Where I have relied on other sources for information, I have stated the source of my information and I believe such information to be true.
2. As CFO of the Company, my responsibilities include managing the Company's overall operations and resources, making strategic decisions and acting as the main point of contact between the Company's board of directors and the senior management team.
3. All references to monetary amounts in this affidavit are in Canadian dollars, unless otherwise noted.

A. RELIEF SOUGHT

4. I swear this affidavit in support of an application to the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) by the Company for protection from its creditors pursuant to the *Companies’ Creditors Arrangement Act*, RSC 1985, c C-36 (the “**CCAA**”).

5. The Company is seeking an order (the “**Initial Order**”), substantially in the form attached at Tab 3 of the Application Record herein, granting the Company the following relief under the CCAA:

- (a) declaring that the Company is a party to which the CCAA applies;
- (b) appointing Deloitte Restructuring Inc., as monitor of the Company in these proceedings (the “**Monitor**”), subject to the permissions of the Court as required under section 11.7(2) of the CCAA (as discussed below);
- (c) granting an administration charge in the amount of \$200,000 (the “**Administration Charge**”), in favour of counsel to the Company, the Monitor and its counsel, and counsel to the DIP Lender (as defined herein);
- (d) approving the DIP Facility (as defined herein), authorizing borrowings under the DIP Commitment (as defined herein) in an amount up to \$300,000, and granting a charge in favour of the DIP Lender (the “**DIP Lender’s Charge**”);
- (e) granting a directors’ charge in favour of the Company’s directors and officers in the amount of \$225,000 (the “**Directors’ Charge**”, and together with the Administration Charge and DIP Lender’s Charge, the “**Priority Charges**”); and

- 3 -

(f) granting an initial stay of proceedings to January 30, 2023 (the “**Stay Period**”).

6. If the Initial Order is granted, the Company intends to return to Court no later than January 30, 2023 (the “**Comeback Hearing**”) to seek the issuance of an amended and restated initial order (the “**ARIO**”) that would, among other things:

(a) extend the Stay Period;

(b) increase the amount of the Priority Charges as follows:

(i) the Administration Charge to \$300,000; and

(ii) increase the DIP Lender’s Charge to \$500,000;

(c) approve a key employee retention program (“**KERP**”), and grant a charge in favour of the proposed KERP beneficiaries (“**KERP Charge**”), ranking behind the existing Priority Charges.

7. In the addition, at the Comeback Hearing, the Company intends to seek the approval of a sale and investment solicitation process (“**SISP**”), including the approval of a stalking horse purchase agreement (a “**Stalking Horse Agreement**”) to act as a stalking horse bid in the SISP, which the Company expects will be able to be completed on or before April 14, 2023..

A. OVERVIEW

8. The Company is in the business of providing a next-generation “desktop as a service” (DaaS) platform which enables customers to utilize cloud-based virtual offices, room and desktops from anywhere in the world. The Company’s services are often used in the context of critical services delivery, including services to support IT infrastructure.

9. The Company platform was born inside of a large Canadian based and managed service provider, focused on high-value revenue generating systems in media, technology and e-commerce. Originally known as Adminiscope, Tehama was the technology that permitted the aforementioned service provider's workforce, mostly working from home in 36 countries, to provide privileged services to compliance-sensitive customer data and systems using their own devices.

10. The development of these technological tools enabled teams to work and interact seamlessly with sensitive systems while working from home, eliminating the need to ship laptops all over the world. These tools evolved to become Tehama.

11. In an era of frequent headlines and rising concerns about data breaches, the Tehama platform provides advanced cybersecurity and compliance measures to the Company's customers.

12. The remote work vision for Tehama was dramatically accelerated as a result of the global pandemic. The Company has recognized that businesses are rethinking their way of working and the need to adapt new tools that enable the secure exchange of work over the internet. Despite the financial challenges faced by the Company, the Company's customer base continues to grow, representative of the market demand for Tehama's platform.

13. With the benefit of the protection afforded by the CCAA, the Company will be able to maintain its value, preserve jobs for its employees, and generally stabilize its business operations for the benefit of all the Company's stakeholders.

B. CORPORATE STRUCTURE

14. The Company is a private company incorporated under the *Canada Business Corporations Act*, RSC, 1985, c. C-44 (“**CBCA**”), and is extra-provincially registered to carry on business in Ontario under the *Ontario Business Corporations Act*, RSO 1990, c. B.16. The Company has its registered head office located at 319 Mcrae Avenue, Suite 701, Ottawa, Ontario, K1Z 0B9 (the “**Office Premises**”). The Company’s corporate profile report is attached as **Exhibit “A”** hereto.

15. The directors of the Company are Paul Vallée (“**Vallée**”), Shawn Chance and Michael Aiello. The Company’s major shareholders in summary are:

- (a) Tehama Holdings Inc. (“**TGI**”) holding approximately 22,666,668 common shares
9,037,255 preferred shares;
- (b) OMERS Ventures IV LP (“**OMERS**”) holding 12,910,363 preferred shares; and
- (c) BDC Capital Inc (“**BDC**”) holding 3,873,108 preferred shares.

C. ASSETS AND LIABILITIES

16. Attached as **Exhibit “B”** hereto is a copy of the Company’s most recent internal (unaudited) financial statements for the period ended as at December 31, 2022, on a consolidated basis (the “**2022 Financial Statements**”). Attached as **Exhibit “C”** is the Company’s audited financial statement for the year ended December 31, 2021. The 2022 Financial Statements reveal that Tehama sustained a net loss of US\$7,692,184 on revenue of approximately US\$3,602,040.

(i) Assets

17. As at December 32, 2022, the Company had total assets with a book value of approximately US\$6,893,347, which primarily consisted of cash, receivables and prepaid expenses, capital and intangible assets.

(ii) Liabilities

18. As at December 31, 2022, the Company had total liabilities with a book value of approximately US\$10,203,136, which primarily consisted of accounts payable and accrued liabilities, lease obligations, deferred revenue, convertible debenture and term loan debt liabilities.

D. THE STAKEHOLDERS

(i) Secured Creditors

19. Until January 11, 2023, the Company's sole secured creditor was Canadian Imperial Bank of Commerce ("**CIBC**").

20. Pursuant to a letter of credit agreement dated April 21, 2021, as amended by the first amending agreement dated May 7, 2021 (collectively, the "**Credit Agreement**"), CIBC made available to the Company a demand operating facility in the maximum amount of US\$1,500,000 million (the "**Operating Facility**"), a term loan in the amount of US\$3,000,000 million (the "**Term Loan**") and a VISA credit facility in the maximum amount of US\$150,000 (the "**Credit Card Facility**"), and collectively with the Operating Facility and the Term Loan, the "**Credit Facilities**"). A copy of the Credit Agreement is attached as **Exhibit "D"** hereto.

21. As security for the Company's indebtedness under the Credit Agreement, CIBC obtained the following documents (the "**Security Documents**"):

- 7 -

- (a) general security agreement dated April 20, 2021, granting CIBC a first-priority security interest in all present and future personal property of the Company (the “**GSA**”);
 - (b) deposit account control agreement executed by the Company dated April 20, 2021;
 - (c) assignment of insurance agreement executed by TGI dated April 20, 2021 (the “**Assignment of Insurance**”);
 - (d) limited recourse guarantee executed by TGI dated April 20, 2021 (the “**TGI Guarantee**”), which is limited to the insurance proceeds assigned under the Assignment of Insurance plus interest and expenses in connection therewith; and
 - (e) trademark security agreement executed by the Company dated April 20, 2021.
22. Copies of the Security Documents are attached as **Exhibit “E”** hereto.
23. The Company borrowed the total value of the Term Loan, and used the Credit Card Facility to make periodic payments to its vendors. As will be discussed in more detail below, as a result of issues that arose between CIBC and the Company as a result of CIBC demanding repayment on December 14, 2022 of all amounts owing by the Company, being approximately \$3,053,930.77 (the “**CIBC Indebtedness**”), the CIBC Indebtedness and Security Documents were acquired by Newco (as defined herein) pursuant to an assignment of debt and security.

Cash Management System

24. The Company operates its cash management system (the “**Cash Management System**”) through accounts held with CIBC. As part of the Cash Management System, the Company

maintains one USD chequing account and one CAD chequing account (collectively, the “**Bank Accounts**”) to address its day-to-day cash management requirements.

25. As discussed in paragraphs 50 to 61, on January 6, 2023, CIBC froze the Company’s access to the Bank Accounts. As a result, the Company had no access to its cash contained in the Bank Accounts.

PPSA Registrations

26. A search under the (Ontario) *Personal Property Security Act* (“**PPSA**”) registry system as at January 4, 2023 in respect of the Company shows one registration made in favour of CIBC on April 9, 2021, which I understand relates to the GSA. The registration is against inventory, equipment accounts, other, motor vehicle included, and includes the general collateral description: “all existing and after-acquired personal property of the debtor”.

27. There are no other PPSA registrations made against the Company. A copy of the PPSA search result in respect of the Company, current to January 4, 2023, is attached as **Exhibit “F”** hereto.

(ii) Unsecured Obligations

Convertible Promissory Notes

28. On January 31, 2022, the Company closed an 8% US\$3,000,000 million dollar convertible note purchase agreement (the “**Initial Note Offering**”) with Vallée, OMERS and BDC (collectively, the “**Note Investors**”). The Company issued and the Note Investors agreed to purchase the following convertible promissory notes pursuant to the Initial Note Offering, effective on January 31, 2022: (i) Vallée a US\$2,000,000 convertible promissory note, (ii) OMERS a

US\$500,000 convertible promissory note, and (iii) BDC a US\$500,000 convertible promissory note.

29. Given the liquidity issues faced by the Company in the Fall of 2022 (as described below), the Company and the Note Investors entered into an amended and restated note purchase agreement dated October 24, 2022 (the “**Amended and Restated Note Offering**”). Pursuant to the Amended and Restated Note Offering, Vallée purchased an additional convertible promissory note in the amount of US\$1,000,000 (October 24, 2022). A copy of the Amended and Restated Note Offering is attached as **Exhibit “G”** hereto.

30. As at the date hereof, all amounts advanced pursuant to the Amended and Restated Note Offering remain owing by the Company, being US\$4,000,000 (approximately CA\$5,400,000), plus accrued interest.

*Federal Economic Development Agency for Southern Ontario (“**FEDASO**”)*

31. On August 3, 2021, the Company entered into a Business Scale-up and Productivity Contribution Agreement (the “**Contribution Agreement**”) with FEDASO. The federal government established the business scale-up and productivity stream to accelerate the growth of firms and assist with the adoption and adaption of new, innovative technologies that support scale up, productivity, development of and entry into new markets to help companies become globally competitive. Given the nature of the Company’s business, the Company qualified for this financial support.

32. The Contribution Agreement arises from a government funded program pursuant to which FEDASO funds Eligible and Supported Costs (as defined in the Contribution Agreement) in

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respect of the Company's current and potential new workforce obligations on an unsecured and zero-interest basis. A copy of the Contribution Agreement is attached as **Exhibit "H"** hereto.

33. The maximum amount the Company is eligible to receive under the Contribution Agreement is \$2,700,000. To date, the Company has received approximately \$1,519,570 under the program. Pursuant to the repayment schedule attached as Annex 5 to the Contribution Agreement, the Company's repayment obligations are scheduled to begin on April 15, 2024, with monthly repayment obligations of \$37,500 thereafter until all amounts are repaid (projected to be March 2030 on the basis that the Company borrows the maximum amount available under the Contribution Agreement).

(iii) Suppliers

34. As at December 31, 2022, the Company owes approximately US\$666,000 (approximately CA\$890,000) to its suppliers. The most significant trade payable is owed to Amazon Web Services Inc. ("AWS") in the approximate amount of US\$365,000. The Company's platform is operated on and by AWS. The Company cannot serve its customers without the underlying infrastructure provided by AWS.

35. It is proposed that certain key suppliers would not be affected by the commencement of these CCAA proceedings and that amounts owing for goods or services actually provided to the Company prior to the date of the proposed Initial Order may be paid if, in the opinion of the Company and the Monitor, such third party is critical to the ongoing operations of the Company.

(iv) Employees

36. Until recent weeks, the Company employed more than 50 people. Following its most recent lay-offs on or about December 30, 2022, the Company currently employs 25 employees, none of whom are unionized.

37. The Company's bi-weekly payroll obligations are approximately \$130,000. As at January 13, 2023, the Company's payroll and all related statutory withholdings were current.

(v) Litigation Claimants

38. I am aware of one ongoing legal proceeding against the Company, which is an action commenced by one of its former employees, Terry Ansari, at the Ontario Superior Court of Justice on December 1, 2022 (the "**Statement of Claim**"). In the Statement of Claim, Mr. Ansari seeks damages for, among other things, the Company's alleged failure to provide reasonable notice of termination and damages for earned and unpaid variable incentive compensation. While the action is still at the pleadings stage, the Company denies Mr. Ansari's allegations of wrongdoing. Mr. Ansari's claim is in the amount of \$276,000, plus damages to be quantified prior to trial.

(vi) Landlord and Lease Obligations

39. On September 6, 2019, the Company entered into a sub-lease agreement (the "**Sub-Lease Agreement**") with Pythian Services Inc. (the "**Sub-Landlord**"), for the lease of the Office Premises for a term of six years and ten months, commencing on September 6, 2019. The rentable area pursuant to the Sub-Lease Agreement is approximately 19,694 square feet. Basic rent for months 1-22 was payable at \$23.81 per square foot, and months 23-83 payable at \$25.81 per square

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foot. The Company's rent (paid monthly and in advance) is approximately \$110,000 (inclusive of basic rent, additional rent, monthly fees and expenses).

40. The Company is currently two months in arrears in rent payments under the Sub-Lease Agreement. At this time, I am not aware of any default notice, or any actual or threatened claims issued or brought by the Sub-Landlord against the Company.

41. The Company no longer requires the leased space and will take steps within the CCAA proceedings to disclaim the Sub-Lease Agreement.

42. Of note, the Company has sub-leased approximately 4,789 square feet of rentable area for a term of four (4) years and seven (7) months to a third party pursuant to a sub-lease agreement dated July 13, 2021. Gross rent under this sub-lease arrangement is \$26.00 per square foot per annum, payable to the Company in equal monthly instalments in advance on the first day of each month during the sub-lease term.

(vii) Government and Tax Obligations

43. As of the date of this Affidavit, the Company's federal and outstanding provincial tax obligations and goods and services tax obligations are all current, as well as their source deduction remittances.

44. I am not aware of any actual or threatened claims or investigations by any government or similar authority in respect of the Company.

E. STRATEGIC INITIATIVES

(i) Efforts to Improve Financial Position

45. In the Fall of 2022, the Company made several business decisions in order to improve its financial situation. As noted above, the Company commenced reducing the number of employees and temporary staff in order to save on payroll costs. In addition, the Company's executives have now implemented a salary deferral and/or reduction program, which is intended to continue until the Company's cash position is improved.

46. The Company also implemented a cost-rationalization strategy to try and improve its financial situation. These efforts have included, among other things, the negotiation of payment terms in respect of trade payables, adjusting vendor contracts to achieve better rates and payment terms, and approaching the Company's major stakeholders to support a potential restructuring of the debt.

(ii) Efforts to Secure New Investment/Financing

47. Efforts to secure additional investment in the Company have also been ongoing. In July 2022, the Company met with a potential new investor who had an interest in lending a significant amount of funds into the business by way of a convertible promissory note. The cash injection would have assisted with the Company's efforts to continue enhancing its technology and its marketing and sale strategies to increase revenues. Unfortunately, the Company hedged its future with the commitments of the investor that didn't materialize.

F. FINANCIAL SITUATION AND NEED FOR CCAA RELIEF

48. The Company is currently facing an immediate and severe liquidity crisis. Without immediate relief, including additional financing and a stay of enforcement actions, the Company will inevitably be forced to cease their going concern operations and liquidate their assets. After

careful consideration of the strategic options and alternatives available, the Company's board of directors with the assistance of their advisors, determined that it is in the best interests of the Company to seek urgent relief under the CCAA.

49. In my view, the Company has a valuable business enterprise built by a considerable amount of up-front and start-up capital which has allowed it to develop a ground-breaking and innovative cloud-based hybrid work platform and solution. However, a combination of external factors have created issues with respect to the Company's liquidity, as discussed below.

(i) CIBC Demand and Set-Off

50. As noted above, the Company utilized the availability under the Term Loan and Credit Card Facility in the ordinary course of business. The Company never drew any funds under the Operating Facility.

51. Pursuant to the Credit Agreement, the Company was required to delivery monthly compliance reports to CIBC regarding, among other things, its borrowing base and compliance with its financial and liquidity covenants contained in the Credit Agreement. In particular, the Credit Agreement includes a financial covenant from the Company that it would ensure that its "liquidity is greater than trailing 4-month EBITA burn, at all times, starting in Financial Year 2022, tested monthly" (the "**Financial Covenant**"). From the outset of the credit relationship with CIBC until September 2022, the Company filed its monthly reports based on a consistent methodology without CIBC raising any issues in connection with the Company's borrowing base or Financial Covenant calculations. However, by email sent on September 21, 2022, CIBC advised for the very first time that it took issue with the Company's calculations in its August 2022 compliance report.

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52. The Company disagreed with CIBC's interpretation of the Credit Agreement and discussions regarding compliance with covenants continued over the ensuing weeks. During this time, the Company was also actively seeking investments from existing and new investors and kept CIBC fully apprised of these efforts.

53. By letter sent on December 12, 2022 (the "**December 12 Letter**"), CIBC advised the Company that it was terminating the Operating Facility on the basis of this difference in interpretation.

54. Then, on December 14, 2022, the Company received a letter from CIBC's lawyers (the "**CIBC Demand Letter**") alleging that the Company was in breach of the Financial Covenant, which represented an Event of Default under the Credit Agreement, and declaring the entire outstanding balance of the Credit Facilities to be immediately due and payable. The CIBC Demand Letter also enclosed CIBC's Notice of Intention to Enforce Security under section 244(1) of the *Bankruptcy and Insolvency Act* (Canada). A copy of the CIBC Demand Letter is attached as **Exhibit "I"** hereto.

55. From that time forward, we had various discussions with CIBC and its advisors in relation to reasonable forbearance terms and a sale or investment solicitation process that could be supported by the Company's board and management.

56. On January 6, 2023, representatives of the Company, including myself, met with CIBC regarding the status of the Company's business, operations and efforts to solicit investment or a going concern sale. At that meeting, the Company's management presented a variety of potential options for CIBC to consider. The meeting concluded with CIBC advising that it would consider a more robust proposal but required that management put that revised proposal into a formal

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written offer by Monday, January 9, 2023. Management agreed that it would do so and understood, based on CIBC's request, that CIBC would not take any enforcement steps in the interim.

57. Shortly after the meeting on January 6, 2023, I received a phone call from the account manager at CIBC, advising me that CIBC had frozen the Bank Accounts effective immediately, together with the rolling availability under the Credit Card Facility. Shortly after, I began receiving notices that from the Company's vendors that the Company's credit card payments were being declined.

58. At this time, it became clear to me that, despite our best efforts, the banking relationship as between the Company and the Bank was for all intents and purposes, at an end. Unfortunately, the cash the Company had on that Friday afternoon to support operations on a go-forward basis (being approximately \$1,250,000), was in the process of a "set-off" by CIBC effectively crippling the Company at that point in time.

59. A quick and commercially based solution to this crisis needed to be achieved in order to keep the Company's business alive.

60. Over that weekend, Vallée and I presented CIBC with an offer to acquire the CIBC Indebtedness, together with the Security Documents. Following some lengthy negotiations, business terms for the assignment were reached (the "**Assignment**").

61. Vallée, myself and others incorporated 14667913 Canada Inc. ("**Newco**") for the purposes of completing the Assignment and more importantly, the funding of the critical payments required to be made in order maintain and stabilize the Company's business (considering the Bank Accounts contained no cash in the accounts).

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62. On January 11, 2023, Newco and CIBC entered into an assignment of debt and security.

63. In or around that same time, Newco commenced funding critical payables on behalf the Company, including payroll.

64. As described below, the Company requires additional funding to make its critical payables going forward.

(ii) Access to Contribution Agreement

65. While the Company maintains the view that no default occurred under the committed Term Loan, the CIBC Demand Letter created a limitation on my ability to execute the required certificates for further draws under the Contribution Agreement.

66. Since CIBC demanded, I could not affirm in the draw-down certificate that the Company was not in default of its current obligations to CIBC. As a result, the expected advance of approximately \$80,000 was not available to fund operations, in particular payroll as supported by the program.

(iii) Loss of Customer Contracts

67. Unfortunately, the Company has suffered the loss of some key customer contracts. The loss of these customer contracts and the revenues arising from such contracts has added to the financial issues currently being faced by the Company.

68. In December 2022, the Company received notice from one of its key customers that it was terminating its month-to-month SaaS agreement effective January 1, 2023, as part of that customer's own cost-rationalization program.

(iv) Go Forward Plan

69. The Company has recently been able to sign two new SaaS agreements with new customers, both of which will provide the Company with additional revenues to support the business. I am also in active negotiations with additional new customers, demonstrating the value that the Company's platform continues to have in the marketplace.

70. The go-forward plan that has the highest chance of success is if the Company successfully navigates the proposed CCAA proceedings and implements a successful SISP which results in either the receipt of additional capital or an acquisition by a new entity with access to additional funding to delever the balance sheet and relax the current financial constraints on the Company.

F. RELIEF SOUGHT UNDER INITIAL ORDER AND ARIO

(i) Urgent Need for CCAA Relief and Eligibility

71. The Company currently has liabilities that exceed \$10,000,000 and is facing a liquidity crisis.

72. As set forth in the Cash Flow Forecast (as defined herein), without interim financing, the Company will be unable to operate in the ordinary course of business where critical payables and payroll obligations will not be met, to the detriment of its stakeholders. Additional funding will be needed by the Company in order to provide it with sufficient liquidity to operate and undertake the proposed restructuring process including the implementation of a SISP.

73. The Company is therefore seeking the Initial Order, substantially in form attached as Tab 3, to the Application Record. Key elements of the Initial Order are discussed below.

(ii) Stay of Proceedings

74. The Company is insolvent and urgently requires a stay of proceedings and other protections provided by the CCAA in order to preserve the status quo and secure breathing space to prevent any enforcement by creditors and other stakeholders that could threaten its business. The proposed Initial Order provides for an initial 10-day Stay Period.

(ii) DIP Financing

75. Because of the current liquidity challenges, and as demonstrated in the Cash Flow Forecast, the Company requires interim financing to provide stability, continued going concern operations and to restructure their businesses as part of these CCAA proceedings.

76. The Company has requested that Newco (in such capacity, the “**DIP Lender**”) provide interim financing during the CCAA proceedings. The DIP Lender has agreed to provide a debtor in possession facility (the “**DIP Facility**”) pursuant to the terms of the term sheet dated January 19, 2023 (the “**DIP Commitment**”), a copy of which is attached hereto as **Exhibit “J”**. The DIP Commitment provides for the following terms:

- (a) **Borrowers.** Tehama
- (b) **Facility size.** \$500,000.
- (c) **Repayment.** Maturing on the earlier of, (i) April 20, 2023, or (ii) closing of a sale or investment transaction, (iii) the implementation of a plan, (iv) the date on which the Stay Period expires or the CCAA proceedings are terminated, (v) and Event of Default (as defined in the DIP Commitment) occurs.
- (d) **Interest.** 5% per annum.

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- (e) **Costs and Expenses.** The Borrower shall pay: (i) all legal expenses incurred by the DIP Lender in connection with the preparation, negotiation and performance of this Agreement; and (ii) all of the DIP Lender's costs of realization or enforcement on a full indemnity basis in each case in connection with or otherwise related to the DIP Facility, the DIP Lender's Charge, the DIP Commitment or the CCAA proceeding (collectively, the "**DIP Fees and Expenses**").

77. The DIP Facility requires that advances be secured by the DIP Lender's Charge on all of the present and future assets, property and undertaking of the Company (collectively, the "**Property**"). The DIP Lender's Charge will be limited to the amounts actually drawn on the DIP Facility, plus any applicable interest, fees and costs. The DIP Lender's Charge will have priority over all other security interests, charges and liens, except the proposed Administration Charge and Directors' Charge. The Cash Flow Forecast projects that the Company will be required to draw up to the principal amount of \$300,000 under the DIP Facility within the first ten days after the Initial Order is granted.

78. I believe that the DIP Facility is both reasonable and necessary for the Company to continue as a going concern and complete the contemplated restructuring under the CCAA.

(iii) Appointment of Deloitte as Monitor

79. Deloitte Restructuring Inc. ("**Deloitte**") has consented to act as the Monitor of the Company under the CCAA. A copy of the Monitor's consent is attached hereto as **Exhibit "K"**.

80. Deloitte LLP, through its Ottawa office, had acted as the auditor of the Company for the 2020 and 2021 fiscal years, at the insistence of CIBC, who demanded that they receive annual

audited information. A different audit firm was retained for the 2022 fiscal year. No party other than CIBC ever really used or accessed the audited financial statements of the Company.

81. Over the past two months, as the Company was experiencing a near term liquidity crisis and was reacting to the demands of CIBC, the Company required the immediate services of restructuring advisors. Because of our historic relationship with the Deloitte firm, we thought of them and quickly connected with the restructuring team from Deloitte's Toronto office. Our initial goal was to reach a consensual resolution with CIBC and we wanted a firm with experience in dealing with the big banks. We also believed that some institutional knowledge of Tehama's operations and financial circumstances would be beneficial and be more cost effective. Frankly, the Company simply did not have the necessary funds or time to get an entirely new advisor up to speed. Deloitte has assisted Tehama with our "filing ready" liquidity forecast, and helped us navigate how to deal with all of our stakeholders, and otherwise assist the Company in positioning for this filing and the Company's restructuring from a commercial standpoint.

82. With the completion of the Assignment and CIBC no longer being a creditor of the Company, I hope and believe that any potential issue involving Deloitte's ability to act as Monitor under the CCAA is significantly mitigated, in addition to the fact that their last completed audit is for the December 31, 2021 year end (they are not our auditor or accountant for the December 31, 2022 year end).

83. I am advised by Phil Reynolds of Deloitte that the proposed Monitor is supportive of the relief being sought in favour of the Company as further set out in this affidavit. Mr. Reynolds has also advised me that the Proposed Monitor will be filing a pre-filing Monitor's report setting out its views and recommendations in connection with such relief.

84. I understand that the Court's permission is required for Deloitte to act as Monitor under the CCAA, which I and Tehama's board support.

85. Deloitte has been assisting the Company with restructuring advice prior to the commencement of these CCAA proceedings and has therefore developed critical knowledge as it relates to the Company's financial challenges, strategic initiatives and restructuring efforts to date.

(iv) Administration Charge

86. The Company proposes that its counsel, the Monitor and its counsel, and the DIP Lender's counsel be granted a court ordered charge (the "**Administration Charge**") on the Property as security for their respective fees and disbursements relating to services rendered in respect of the Company as part of the CCAA proceedings. The Administration Charge is proposed to have first priority over all other charges. With the concurrence of the proposed Monitor, the Company is proposing that the Administration Charge for the first ten days be limited to \$200,000. The quantum of the Administration Charge was determined in consultation with the Monitor.

87. I believe that quantum of the Administration Charge sought is reasonably necessary at this time to secure the fees and disbursements of the professionals.

(v) Directors' Charge

88. The Company's ordinary course operations give rise to potential director or officer liability, including for employee source deductions and sales tax. To address the concerns of the existing directors and officers if they continue to act, they have requested reasonable protection against personal liability that might arise during the post-filing period. The Directors' Charge is intended to address potential claims that may be brought against directors and officers.

89. The quantum of the Directors' Charge was developed with the assistance of the proposed Monitor and the Company is of the view that the granting and quantum of the Directors' Charge is reasonable and necessary in the circumstances. The Company is proposing that the Directors' Charge for the first ten days be limited to \$225,000, and will have priority over all other security interests, charges and liens, except the Administration Charge.

(vi) Cash Flow Forecast

90. The Company has prepared the 13-week cash flow projections and the underlying assumptions as required by the CCAA (the "**Cash Flow Forecast**"). A copy of the Cash Flow Forecast is attached as **Exhibit "L"**. The Cash Flow Forecast demonstrate that the Company has sufficient liquidity and cash on hand, with the support of the DIP Facility, to continue going concern operations during the proposed Stay Period. I confirm that:

- (a) all material information relative to the Cash Flow Forecast and to the underlying assumptions has been disclosed to Deloitte in its capacity as proposed Monitor; and
- (b) senior management has taken all actions that it considers necessary to ensure that the individual assumptions underlying the 13 Cash Flow Forecast are appropriate in the circumstances.

91. The Company anticipates that the Monitor will provide oversight and assistance and will report to the Court in respect of the Company's actual results relative to the Cash Flow Forecast during this proceeding if the relief being requested by the Company is granted by the Court.

(vi) Payments During this CCAA Proceeding

92. During the course of this CCAA proceeding, the Company intends to make payments for goods and services supplied post-filing in the ordinary course as set out in the Cash Flow Forecast described above and as permitted by the Initial Order.

93. Moreover, in order to ensure uninterrupted business operations during the CCAA proceeding, the Company is proposing in the Initial Order that they be authorized, with the consent of the Monitor to make certain payments, including payments owing in arrears, to certain third parties that are critical to the Company's business and ongoing operations for the pre-filing period.

G. RELIEF TO BE SOUGHT AT THE COMEBACK HEARING

94. If the Initial Order is granted, the Company proposes to return to this Court for a Comeback Hearing on or before January 30, 2023.

95. At the Comeback Hearing, the Company intends to seek the Court's approval of an Amended and Restated Initial Order. For the benefit of this Court and the Company's stakeholders, this section highlights critical relief that the Company intends to seek at the Comeback Hearing. The Company may seek additional relief if determined to be necessary or advisable.

(i) Extension of Stay of Proceedings

96. The Company intends to seek an extension of the Stay Period for a sufficient length of time to allow the Applicants to conduct a SISP.

(ii) Increase Amount of Charges

97. The Company intends to seek an increase to the quantum of the Administration Charge, Directors' Charge, DIP Lender's Charge to reflect the additional work to be undertaken and done during the CCAA proceedings and the financing needed for the duration of the proceedings.

(iii) Approval of SISP and Stalking Horse Agreement

98. The Company also intends to seek approval of a SISP which will allow the Company to canvas the market for an investment in, or sale of, all or substantially all of the Property. The Company is of the view that a Court-supervised SISP under the CCAA will be the most cost-efficient and effective means of maximizing creditor recovery and preserving employment for as many employees as possible.

99. At this time, the Company anticipates that a Stalking Horse Agreement will form part of the SISP and will be submitted by Newco as it will provide certainty in the market place that the Company or its business will emerge from these CCAA proceedings as a going concern entity.

100. The SISP is being developed in consultation with the proposed Monitor taking into account the financial circumstances of the Company and the amount of financing available under the DIP Facility.

(v) Approval of KERP

101. The Company is in the process of developing a KERP, with input from the proposed Monitor, to facilitate and encourage the continued participation of certain key management employees in the business and the restructuring for the pendency of these CCAA proceedings.

102. An employee can only be selected for the KERP retention bonus if it is determined by the Company with input from the board and approval from the Monitor and the DIP Lender that the employee is essential to ensure the stability of the business, to enhance the effectiveness of the SISP and to facilitate a successful and efficient restructuring.

103. The KERP will provide appropriate incentives for the Applicants' key employees to remain in their current positions and will ensure that they are properly compensated for their assistance in the restructuring process.

H. CONCLUSION

104. I am confident that granting the draft Initial Order sought by the Company is in the best interests of the Company and its stakeholders. The Company is currently in a very challenging financial position and without the relief requested, including the stay of proceedings and approval of the DIP Commitment, the Company faces a cessation of going concern operations, the loss of jobs for numerous employees and the liquidation of its assets. The Company requires the breathing space provided by CCAA protection to engage in a dialogue with and among their stakeholders and to implement a SISP with a view to maximizing the assets and ongoing value of the Company's business.

SWORN by Rob White of the City of Ottawa in the Province of Ontario, before me at the City of Toronto in the Province of Ontario on January 20, 2023 in accordance with O. Reg. 431/20, Administering Oath or Declaration Remotely.

DocuSigned by:

02452ECC61C54F6...

A Commissioner for taking affidavits.



DocuSigned by:

80E79D2D13274C2...

ROB WHITE

THIS IS EXHIBIT "A" REFERRED TO IN THE
AFFIDAVIT OF ROB WHITE SWORN BEFORE ME
THIS 20th DAY OF JANUARY, 2023.

DocuSigned by:

02452ECC61C54F6...

A Commissioner for Taking Affidavits, etc.



Ministry of Public and
Business Service Delivery

Profile Report

TEHAMA INC. as of January 04, 2023

Act	Corporations Information Act
Type	Extra-Provincial Federal Corporation with Share
Name	TEHAMA INC.
Ontario Corporation Number (OCN)	5015183
Governing Jurisdiction	Canada - Federal
Incorporation/Amalgamation Date	May 17, 2019
Registered or Head Office Address	319 Mcrae Avenue, 701, Ottawa, Ontario, Canada, K1Z 0B9
Status	Refer to Governing Jurisdiction
Date Commenced in Ontario	May 17, 2019
Principal Place of Business	319 Mcrae Avenue, 701, Ottawa, Ontario, Canada, K1Z 0B9

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Chief Officer or Manager

There are no chief officer or managers on file for this corporation.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Corporate Name History

Refer to Governing Jurisdiction

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Active Business Names

This corporation does not have any active business names registered under the Business Names Act in Ontario.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Expired or Cancelled Business Names

This corporation does not have any expired or cancelled business names registered under the Business Names Act in Ontario.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

This report sets out the most recent information filed on or after June 27, 1992 in respect of corporations and April 1, 1994 in respect of Business Names Act and Limited Partnerships Act filings and recorded in the electronic records maintained by the Ministry as of the date and time the report is generated, unless the report is generated for a previous date. If this report is generated for a previous date, the report sets out the most recent information filed and recorded in the electronic records maintained by the Ministry up to the "as of" date indicated on the report. Additional historical information may exist in paper or microfiche format.

Document List

Filing Name	Effective Date
CIA - Notice of Change PAF: PAUL VALLEE - DIRECTOR	April 16, 2020
CIA - Initial Return PAF: JESSICA WARD - OTHER	May 22, 2019

All "PAF" (person authorizing filing) information is displayed exactly as recorded in the Ontario Business Registry. Where PAF is not shown against a document, the information has not been recorded in the Ontario Business Registry.

Certified a true copy of the record of the Ministry of Public and Business Service Delivery.

V. Quintanilla W.

Director/Registrar

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Federal Corporation Information - 1141719-3

 Beware of scams and other suspicious activities. See [Corporations Canada's alerts](#).

Note

This information is available to the public in accordance with legislation (see [Public disclosure of corporate information](#)).

[Order copies of corporate documents](#)

Corporation Number

1141719-3

Business Number (BN)

792468332RC0001

Corporate Name

Tehama Inc.

Status

Active

Governing Legislation

Canada Business Corporations Act - 2019-05-17

[Order a Corporate Profile](#) [[View PDF Sample](#)] [[View HTML Sample](#)].

Registered Office Address

319 McRae Avenue
Suite 701

Ottawa ON K1Z 0B9
Canada

i Note

Active CBCA corporations are required to update this information within 15 days of any change. A corporation key is required. If you are not authorized to update this information, you can either contact the corporation or contact Corporations Canada. We will inform the corporation of its reporting obligations.

Directors

Minimum 1

Maximum 10

Paul Vallée
936 Mooney Avenue
Ottawa ON K2A 3A1
Canada

Shawn Chance
100 Adelaide St. W, Suite 900
Toronto ON M5H 0E2
Canada

Michael Aiello
124 Gulfstream Road
North Palm Beach FL 33408
United States

i Note

Active CBCA corporations are required to update director information (names, addresses, etc.) within 15 days of any change. A corporation key is required. If you are not authorized to update this information, you can either contact the corporation or contact Corporations Canada. We will inform the corporation of its reporting obligations.

Annual Filings

Anniversary Date (MM-DD)

05-17

Date of Last Annual Meeting

2022-06-16

Annual Filing Period (MM-DD)

05-17 to 07-16

Type of Corporation

Non-distributing corporation with 50 or fewer shareholders

Status of Annual Filings

2023 - Not due

2022 - Filed

2021 - Filed

Corporate History

Corporate Name History

2019-05-17 to Present

Tehama Inc.

Certificates and Filings

Certificate of Incorporation

2019-05-17

Certificate of Amendment *

2020-04-24

Amendment details: Other

Certificate of Amendment *

2021-03-15

Amendment details: Other

* Amendment details are only available for amendments effected after 2010-03-20. Some certificates issued prior to 2000 may not be listed. For more

information, [contact Corporations Canada](#).

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Date Modified:

2022-11-22

THIS IS EXHIBIT "B" REFERRED TO IN THE
AFFIDAVIT OF ROB WHITE SWORN BEFORE ME
THIS 20th DAY OF JANUARY, 2023.

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A Commissioner for Taking Affidavits, etc.

Tehama Inc. Statement of Profit (Loss) Saturday, December 31, 2022								
Month Actual					Year to Date			
Actual	Budget	B/(W) \$	B/(W) %		Actual	Budget	B/(W) \$	B/(W) %
-	36,000	(36,000)	-100%	Affiliate revenue	441,020	432,000	9,020	2%
-	4,000	(4,000)	-100%	Affiliate support	22,680	48,000	(25,320)	-53%
170,924	640,333	(469,409)	-73%	Direct revenue	2,335,085	5,518,167	(3,183,082)	-58%
41,054	126,330	(85,276)	-68%	Direct support	577,906	1,126,632	(548,726)	-49%
47,731	83,352	(35,621)	-43%	Channel revenue	188,199	578,550	(390,351)	-67%
4,270	8,335	(4,065)	-49%	Channel support	37,150	57,855	(20,705)	-36%
263,979	898,350	(634,371)	-71%	Total revenue	3,602,040	7,761,204	(4,159,164)	-54%
-	34,200	34,200	100%	Affiliate COGS	296,203	410,400	114,197	28%
-	3,800	3,800	100%	Affiliate Support COGS	7,512	45,600	38,088	84%
66,340	288,150	221,810	77%	Direct COGS	976,102	2,483,178	1,507,076	61%
13,980	50,532	36,552	72%	Direct Support COGS	188,533	450,651	262,118	58%
21,762	45,844	24,082	53%	Channel COGS	97,236	318,203	220,967	69%
1,416	2,917	1,501	51%	Channel Support COGS	11,807	20,250	8,443	42%
103,497	425,443	296,363	70%	Total Cost of goods sold	1,577,394	3,728,282	1,921,478	52%
160,482	472,907	(312,425)	-66%	Total gross margin	2,024,646	4,032,922	(2,008,276)	-50%
61%	53%	8%		Overall GM %	56%	52%	48%	
156,327	450,518	294,191	65%	Sales and marketing	3,018,296	5,504,743	2,486,446	45%
215,891	232,034	16,142	7%	General and administrative	2,320,713	2,840,009	519,296	18%
263,129	392,881	129,752	33%	Research and development	4,125,668	4,861,933	736,265	15%
-	(210,192)	(210,192)	-100%	Government Funding	(1,822,748)	(2,522,309)	(699,561)	-28%
635,348	865,240	229,893	27%	Total direct costs	7,641,929	10,684,375	3,042,447	28%
(474,865)	(392,333)	(82,532)	-21%	Adjusted EBITDA	(5,617,282)	(6,651,453)	1,034,171	16%
-180%	-44%	136%		Adjusted EBITDA %	-156%	-86%	70%	
7,179	-	(7,179)	100%	FX (Gain) / Loss	(127,926)	-	127,926	100%
96,953	87,903	(9,050)	-9%	Amortization	1,224,579	1,047,617	(176,962)	-14%
92,359	63,500	(28,859)	-31%	Interest Expense (Income)	905,048	612,000	(293,048)	-32%
-	-	-	0%	Loss on Disposal of Fixed Assets	7,519	-	(7,519)	100%
55,916	-	(55,916)	100%	Gain/Loss on Derivative Liability	55,916	-	(55,916)	100%
-	-	-	0%	Customer Settlement Costs	-	-	-	0%
-	-	-	0%	Income tax expense	9,765	-	(9,765)	100%
252,408	151,403	(101,005)	-67%	Total Other Expense	2,074,902	1,659,617	(415,285)	100%
(727,273)	(543,736)	(183,537)	-34%	Net Income	(7,692,184)	(8,311,070)	618,886	7%
3,167,745	10,780,200	(7,612,455)	-71%	Forward Run Rate				

Tehama Inc.			
Balance Sheet (USD)			
Saturday, December 31, 2022			
	Actual	Budget	VAR
Assets			
Cash and Cash Equivalents	941,270	16,957,057	(16,015,787)
Accounts Receivable, Net	230,160	1,629,795	(1,399,635)
Other Current Assets	143,072	406,613	(263,541)
Government Receivables	498,254	1,876,872	(1,378,618)
Deferred Tax Asset	11,429	-	11,429
Prepaid Expenses	608,158	279,873	328,285
Total Current Assets	2,432,343	21,150,210	(18,717,867)
Fixed Assets, Net	38,803	33,756	5,047
Intangible Asset	3,613,137	4,126,013	(512,876)
Right-of-use Asset	558,718	602,815	(44,097)
Finance Lease Receivable	250,346	327,492	(77,146)
Intercompany Receivable	-	-	-
Total Assets	6,893,347	26,240,286	(19,346,939)
Liabilities and Equity			
AP and Accruals	1,990,050	1,553,128	436,922
Deferred Revenue	473,587	396,724	76,863
Convertible Debenture	3,675,568	-	3,675,568
Other Current Liabilities	-	-	-
Total Current Liabilities	6,139,205	1,949,852	4,189,353
Lease Liability	1,133,429	1,350,174	(216,745)
Term Loan Payable	2,201,561	3,000,000	(798,439)
BSUP Loan Payable	728,941	581,057	147,884
Intercompany Payable	-	-	-
Total long-term Liabilities	4,063,931	4,931,231	(867,301)
Contributed Surplus	361,740	356,823	4,917
Capital Stock	20,810,336	43,565,247	(22,754,910)
Retained (Deficit)/ Earnings	(24,481,866)	(24,562,867)	81,002
Total Stockholders Equity	(3,309,789)	19,359,203	(22,668,992)
	6,893,347	26,240,286	(19,346,939)

Tehama Inc.		
Cash Flow Statement		
Saturday, December 31, 2022		
	Month	YTD
Operating Activities		
Net Income	\$ (727,273)	\$ (7,692,184)
Adjustments to Net Income		
Depreciation and Amortization	96,953	1,224,579
Non Cash FX Adjustment on Fixed Assets	1,871	(19,314)
Deferred Revenue	(36,379)	90,513
Accounts Receivable	(3,565)	169,373
Other Current Asset	(129,878)	347,883
Accounts Payable and Accrued Liabilities	293,099	4,767,789
Total Adjustments to Net Income	222,101	6,580,824
Total Operating Activities	(505,172)	(1,111,360)
Investing Activities		
Fixed Asset	6,854	120,801
Total Investing Activities	6,854	120,801
Financing Activities		
Lease Liability	(24,199)	(402,745)
BSUP Loan	7,912	478,592
Long Term Debt	(3,378)	(713,279)
Stock Based Compensation	17,155	28,629
Common Shares	-	81,353
Series A Extension Round	-	175,447
Total Financing Activities	(2,510)	(352,004)
Net Change in Cash for Period	(500,828)	(1,342,564)
Cash at Beginning of Period	1,442,098	2,283,834
Cash at End of Period	\$ 941,270	\$ 941,270

THIS IS EXHIBIT "C" REFERRED TO IN THE
AFFIDAVIT OF ROB WHITE SWORN BEFORE ME
THIS 20th DAY OF JANUARY, 2023.

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A Commissioner for Taking Affidavits, etc.

Consolidated financial statements of Tehama Inc.

December 31, 2021

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Independent Auditor's Report

To the Shareholders of
Tehama Inc.

Opinion

We have audited the consolidated financial statements of Tehama Inc. (the "Company"), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty related to Going Concern

We draw attention to Note 3 in the financial statements, which indicates that the Company incurred a net loss \$10,254,130 during the year ended December 31, 2021 and as of that date, the Company's current liabilities exceeded its current assets by \$38,300. As stated in Note 3, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
March 30, 2022

Tehama Inc.**Consolidated statement of loss and comprehensive loss**

Year ended December 31, 2021

(In U.S. dollars)

	Notes	2021 \$	2020 \$
Revenue			
Subscription license revenue	4	3,059,237	1,474,294
Support revenue	4	787,568	366,169
Affiliate revenue	15	643,875	965,327
		4,490,680	2,805,790
Cost of services		2,435,269	1,668,381
Gross profit		2,055,411	1,137,409
Expenses			
General and administrative		2,924,137	2,124,967
Sales and marketing		4,051,313	2,740,277
Research and development, net	12	3,906,563	3,377,328
		10,882,013	8,242,572
Other expenses (income)			
Interest income		(1,895)	—
Interest income on lease receivable	7	(42,088)	(48,904)
Interest expense		71,997	—
Interest expense on lease obligation	6	205,237	226,265
Depreciation of capital assets	5	39,629	16,279
Depreciation of right-of-use assets	6	292,683	261,644
Depreciation of intangible assets	5	942,041	910,115
Expected credit loss		3,600	—
Loss on disposal of capital assets	5	2,811	970
Gain on debt forgiveness	12	—	(1,033,554)
Foreign exchange gain		(86,487)	(603,720)
		1,427,528	(270,905)
Loss before income taxes		(10,254,130)	(6,834,258)
Income tax expense	13	32,800	37,856
Net loss and comprehensive loss		(10,286,930)	(6,872,114)

The accompanying notes are an integral part of the consolidated financial statements.

Tehama Inc.**Consolidated statement of financial position**

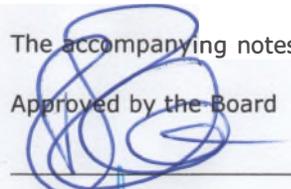
As at December 31, 2021

(In U.S. dollars)

	Notes	2021 \$	2020 \$
Assets			
Current assets			
Cash		2,283,834	3,251,487
Accounts receivable		399,533	860,763
Unbilled receivable		243,408	172,371
Related party receivable	15	51,282	248,900
Government receivable		101,813	81,849
Current portion of lease receivable	7	71,639	47,218
Income taxes receivable		12,602	
Investment tax credits receivable	13	1,052,426	976,947
Prepaid expenses		279,873	166,609
		4,496,410	5,806,144
Deferred tax asset	13	11,432	22,168
Capital assets	5	63,629	69,999
Intangible assets	5	4,518,651	5,460,692
Lease receivable	7	290,925	331,588
Right-of-use assets	6	845,769	1,172,764
		10,226,816	12,863,355
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		966,449	1,062,721
Current portion of lease obligation	6	270,346	224,586
Deferred revenue	4	383,075	183,343
Income taxes payable		—	18,323
Term loan	8	2,914,840	—
		4,534,710	1,488,973
Long-term liabilities			
Lease obligation	6	1,265,828	1,530,897
Government loan	14	250,349	—
Warrant liability	10	43,714	—
		6,094,601	3,019,870
Shareholders' equity			
Share capital	11	20,553,538	16,283,731
Cumulative translation adjustment		11,709	11,709
Share-based payment reserve	11	381,174	75,321
(Accumulated deficit) retained earnings		(16,814,206)	(6,527,276)
		4,132,215	9,843,485
		10,226,816	12,863,355

The accompanying notes are an integral part of the consolidated financial statements.

Approved by the Board

 _____, Director

 _____, Director

Tehama Inc.**Consolidated statement of changes in shareholders' equity**Year ended December 31, 2021
(In U.S. dollars)

	Common shares \$	Common shares #	Preferred Class A shares \$	Preferred Class A shares #	Share-based payment reserve \$	Accumulated deficit \$	Total \$
Balance, December 31, 2019							
(223-day period) (Unaudited)							
Preferred shares issued for cash	1	22,666,668	—	—	—	344,838	344,839
Share issuance costs	—	—	10,000,000 (96,288)	18,443,379	—	—	10,000,000
Stock option exercises	9,211	903,334	—	—	(1,754)	—	(96,288) 7,457
Common shares issued for intangible asset	6,927,300	1	—	—	—	—	6,927,300
Share issuance costs	(556,493)	—	—	—	—	—	(556,493)
Share-based compensation	—	—	—	—	77,075	—	77,075
Cumulative translation adjustment	—	—	—	—	—	—	11,709
Net loss and comprehensive loss	—	—	—	—	—	(6,872,114)	(6,872,114)
Balance, December 31, 2020	6,380,019	23,570,003	9,903,712 4,000,000 (50,472)	18,443,379 7,377,347	75,321	(6,527,276)	9,843,485 4,000,000 (50,472)
Preferred shares issued for cash	—	—	—	—	—	—	—
Share issuance costs	—	—	—	—	—	—	—
Stock option exercises	320,279	1,941,256	—	—	(208,509)	—	111,770
Share-based compensation	—	—	—	—	514,362	—	514,362
Net loss and comprehensive loss	—	—	—	—	—	(10,286,930)	(10,286,930)
Balance, December 31, 2021	6,700,298	25,511,259	13,853,240	25,820,726	381,174	(16,814,206)	4,132,215

Notes

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The accompanying notes are an integral part of the consolidated financial statements.

Tehama Inc.**Consolidated statement of cash flows**

Year ended December 31, 2021

(In U.S. dollars)

	2021 \$	2020 \$
Operating activities		
Net loss	(10,286,930)	(6,872,114)
Items not affecting cash		
Stock-based compensation	514,362	77,075
Warrant-based compensation	43,714	—
Depreciation of capital assets	39,629	16,279
Depreciation of right-of-use assets	292,683	261,644
Depreciation of intangible assets	942,041	910,115
Amortization of financing costs	5,817	—
Interest expense on lease liability	205,237	226,265
Interest income on lease receivable	(42,088)	(48,904)
Interest expense on repayable government funding	9,899	—
Loss on disposal of capital assets	2,811	970
Gain on right-of-use assets	34,312	—
Gain on debt forgiveness	—	(1,033,554)
Deferred tax asset	10,736	(22,168)
Expected credit loss	3,600	—
Intrinsic benefit of government funding	(124,119)	—
Changes in non-cash operating working capital items		
Accounts receivable	461,230	(520,344)
Unbilled receivable	(71,037)	(172,371)
Related party receivable	197,618	493,475
Government receivable	(19,964)	(81,849)
Investment tax credits receivable	(75,479)	(976,947)
Prepaid expenses	(113,264)	(19,292)
Accounts payable and accrued liabilities	(96,272)	1,151,374
Deferred revenue	199,732	183,343
Income taxes	(30,925)	18,323
	(7,896,657)	(6,408,680)
Investing activity		
Acquisition of capital assets	36,071	(72,811)
Financing activities		
Repayment of lease obligation	(424,546)	(389,798)
Proceeds received from lease receivable	80,250	70,147
Proceeds from term loan	3,093,750	—
Term loan issuance cost	(38,284)	—
Proceeds from issuance of common shares on exercise of options	111,770	7,457
Proceeds from issuance of preferred shares	4,000,000	10,000,000
Share issuance costs	(50,472)	(96,288)
Proceeds from repayable government funding	343,810	—
	7,116,278	9,591,518
Foreign exchange (loss) gain on cash held in a foreign currency	(223,345)	11,709
Net (decrease) increase in cash	(967,653)	3,121,736
Cash, beginning of year	3,251,487	129,751
Cash, end of year	2,283,834	3,251,487
Supplemental disclosure of cash flow information		
Cash paid for interest on term loan	71,997	—

The accompanying notes are an integral part of the consolidated financial statements.

Tehama Inc.**Notes to the consolidated financial statements**

December 31, 2021

(In U.S. dollars)

1. Description of the business

Tehama Inc. (the "Company") was incorporated under the *Canada Business Corporations Act* on May 22, 2019. The registered office and principal place of business is 419 McRae Avenue, Suite 701, Ottawa ON K1Z 0B9. The ultimate controlling party is Tehama Group Inc.

Tehama provides a next-generation desktop as a service ("DaaS") platform, which enables customers to utilize cloud-based virtual offices, rooms, and desktops anywhere in the world, facilitating secure, virtual workspaces.

2. Approval of consolidated financial statements

These consolidated financial statements of the Company were authorized for issue by the Board of Directors on March 30, 2022.

3. Going concern

These consolidated financial statements have been prepared on a going concern basis in accordance with IFRS. The going concern basis of presentation assumes the Company will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The Company incurred a net loss and comprehensive loss of \$10,286,930 during the year ended December 31, 2021, and as of that date had an accumulated deficit of \$16,814,206.

The above factors raise doubt about the Company's ability to continue as a going concern. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. This assessment is based upon planned actions that may or may not occur for a number of reasons including the Company's own resources and external market conditions.

The Company's ability to continue as a going concern, realize its assets and discharge its liabilities in the normal course of business and meet its annual expense requirements, is dependent upon management's ability to increase revenue and obtain additional financing, through various means including but not limited to equity financing and the securing of government assistance. No assurance can be given that any such additional financing will be available, or that it can be obtained on terms favorable to the Company. Failure to obtain additional financing results in material uncertainties that may cast doubt as to the Company's ability to continue to operate as a going concern.

These consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption was not appropriate. If the going concern basis was not appropriate for these consolidated financial statements, then adjustments would be necessary to the carrying amounts of assets and liabilities, the reported expenses and the classifications used in the consolidated statement of financial position.

4. Accounting policies*Basis of presentation*

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB).

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

Tehama Inc.
Notes to the consolidated financial statements

December 31, 2021

(In U.S. dollars)

4. Accounting policies (continued)*Basis of consolidation*

The consolidated financial statements include the accounts of Tehama USA Inc., a wholly-owned subsidiary. All intercompany balances and transactions have been eliminated in consolidation.

Presentation currency

Unless otherwise stated, the consolidated financial statements are presented in United States dollars, which is the functional currency of the Company and its subsidiary.

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The assets are depreciated to the earlier of the end of the useful life of the right-of-use asset or the lease term using the straight-line method as this most closely reflects the expected pattern of consumption of the future economic benefits. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. In addition, the right-of-use asset can be periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest method. It is remeasured if there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use assets or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Company has elected to apply the practical expedient not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low value assets. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Sub-Lease

When the Company acts as an intermediate lessor, it accounts for its interests in the head lease and sub-lease separately. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term. Amounts due from lessees under finance leases are recognized as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the lease. When a contract includes both lease and non-lease components, the Company applies IFRS 15 *Revenue from contracts with customers* ("IFRS 15") to allocate the consideration under the contract to each component.

Tehama Inc.
Notes to the consolidated financial statements
December 31, 2021
(In U.S. dollars)

4. Accounting policies (continued)

Revenue recognition

Under IFRS 15, revenue is recognized upon transfer of control of products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for the products or services. The Company's contracts often include multiple products and services, which are generally distinct and capable of being accounted for as separate performance obligations.

The Company's hosted DaaS application, allows customers to use hosted software over the contract period without taking possession of the software, is provided on a consumption basis, and is recognized based on such consumption commencing on the date an executed contract exists and the customer has the right to use and access to the platform.

The timing of revenue recognition often differs from contract payment schedules, resulting in revenue that has been earned but not billed. These amounts are included in unbilled receivables. Amounts billed in accordance with customer contracts, but not yet earned, are recorded and presented as part of deferred revenue.

Contracts with customers often include promises to deliver multiple products or services. Determining whether such bundled products and services are considered distinct performance obligations that should be separately recognized, or non-distinct obligations which should be recognized as a combined unit of accounting may require significant judgment. The determination of the stand-alone selling price for distinct performance obligations also requires judgment and estimates.

Costs to obtain contracts relate to incremental commission fees of \$330,550 paid to salespeople as a direct result of new subscription contracts. The commission fees are the only cost that the Company would not have incurred if the contract had not been obtained. If the amortization period of the asset capitalized in consequence to incremental costs of obtaining a contract is one year or less, IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") indicates as a practical expedient the entity may recognize the incremental cost of obtaining the contract as an expense when incurred. The Company has applied the practical expedient as subscription plans sold are typically one year or less.

Foreign currency translation

Transactions in currencies other than the Company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. At each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at each reporting period. Non-monetary items which are measured in terms of historical cost in a foreign currency are not retranslated. Foreign exchange gains and losses are included on the consolidated statement of loss and comprehensive loss.

Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss, except when it relates to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date, in the countries where the Company operates and generates taxable income.

Tehama Inc.
Notes to the consolidated financial statements

December 31, 2021

(In U.S. dollars)

4. Accounting policies (continued)*Income taxes (continued)*

Deferred tax is recognized using the balance sheet method, providing for differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding tax bases used for taxation purposes calculated using the tax rates in effect when the differences are expected to reverse.

Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets are recognized provided there is sufficient history of profitability and future realization is judged probable. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates that have been enacted or substantively enacted at each reporting period.

Share-based transactions

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Each tranche of an award is considered a separate award with its own vesting period and grant date fair value. Compensation expense for each tranche is recorded on a straight-line basis over the vesting period based on the Company's estimate of share interest units that will ultimately vest. The Group adjusts the amount of expense recorded for the actual share interest units that vest compared to what was originally estimated in its forfeiture rate. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payment reserve. Most grants are issued in accordance with amended and restated plan, however there are certain circumstances where issuances may deviate from the plan. Details regarding the determination of the fair value of equity settled share-based transactions are set out in Note 8.

The Company has no cash-settled share-based payments.

Research and development expenses

Research costs are expensed as incurred. Development costs are expensed as incurred unless the criteria for capitalization are met. No development costs have been capitalized to date.

Investment tax credits

The Company claims qualifying scientific research and experimental development ("SRED") deductions and related investment tax credits for income tax purposes based on management's interpretation of applicable legislation in the *Income Tax Act* of Canada. These claims are subject to review and assessment by the Canada Revenue Agency and, therefore, actual amounts realized may vary from those recorded in these consolidated financial statements. In the opinion of management, the treatment of research and development for income tax purposes is appropriate.

Investment tax credits earned as a result of SRED expenditures are recognized when the expenditures are made and their realization is reasonably assured. These credits are applied to reduce the related research and development expenses incurred.

Tehama Inc.**Notes to the consolidated financial statements**

December 31, 2021

(In U.S. dollars)

4. Accounting policies (continued)*Capital and intangible assets*

Capital and intangible assets are accounted initially for at cost. Following initial recognition, they are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is based on the estimated useful life using the following rates and methods:

Computer equipment	Straight line	3 years
Software technology	Straight line	7 years
Right-of-use assets	Straight line	Over the term of the lease

Impairment of long-lived assets

The Company has determined it has only one cash generating unit ("CGU") which is the Company as a whole. Therefore, any impairment analysis is conducted at that level.

At each reporting period management reviews the carrying amounts of its long-lived assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Any impairment losses are recognized on the consolidated statement of loss and comprehensive loss. The Company performs its annual impairment review on December 31 each year.

The recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognized immediately in net income.

Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Trade receivables without a significant financing component are initially measured at the transaction price. All other financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

Financial assets

All financial assets are recognized and derecognized on trade date.

The Company determines the classification of its financial assets on the basis of both the business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold assets to collect contractual cash flows, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Tehama Inc.
Notes to the consolidated financial statements

December 31, 2021

(In U.S. dollars)

4. Accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

The Company's financial assets are classified as follows under IFRS 9:

Cash	Amortized cost
Accounts receivable	Amortized cost
Unbilled receivables	Amortized cost
Government receivables	Amortized cost
Related party receivables	Amortized cost
Lease receivable	Amortized cost

Amortized cost

Subsequent to initial recognition, financial assets at amortized cost are measured using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate except for short-term receivables where the interest revenue would be immaterial. Interest income, foreign exchange gains and losses, impairment, and any gain or loss on de-recognition are recognized in profit or loss.

Impairment of financial assets

The Company measures a loss allowance based on the lifetime expected credit losses. Lifetime expected credit losses are estimated based on factors such as the Company's past experience of collecting payments, the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that correlate with default on receivables, financial difficulty of the borrower, and it becoming probable that the borrower will enter bankruptcy or financial reorganization. Financial assets are written off when there is no reasonable expectation of recovery.

Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or financial liabilities at amortized cost. Subsequent to initial measurement, financial liabilities are measured at amortized cost. The difference between the initial carrying amount of these other liabilities and their maturity value is recognized in profit or loss over the life of the instrument using the effective interest method. Financial liabilities at FVTPL are stated at fair value with changes being recognized in profit or loss.

The Company determines the classification of its financial liabilities at initial recognition. Financial instruments are classified as follows:

Accounts payable and accrued liabilities	Amortized cost
Lease obligation	Amortized cost
Term loan	Amortized cost
Government loan	Amortized cost
Warrant liability	FVTPL

Financial liabilities at amortized cost are measured using the effective interest rate method.

Tehama Inc.
Notes to the consolidated financial statements

December 31, 2021

(In U.S. dollars)

4. Accounting policies (continued)

Financial instruments (continued)

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Government grants

In the course of its activities, the Company receives various government grants to expand its operations and maintain staffing levels. These grants are recognized when there is reasonable assurance that the Company will comply with the conditions attaching to them, and that the grants will be received. Grants are applied against the qualifying expense or asset to which the grants relate. Grants cover government assistance, including investment tax credits.

When government assistance is repayable, a liability is created except when there is reasonable assurance that the entity will meet the conditions prescribed for not repaying the amounts received. This liability is recorded at the discounted value of the repayments due.

Use of estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Key components of the financial statements requiring management to make estimates include revenue recognition, investment tax credits receivable, collectability of accounts receivable, depreciation and useful life assumptions for capital and intangible assets, right-of-use assets, lease obligations, the eligibility of government grants and the fair value of share-based compensation, fair value of warrants, deferred tax estimates, impairment of intangibles and certain accrued liabilities. Actual results normally differ from these estimates.

Current and future changes in accounting policies

The following is a list of standards/interpretations that have been issued and are effective for accounting periods commencing on or after January 1, 2021, as specified.

- IFRS 16 – Leases – COVID-19 Related Rent Concessions beyond June 30, 2021 (Amendment to IFRS 16)¹
- IAS 37 – Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Costs of Fulfilling a Contract (Amendments to IAS 37)²
- IAS 1 – Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)³
- IAS 1 – Presentation of Financial Statements – Disclosure of Accounting Policies (Amendments to IAS 1)³
- IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates (Amendments to IAS 8)³

¹ Effective for annual periods beginning on or after April 1, 2021

² Effective for annual periods beginning on or after January 1, 2022, with earlier application permitted.

³ Effective for annual periods beginning on or after January 1, 2023, with earlier application permitted.

Tehama Inc.
Notes to the consolidated financial statements

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(In U.S. dollars)

4. Accounting policies (continued)

Current and future changes in accounting policies (continued)

IFRS 16 – Leases – COVID-19-Related Rent Concessions beyond June 30, 2021 (Amendment to IFRS 16)

The IASB issued an extension to the practical expedient available to lessees that permits a lessee to elect not to assess whether a COVID-19 related rent concession is a lease modification. The extension allows the application of the practical expedient to reductions in lease payments originally due on or before June 30, 2022. Since the Company does not have any COVID-19 related rent concessions, the application of this amendment does not have an impact on the Company's financial statements.

IAS 37 – Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Costs of Fulfilling a Contract (Amendments to IAS 37)

The amendments to IAS 37 specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract, such as direct labour and materials, or an allocation of other costs that relate directly to fulfilling contracts, such as the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract. These amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments and are currently not applicable to the Company, however, may apply to future transactions.

IAS 1 – Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The IASB issued amendments to IAS 1 to promote consistency in applying the requirements by helping companies determine whether, in the Statement of Financial Position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The classification is based on rights that are in existence at the end of the reporting period and specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. The amendments are applied retrospectively upon adoption. Management is currently assessing the amendments and any potential impact on the Company's financial statements.

IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates (Amendments to IAS 8)

The IASB issued amendments to IAS 8 to clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. The amendments are intended to improve the understanding of the existing requirements and therefore are not expected to have an impact on the Company's financial statements.

Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

Tehama Inc.
Notes to the consolidated financial statements

December 31, 2021

(In U.S. dollars)

5. Capital and intangible assets

Capital assets

	Additions	Disposals	December 31, 2020	Additions	Disposals	December 31, 2021
	\$	\$	\$	\$	\$	\$
Cost						
Computer equipment	72,811	(970)	92,182	36,071	(5,560)	122,693
Depreciation						
	\$	\$	\$	\$	\$	\$
Accumulated depreciation						
Computer equipment	16,279	—	22,183	39,629	(2,749)	59,064
Net book value			69,999			63,629

Intangible assets

	Additions	December 31, 2020	Additions	December 31, 2021
	\$	\$	\$	\$
Cost				
Software technology	6,370,807	6,370,807	—	6,370,807
Depreciation				
	\$	\$	\$	\$
Accumulated depreciation				
Software technology	910,115	910,115	942,041	1,852,156
Net book value		5,460,692		4,518,651

On January 1, 2020, the Company entered into an asset purchase agreement with a related party to acquire software technology. The assets were purchased for \$6,370,807, which represented the fair value on the date of the acquisition, in exchange for one fully-paid and non-assessable Class A common share in the capital of the Company.

6. Right-of-use asset and lease obligation

The Company entered into a six year and 10-month lease, with a related party, for office premises commencing September 1, 2019. On initial application, the Company has elected to record right-of-use assets based on the corresponding lease liability, adjusted by the amount of any prepaid or accrued lease payments. A right-of-use asset and lease obligation of \$2,534,844 was recorded September 1, 2019, with no impact on accumulated deficit.

When measuring lease liabilities, the Company discounted lease payments using an estimated annual incremental borrowing rate of 13%.

Changes to the sublease component of this transaction occurred in November 2021, as outlined in Note 7. The result was an adjustment to the ROU asset of \$34,312 .

Tehama Inc.
Notes to the consolidated financial statements
December 31, 2021
(In U.S. dollars)

6. Right-of-use asset and lease obligation (continued)

The right-of-use asset and lease liability balances at year end are calculated below:

	\$
Right-of-use asset	
Balance, December 31, 2019 (Unaudited)	1,434,408
Depreciation	<u>(261,644)</u>
Balance, December 31, 2020	1,172,764
Adjustment	(34,312)
Depreciation	<u>(292,683)</u>
Balance, December 31, 2021	<u>845,769</u>
	\$
Lease liability	
Balance, December 31, 2019 (Unaudited)	1,919,016
Interest expense	226,265
Payments	<u>(389,798)</u>
Balance, December 31, 2020	1,755,483
Less: current portion	<u>(270,346)</u>
	1,485,137
Interest expense	205,237
Payments	<u>(424,546)</u>
Balance, December 31, 2021	<u>1,265,828</u>

Future minimum lease payments in each of the next fiscal years are as follows:

	\$
2022	443,526
2023	443,526
2024	443,526
2025	443,526
2026	<u>229,155</u>
	<u>2,003,259</u>

7. Finance lease receivable

During the period ended December 31, 2020, the Company entered into an agreement as a lessor to sublease a portion of office space to a related party. The sublease is classified as a finance lease. The term of the lease is six years and five months from period ended December 31, 2020. The contract does not include extension or early termination options. The effective interest rate of the lease is 13%.

During September 2021, the related party was discharged from the sublease, and the sublease was assumed by a third-party sublessee. The related party was discharged from the remaining lease liability by pre-paying the entirety of their portion of the lease liability amounting to \$359,813.

Tehama Inc.**Notes to the consolidated financial statements**

December 31, 2021

(In U.S. dollars)

8. Term loan (continued)

The term loan is subject to certain restrictive financial covenants. As at December 31, 2021, all covenants were not met. The term loan has been classified as a short term liability. The lender subsequently chose to waive the December 31, 2021 financial covenants in January, 2022. Subsequent to year-end, the Company was in compliance with its financial covenants.

	2021
	\$
Term loan drawn in 2021	2,947,307
Debt issue costs	(38,284)
Principal repayment	—
Cumulative amortization of issuance costs	5,817
	<u>2,914,840</u>

The principal repayments required over the life of the long-term debt are as follows:

	<u>\$</u>
2022	657,307
2023	985,960
2024	985,960
2025	318,080
	<u>2,947,307</u>

9. Employee Stock Purchase Plan

During fiscal 2021, the Company established an Employee Stock Purchase Plan (the "Plan") to permit certain eligible employees of the Company to purchase Class A Preferred Shares of the Corporation. The Plan permits each participating employee to acquire a minimum of 5,000 shares and requires additional shares to be purchased in 1,000 increments. The Company has restricted a total of 1,000,000 shares available for purchase under the Plan.

The purchase price for the shares sold pursuant the plan is \$0.542. The Company will accumulate, in trust for the participating employee, payroll deductions made during each pay period, and the participating employee's accumulated payroll deductions will be applied to the purchase of shares when the full amount of such employee's purchase price for the shares to be acquired has been accumulated. Until so, applied, the amount of such payroll deductions shall remain the property of the participating employee to be used.

A participating employee may withdraw from the Plan at any time prior to all shares being paid in full. An employee whose employment terminates before the shares have been paid in full is deemed to have withdrawn from the plan, and payroll deductions held by the Company will be returned to the employee.

A liability of \$128,094 is included in Accounts payable and accrued liabilities as at December 31, 2021.

The Company has restricted a total of 1,000,000 shares available for purchase under the Plan.

Tehama Inc.
Notes to the consolidated financial statements
December 31, 2021
(In U.S. dollars)

9. Employee Stock Purchase Plan (continued)

The following table summarizes the continuity of shares issued under the Plan:

	Number of options
Outstanding, December 31, 2020	—
Granted	355,000
Exercised	—
Forfeited	56,000
Outstanding, December 31, 2021	299,000

Total compensation cost recognized for share-based compensation awards is \$16,794 in fiscal 2021 and is credited to the share-based payment reserve. The fair value of options issued was calculated using the Black-Scholes option pricing model with the following assumptions:

	2021
Expected volatility	33.89
Expected option life	1
Forfeiture rate	0.15
Dividend Yield	—
Risk-free interest rate	0.68%

10. Warrants

On April 20, 2021, the Company issued Class A preferred share warrants as part of the credit facility in Note 8. The number of warrants issued from time to time shall be equal to the aggregate value of 2% of the term loan divided by the exercise price of \$0.5422. As at December 31, 2021, 110,660 warrants were outstanding. At the time of exercise, the holder has the option to elect to receive senior preferred shares. The exercise price is dependent on conditions that the Company completes qualified financing.

The value of the warrants was \$43,713, on the date of issuance using the Black-Scholes option pricing model and the following assumptions:

	2021
Expected volatility	60%
Expected option life	12
Forfeiture rate	—
Dividend Yield	—
Risk-free interest rate	1.57%

As at December 31, 2021, the Company determined the fair value of the warrants to be consistent with the measurement as at the date of issuance. No fair value adjustment has been recorded in fiscal 2021.

Tehama Inc.
Notes to the consolidated financial statements

December 31, 2021

(In U.S. dollars)

11. Share capital

Authorized

51,933,046 authorized common shares, entitled to dividends if, as and when declared; and, 18,443,376 authorized Class A preferred shares, voting, participating, non-redeemable, convertible 1:1 into common shares, entitled to dividends if, as and when declared.

Issued

During fiscal 2021, the Company issued 7,377,347 (18,443,379 in 2020) Class A preferred shares for cash proceeds of \$4,000,000 (\$10,000,000 in 2020). The Company incurred \$50,472 (\$96,288 in 2020) of share issue costs, consisting primarily of legal fees, reflected as a reduction of share capital.

During fiscal 2020 the Company issued one fully-paid and non-assessable common share in the capital of the Company in exchange for software technology, valued at \$6,927,300, less share issue costs of \$556,493. The common shares issued during fiscal 2021 relates to the exercised options (Note 9(b)).

Share-based payments

In fiscal 2019, the Company implemented a share option plan approved by the Board of Directors (the "Plan"). Under the Plan, the Company is authorized to issue share options exercisable for voting common shares to its employees and executives. In fiscal 2020, the Company amended and restated the "Plan", such that options vest with 1/4 of the grant vesting on the first anniversary of the date of grant and thereafter 1/48th shall vest at the end of each calendar month, such that all option shares shall be vested at the end of the month which is four years after the vesting commencement date. Unexercised share options will expire on the tenth anniversary from the date of grant. The Company has reserved a total of 8,350,000 common shares for option issuance. Each option can be exercised for one common share.

The following table summarizes the continuity of options issued under the Plan:

	Number of options \$	Weighted average exercise price per share \$	Weighted average remaining life per share years
Outstanding, December 31, 2019 (Unaudited)	3,202,000	0.01	9.69
Granted	2,306,135	0.07	9.35
Exercised	903,334	0.01	8.92
Forfeited	72,000	0.01	9.13
Outstanding, December 31, 2020	4,532,801	0.04	9.27
Granted	3,634,331	0.05	9.35
Exercised	1,941,256	0.03	8.68
Forfeited	1,062,968	0.04	9.13
Outstanding, December 31, 2021	5,162,908	0.04	8.16

Tehama Inc.
Notes to the consolidated financial statements

December 31, 2021

(In U.S. dollars)

11. Share capital (continued)

Share-based payments (continued)

The options outstanding at December 31, 2021, are as follows:

Date issued	Number outstanding as at December 31, 2021 #	Expiry date	Exercise price \$	Estimated fair value of option at grant date \$	Number exercisable as at December 31, 2021 #	Number outstanding as at December 31, 2020 #
13-Sep-19	985,670	10-Sep-29	0.01	0.01	212,331	2,020,999
10-Dec-19	94,667	7-Dec-29	0.01	0.01	18,000	103,667
24-Dec-19	75,000	21-Dec-29	0.01	0.01	58,332	102,000
11-Mar-20	60,000	9-Mar-30	0.05	0.25	9,000	126,000
12-Aug-20	403,897	10-Aug-30	0.05	0.23	100,934	492,000
17-Nov-20	251,235	15-Nov-30	0.05	0.27	83,745	251,235
24-Nov-20	503,584	22-Nov-30	0.05	0.27	113,536	938,000
8-Dec-20	383,100	6-Dec-30	0.05	0.27	79,941	498,900
13-Jan-21	464,000	11-Jan-31	0.05	0.27	464,000	—
2-Feb-21	427,257	31-Jan-31	0.05	0.27	126,865	—
10-Mar-21	99,500	8-Mar-31	0.05	0.27	—	—
29-Mar-21	30,667	27-Mar-31	0.05	0.27	—	—
10-Jun-21	240,000	8-Jun-31	0.05	0.27	—	—
01-Jul-21	—	29-Jun-31	0.05	0.08	—	—
16-Sep-21	782,700	14-Sep-31	0.05	0.08	—	—
18-Nov-21	50,000				—	—
15-Dec-21	311,631	13-Dec-31	0.05	0.08	—	—
	5,162,908				1,266,684	4,532,801

On January 13, 2021 and March 29, 2021, there were special share-based payment grants made to key management personnel described in note 15 in partial lieu of salary. The grants hold special vesting conditions. 1/12 of the grant shall vest at the end of each calendar month. Unexercised share options will expire on the tenth anniversary from the date of grant.

The weighted average exercise price and weighted average fair value of share options outstanding as at December 31, 2021, were \$0.04 and \$0.17 respectively (\$0.04 and \$0.23 respectively in 2020). The weighted average remaining contractual life of share options as at December 31, 2021, was 8.88 years (9.3 years in 2020).

Total compensation cost recognized for share-based compensation awards is \$497,598 in fiscal 2021 (\$77,075 in 2020) and is credited to the share-based payment reserve. The fair value of options issued was calculated using the Black-Scholes option pricing model with the following assumptions:

	2021	2020
Expected volatility	33.89	39.09
Expected option life	7	7
Forfeiture rate	10%	5%
Dividend Yield	0%	0%
Risk-free interest rate	0.93%	0.50%

Tehama Inc.
Notes to the consolidated financial statements

December 31, 2021

(In U.S. dollars)

12. Research and development

	2021	2020
	\$	\$
Research and development expenses	5,419,415	4,838,169
Less		
Investment tax credits	828,341	816,832
Government assistance	684,511	644,009
	3,906,563	3,377,328

13. Income taxes and investment tax credits receivable

Deferred income taxes reflect the impact of loss carry-forwards and of temporary differences between amounts of assets and liabilities for financial reporting purposes and such amounts are measured by tax laws. The temporary differences and loss carry-forwards that gave rise to significant portions of the deferred tax asset, which have not been recognized, are as follows:

	2021	2020
	\$	\$
Accounting depreciation less than tax	—	(14,089)
Research and development pool, tax credits and tax in subsequent years	173,756	86,818
Losses available to offset future income taxes	2,372,340	1,370,814
ROU Asset and lease liabilities	84,423	54,037
Other	88,016	2,056
	2,718,535	1,499,636

The following effect of temporary differences and loss carryforwards that give rise to significant portions of the deferred tax asset, which has been recognized during the year ended December 31, 2021, are as follows:

	Opening Balance	Recognized in Profit or Loss	2021
	\$	\$	\$
Deferred tax assets			
Losses available to offset future income taxes	1,272,768		
Lease liability	322,663		
Research and development pool, tax credits	167,063		
Accruals	22,168	(10,736)	11,432
	1,784,662	(10,736)	11,432
Deferred tax liabilities			
Tax depreciation less than accounting	(15,451)		
Tax amortization less than accounting	(1,254,154)		
Tax in subsequent years relating to research and development	(167,063)		
ROU Asset and Finance lease receivable	(322,663)		
Other	(3,163)		
	(1,762,494)	—	—
Net deferred taxes	22,168	(10,736)	11,432

The Company has claimed less research and development expenses for income tax purposes than has been reflected in the consolidated financial statements. These unclaimed expenses total \$1,286,000 (\$964,000 in 2020) for Canadian federal and provincial tax purposes. These are available without expiry to reduce future years' taxable income.

Tehama Inc.**Notes to the consolidated financial statements**

December 31, 2021

(In U.S. dollars)

13. Income taxes and investment tax credits receivable (continued)

As at December 31, 2020, the Company has approximately \$828,000 (720,000 in 2020) of investment tax credits, relating to research and development. These investment tax credits are refundable.

The provision for income taxes in the consolidated statement of loss and comprehensive loss differs from the amount computed by applying the Canadian statutory rate to the loss before income taxes for the following reasons:

	2021	2020
	\$	\$
Net loss before income taxes of continuing operations	(10,254,130)	(6,834,258)
Canadian statutory rate	26.5%	26.5%
Expected income tax benefit	(2,717,344)	(1,811,078)
Changes in unrealized deferred tax assets	2,596,501	1,731,088
Current taxes true-up	—	104,372
Future taxes true-up	—	(2,207)
Permanent differences	156,359	23,795
Foreign rate differential	(7,691)	(6,322)
Small business deduction	—	12,735
SRED true-up to R&D revenue	—	(25,607)
Other	4,975	11,080
Income tax expense	32,800	37,856

The Company has losses available to reduce future years' Canadian federal taxable income totaling \$13,755,125 (\$5,172,883 in 2020). These potential benefits expire as follows:

	\$
2040	5,477,818
2041	8,277,307
	<u>13,755,125</u>

14. Government assistance*Non-repayable government funding*

The below table represents government assistance received in fiscal 2021 that has been reported through the consolidated statement of loss and comprehensive loss as a reduction to related expenditures as incurred. All funding received is non-repayable.

Tehama Inc.**Notes to the consolidated financial statements**

December 31, 2021

(In U.S. dollars)

14. Government assistance (continued)*Non-repayable government funding (continued)*

	2021	2020
	\$	\$
Program		
Scientific Research and Experimental Development	828,341	816,832
Industrial Research Assistance Program	119,573	369,428
Ontario Centres of Excellence	23,565	17,341
Innovation for Defence Excellence and Security Fund	266,730	210,687
Work Integrated Learning Fund	57,389	46,522
CanExport	13,234	—
Youth Employment Program	28,734	—
Canada Emergency Wage Subsidy	—	184,868
	1,337,566	1,645,678

In 2021, non-repayable government funding of \$1,499,851 (\$1,645,678 in 2020) were received as part of a Government initiatives to provide financial support as a result of research and development, innovation, and wage subsidies. \$828,341 (\$816,832 in 2020) of the non-repayable government assistance has been recorded against research and development expenses in the consolidated statement of loss and comprehensive loss. The remainder of the non-repayable government funding of \$509,225 (\$828,846 in 2020) has been recorded against general and administrative expenses. There are no future related costs in respect of these grants which were received solely as compensation for costs incurred in the year.

Repayable government funding

During fiscal 2021, the Company entered into a zero-interest repayable government funding agreement with the Federal Economic Development Agency for Southern Ontario ("FedDev"). Under the agreement, the Company will receive funding as eligible costs are incurred to support small and medium-sized enterprises. The repayable funding is unsecured and is interest free. The funding under the agreement continues until March 31, 2024, up to a maximum of \$2,129,673 (\$2,700,000 CDN).

During fiscal 2021, the Company received \$343,810 (\$435,882 CDN). Since the repayable government funding does not bear interest, an intrinsic benefit of \$124,119 was calculated by discounting the face value of the funding received using an estimated fair value interest rate over the term. The intrinsic benefit is deducted from the carrying amount of the repayable funding and was recognized on the consolidated financial statements as Non-cash benefit of repayable government funding in fiscal 2021. Separately, over the course of the agreement period, the amount of the recognized intrinsic benefit is recorded as Non-cash imputed interest expense on the consolidated financial statements (fiscal 2021 – \$9,899), and that amount is cumulatively added to the repayable funding amount such that, at the end of the agreement period, the carrying value of the repayable funding equals the amount originally received.

Tehama Inc.
Notes to the consolidated financial statements

December 31, 2021

(In U.S. dollars)

14. Government assistance (continued)

Repayable government funding (continued)

A summary of the total monthly payments outstanding by fiscal year should the entire amount of the loan be received is as follows:

	Repayable government funding principal \$
Fiscal	
2024	266,209
2025	354,946
2026	354,946
2027	354,946
2028	354,946
2029	354,946
2030	88,734

15. Related party transactions

For reporting purposes, related parties are defined as the Company's shareholders, directors, and companies under common control.

Included in current assets are amounts due from related parties of \$51,282 (\$248,900 in 2020). The amounts due from related parties were unsecured, no-interest-bearing and have fixed terms of repayment. The Company has deemed nil accounts to be uncollectible.

During fiscal 2020, accounts payable to a related party was settled for the negotiated amount of nil, which resulted in a \$1,033,554 gain on debt forgiveness.

The following table summarizes the Company's transactions with related parties during the year:

	2021 \$	2020 \$
Intangible asset purchase	—	6,370,807
Gain on debt forgiveness	—	1,033,554
Mangement fees and expenses	—	264,163
Transitional services fees	—	146,877
Finance lease receivable	440,063	378,806
Affiliate revenue	643,875	965,327
	1,083,938	9,159,534

The above transactions, except for intangible asset purchase and gain on debt forgiveness, were concluded in the normal course of business and are measured at their exchange amounts, which is the amount of consideration established and agreed to by the related parties. The intangible asset purchase and gain on debt forgiveness related party transactions were measured and recorded at fair value.

Tehama Inc.
Notes to the consolidated financial statements

December 31, 2021

(In U.S. dollars)

15. Related party transactions (continued)

Transactions with key management personnel

The following table reflects compensation of key management personnel:

	Salary	Incentive	2021
	\$	compensation	Total
		\$	\$
Chief executive officer and chief financial officer	177,446	136,611	314,057
	Salary	Incentive	2020
	\$	compensation	Total
		\$	\$
Chief executive officer and chief financial officer	496,459	56,782	553,241

16. Commitments

The Company has entered into committed contracts with one vendor that expire at various times up until December 2024. The contracts can be used up at any time between 2022 and December 2024, and there is no penalty of using the entirety of the contracts before the termination date. The remaining commitments are worth \$1,266,578 (\$3,806,863 in 2020).

17. Nature and extent of risks arising from financial instruments

The Company is exposed to the following risks as a result of holding financial instruments: credit risk and liquidity risk. The following is a description of these risks and how the Company manages its exposure to these risks.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

The Company is exposed to credit risk on its cash and accounts receivable. The Company manages this risk by dealing only with major Canadian banks and investing only in instruments that management believes have high credit ratings. The Company does not expect any counterparties to these investments to fail to meet their obligations. The Company's exposure to credit risk is limited to the carrying amounts.

The Company is exposed to credit risk on accounts receivable and actively monitors outstanding balances to manage this exposure. One customer represents more than 35% of the Company's accounts receivable as at December 31, 2021 (one customer represents 53% in 2020). For the year ended December 31, 2021, four customers accounted for greater than 62% of revenue (two customers accounted for greater than 70% of revenue in 2020).

Tehama Inc.**Notes to the consolidated financial statements**

December 31, 2021

(In U.S. dollars)

17. Nature and extent of risks arising from financial instrument (continued)

As at December 31, 2021, the aging of accounts receivable was as follows:

	Current \$	60 days \$	90 days \$	Total \$
Accounts receivable	315,294	17,702	66,538	399,534

As at December 31, 2020, the aging of accounts receivable was as follows:

	Current \$	60 days \$	90 days \$	Total \$
Accounts receivable	512,874	342,740	5,149	860,763

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet liabilities when due. The Company also manages liquidity risk by continuously monitoring actual and budgeted expenses.

The Company's objective is to have sufficient liquidity to meet its liabilities when due. The Company monitors its cash balance and cash flows from operations to meet its requirements. Financial liabilities include accounts payable and accrued liabilities. Management does not consider there to be significant exposure to liquidity risk, as a diligent payment process is enforced within the Company.

The table below illustrates the Company's needs for cash to meet its financial liabilities as at December 31, 2021:

	Net book Value \$	< 6 months \$	6 to 12 months \$	1 to 5 years \$	2021 Total \$
Accounts payable and accrued liabilities	966,449	966,449	—	—	966,449
Lease obligations	2,003,259	221,763	221,763	1,559,733	2,003,259
Term Debt	2,947,307	131,461	525,846	2,290,000	2,947,307
Repayable government funding	343,810	—	—	343,810	343,810
	6,260,825	1,319,673	747,609	4,193,543	6,260,825

The table below illustrates the Company's needs for cash to meet its financial liabilities as at December 31, 2020:

	Net book Value \$	< 6 months \$	6 to 12 months \$	1 to 5 years \$	2020 Total \$
Accounts payable and accrued liabilities	1,062,721	879,195	183,526	—	1,062,721
Lease obligations	1,755,483	112,293	112,293	1,530,897	1,755,483
	2,818,204	991,488	295,819	1,530,897	2,818,204

Tehama Inc.
Notes to the consolidated financial statements

December 31, 2021

(In U.S. dollars)

17. Nature and extent of risks arising from financial instruments (continued)*Capital management*

The Company manages its capital to ensure its ability to continue as a going concern and to provide an adequate return to its shareholders. Management defines capital as the Company's shareholders' equity.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: currency risk, interest risk and other price risk. Management considers there to be no exposure to interest risk and other price risk.

Currency risk

The majority of the Company's revenues and a small portion of operating costs are realized in Canadian dollars. As a result, the Company is exposed to currency risk on these transactions. Earnings volatility also arises from the translation of monetary assets and liabilities denominated in Canadian dollars at the rate of exchange on each financial position date, the impact of which is reported as a foreign exchange gain or loss. The Company does not currently manage its exposure to foreign currency risk. To date, the Company is mainly exposed to fluctuations between the U.S. dollar and the Canadian dollar and these variations have not significantly impacted the net loss or financial position of the Company.

Interest rate risk

The Company's term debt has a variable interest rate as described in Note 8. A fluctuation of 5% in the interest rates would have an impact of approximately \$150,000 to net loss and other comprehensive loss for the period ended December 31, 2021.

Measurement of fair value

The Company's fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are:

Level 1 – values are based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2 – values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3 – values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

When the inputs used to measure fair value fall within more than one level of the hierarchy, the level within which the fair value measurement is categorized is based on the Group's assessment of the lowest level input that is the most significant to the fair value measurement.

All financial instruments are classified as Level 1. There were no transfers between Level 1, Level 2, and Level 3 during the period ended December 31, 2021.

The fair value of financial assets and liabilities are determined as follows:

- The carrying amounts of cash, accounts receivable, related party receivable and government receivable, accounts payable and accrued liabilities, and accrued licensing costs approximate fair value due to the short-term maturity of these instruments.
- The fair value of term loan and lease liability approximates their carrying values on a discounted basis as these obligations bear interest at market rates.

Tehama Inc.
Notes to the consolidated financial statements
December 31, 2021
(In U.S. dollars)

18. Subsequent events

On January 31, 2022, the Company closed an 8% annual \$3,000,000 convertible debenture with the current investors.

THIS IS EXHIBIT "D" REFERRED TO IN THE
AFFIDAVIT OF ROB WHITE SWORN BEFORE ME
THIS 20th DAY OF JANUARY, 2023.

DocuSigned by:

02452ECC61C54F6...

A Commissioner for Taking Affidavits, etc.



CIBC
Commercial Banking

Canadian Imperial Bank of
 Commerce
 CIBC Innovation Banking,
 199 Bay Street, 4th Floor
 Toronto ON M5L 1A2

April 20, 2021

Tehama Inc.
 319 McRae Avenue #701
 Ottawa, ON K1Z 0B9

Attention: Robert White

Dear Robert,

Re: Credit Facility

Canadian Imperial Bank of Commerce (“**CIBC**”) is pleased to establish the following credit facilities (each a “**Credit**” and collectively, the “**Credits**”) in favor of Tehama Inc. (the “**Borrower**”) and each Subsidiary or Affiliate who has provided a guarantee of the Borrower’s obligations under this letter of credit agreement (each a “**Guarantor**” and collectively “**Guarantors**”):

Demand Operating Credit (the “Revolver”)

Credit Limit: \$1,500,000.00 USD

Borrowing Base: The lesser of (A) the Facility Commitment and (B) the Borrowing Formula, less the Bank Services Sub-limit, if applicable

The Borrowing Formula is defined as:

75% of Eligible Accounts Receivable Less Priority Payables

‘Eligible Accounts Receivable’ means accounts receivable, of the Borrower(s) and Guarantors, which shall have exclusions including but not limited to the following:

(a) 25% or more of the account balance is greater than 90 days, or 120 days on specified accounts with the Lender’s approval, from the date of invoice or shipping (whichever is earlier)

(b) Account concentrations greater than 25% unless specified accounts are approved by the Lender

(c) Foreign accounts (outside of USA and Canada) which are not covered to the Lender's sole satisfaction by receivables insurance

(d) Accounts subject to holdbacks, contra accounts or rights of set-off on the part of the account debtor

(e) Affiliate accounts

(f) Any account the Lender designates to be ineligible, acting reasonably

'Priority Payables' means any liability that ranks, in right of payment, equal to or in priority to any liability to CIBC

Purpose:

Working Capital

Description and Rate:

A revolving Credit, available as follows:

▶ Canadian dollar loans, which will also be available by way of overdrafts and direct draw requests.

Interest on Canadian dollar loans will be calculated at the CIBC Prime Rate ("**CIBC Prime Rate**") plus 50 bps per annum and will be payable monthly. The CIBC Prime Rate is subject to a floor of 2.45%.

▶ US dollar loans, which will also be available by way of overdrafts and direct draw requests.

Interest on US dollar loans will be calculated at the Wall Street Journal Rate ("**WSJ Rate**") plus 50 bps per annum and will be payable monthly. The WSJ Prime Rate is subject to a floor of 3.25%.

Repayment:

All amounts under this Credit are repayable immediately on demand by CIBC, and this Credit may be terminated in whole or in part by CIBC at any time.

Maturity:

On demand.

Annual Fee: 15 bps per annum, payable on each anniversary of the Closing Date.

Senior Term Loan

Loan Amount: \$3,000,000.00 USD

Purpose: This loan is to be used for:
Growth Capital

Description and Rate: A committed non-revolving Term Loan (the “**Term Loan**”) available as follows:

Canadian dollar Term Loans. Interest on Canadian dollar Term Loans will be calculated at the CIBC Prime Rate plus 100 bps for Canadian dollar draws. The CIBC Prime Rate is subject to a floor of 2.45%

U.S. dollar Term Loans. Interest on U.S. dollar Term Loans will be calculated at the WSJ Prime Rate plus 100 bps for U.S. dollar draws. The WSJ Prime Rate is subject to a floor of 3.25%

The interest rate may not be fixed for any principal amount if, during the period that the interest rate is proposed to be fixed, any of such principal amount will be required to be repaid as specified under Repayment below. Interest will be payable as specified under Repayment below.

Repayment: Interest only payments for 12 month(s) after the Closing Date, followed by 36 equal monthly principal payments, plus accrued interest

Notwithstanding the foregoing, at any time that an Event of Default is continuing, this loan is repayable immediately on demand by CIBC.

Maturity: The Term Loan is committed and matures 4 year(s) from the Closing Date

Commitment Fee: 50 bps, earned and due at the Closing Date

Prepayment Fee: All of the remaining interest that would have been otherwise payable prior to 12 months after the

Closing Date plus 2% of the Facility Commitment if paid prior to 12 months after the Closing Date.

Demand VISA Credit Facility

Credit Limit: \$150,000.00 USD

Purpose: All amounts obtained under this Credit are to be used to support a US Bank Commercial Card Program that the Borrower wishes to establish with the US Bank National Association, Canada Branch ("**US Bank**").

Repayment: All amounts under this Credit are repayable immediately on demand by CIBC, and this Credit may be terminated in whole or in part by CIBC at any time.

Documentation CIBC's standard US Bank Canada Commercial Card Acknowledgement and Indemnity Agreement is required.

Cash Management Services

Cash Management Agreement "**Cash Management Agreement**" means any agreement to provide cash management services, including treasury, depository, overdraft, credit or debit card, electronic funds transfer and other cash management arrangements between the Borrower or Guarantor, on the one hand, and CIBC or an Affiliate of CIBC, on the other hand; provided, that CIBC or its Affiliate may also provide such services through an unaffiliated third party financial institution or other provider (including, for clarity, US Bank National Association, Canada Branch and its Affiliates in the case of credit cards and related services), and such arrangements shall be deemed to be Cash Management Agreements hereunder. CIBC may provide such services pursuant to separate agreements. All obligations under such agreements shall constitute "**Obligations**" hereunder shall be secured by the Security.

Preferred Share Warrants

Exercise Price: CIBC shall be granted a warrant to purchase up to 2% of \$3,000,000 in Series A Preferred Shares

(“**Past Round Shares**”). The exercise price for the warrants will be the per share price paid for the Past Round Shares (the “**Exercise Price**”).

For any financings completed after the Closing Date until and including the first bona fide arm’s length round of equity (or equity-equivalent) financing completed after the Closing Date (if any) where securities are issued that are senior (and/or that have economic attributes that are superior) to the Past Round Shares (“**Senior Securities**”), then the Lender may elect to have the warrants exercisable into such Senior Securities in lieu of the Past Round Shares and set the Exercise Price at the per share price of such Senior Securities.

Provisions: The warrants will contain customary provisions for a warrant of this nature, including a cashless exercise feature, piggyback registration rights and anti-dilution protection (with standard exclusions).

Expiration: The warrants will expire upon the earlier of:

- (i) 5 years after an IPO of the Borrower;
- (ii) 12 years after the Closing Date;
- (iii) a Change of Control where the consideration is solely for cash, provided that the Company provides CIBC at least 10 days’ notice prior to the Change of Control. For greater clarity, an equity or equity-based Change of Control, or other financing does not cause the expiry of the warrants.

Security

The following security, which shall be in form and substance satisfactory to CIBC, is required to secure all present and future indebtedness and liabilities of the Borrower to each of CIBC and CIBC’s Affiliates (including under any foreign exchange contract or derivative). All references in any such security to indebtedness or liabilities of the Borrower to CIBC shall be deemed to be references to indebtedness

and liabilities of the Borrower to each of CIBC and CIBC's Affiliates.

- (a) a first-priority security interest in all present and future personal property of the Borrower and Guarantor(s), including specific filings on any intellectual property and a pledge of 100% of equity in all of the Borrower(s) present and future subsidiaries
- (b) full recourse guarantees from the Guarantor(s) supported by first ranking perfected security over all of the present and future personal property of the Guarantor(s), including specific filings on any intellectual property and a pledge of 100% of the equity interest in all of the Guarantor(s)' present and future subsidiaries
- (c) a waiver and consent from the landlord or sublandlord, as applicable, of any property on which the Borrower's property is located, to be delivered no later than 30 days from the closing date
- (d) an acknowledged assignment of adequate fire and other perils insurance on the property of the Borrower and Guarantor(s) that are subject to CIBC's security, with loss payable to CIBC and with designation of CIBC
- (e) an amended certificate of insurance listing the insurance holder as Tehama Inc. is delivered to CIBC by July 31, 2021
- (f) a legal opinion provided by Borrower's counsel
- (g) satisfactory hypothecation of USD \$150,000 security pledge for the Demand VISA Credit Facility

Covenants

Financial Covenants:

The Borrower will ensure that:

- (a) In Financial Year 2021, Total Funded Debt to TTM Revenue ratio will not exceed the following, tested quarterly:
 - (i) 1.0x at closing
 - (ii) Q2: 0.9x
 - (iii) Q3: 0.8x
 - (iv) Q4: 0.6x;
- (b) Liquidity is greater than trailing 4-month EBITDA burn, at all times, starting in Financial Year 2022, tested monthly.

All financial covenants will be calculated including the Borrower and its Subsidiaries on a consolidated basis

Positive Covenants:

The Borrower will ensure that:

- (a) Within 30 days of the closing date the waiver and consent from the sublandlord is delivered to CIBC
- (b) By July 31, 2021 an amended certificate of insurance listing the insurance holder as Tehama Inc. is delivered to CIBC.

Bank Accounts:

The Borrower and its direct or indirect Subsidiaries that have guaranteed the Credit and provided security to CIBC shall transition their North American domiciled cash and cash equivalent accounts to CIBC within 30 days after the date of this Agreement. All existing accounts held with financial institutions other than CIBC must be closed within 60 days of the date of this Agreement. In jurisdictions where CIBC does not provide such bank accounts, the Borrower and its direct or indirect Subsidiaries that have guaranteed the Credit and provided security to CIBC shall establish and maintain deposit and operating bank accounts with such financial institutions as are acceptable to CIBC (the “**Control Accounts**”). Such financial institutions at which the Control Accounts are established and the Borrower and its direct or indirect Subsidiaries that have guaranteed the Credit and provided security to CIBC shall enter into three-party agreements, in form and substance satisfactory to CIBC (the “**Deposit**”).

Account Control Agreements”), providing that, among other things, all cash, cheques and items received or deposited in the Control Accounts are subject to CIBC’s Security, that the depository bank has no Lien upon, or right of set-off against, the Control Accounts and any cash, cheques, items, wires or other funds from time to time on deposit therein, except as otherwise provided in the Deposit Account Control Agreements.

With respect to any account located in a jurisdiction outside of North America, the Borrower and its direct and indirect Subsidiaries shall not permit the balances in any such accounts to materially exceed amounts necessary for normal operating requirements. Aggregate foreign bank account balances outside of North America not to exceed \$100,000.

Intellectual Property:

The Borrower and its Subsidiaries shall remain the sole owner of the Intellectual Property which it owns or purports to own except for (a) non-exclusive licenses granted to its customers in the ordinary course of business, (b) over-the-counter software that is commercially available to the public, and (c) material Intellectual Property licensed to Borrower and its Subsidiaries, as applicable. To the best of the Borrower’s knowledge and except as disclosed in writing by the Borrower to CIBC with specific reference to this paragraph: (i) each patent which the Borrower and its Subsidiaries owns or purports to own and which is material to the Borrower’s business is valid and enforceable, and no part of the Intellectual Property which the Borrower or its Subsidiaries owns or purports to own and which is material to the Borrower’s business has been judged invalid or unenforceable, in whole or in part; and (ii) no claim has been made that any part of the Intellectual Property violates the rights of any third party except to the extent such claim would not reasonably be expected to have a Material Adverse Effect on the Borrower’s business.

The Borrower and its Subsidiaries shall (i) protect, defend and maintain the validity and enforceability of its Intellectual Property material to the Borrower’s business; (ii) promptly advise CIBC in writing of

material infringements or any other event that could reasonably be expected to materially and adversely affect the value of its Intellectual Property; and (iii) not allow any Intellectual Property material to the Borrower's business to be abandoned, forfeited or dedicated to the public without CIBC's written consent.

Field Exam: At the CIBC's option, a field exam of accounts receivable by an outside auditor ("**Field Exam**") shall be conducted.

Access to Collateral: Books and Records: Notwithstanding CIBC's option to conduct a Field Exam, the Borrower shall allow CIBC, or its agents, to inspect any collateral and audit (including pursuant to a field examination or an appraisal) and copy their books and records, including accounts receivable. Such inspections or audits shall be conducted no more often than once every twelve (12) months unless an Event of Default has occurred and is continuing in which case such inspections and audits shall occur as often as CIBC shall determine is necessary. The foregoing inspections and audits shall be at the Borrower's expense.

Subsidiaries: For each material Subsidiary created after the date of this Agreement, the Borrower shall cause each such Subsidiary to enter into the agreements listed under the heading "Security" above that are applicable to such Subsidiary at the discretion of CIBC. In addition to the foregoing, CIBC reserves the right to cause each material non-North American Subsidiary to enter into the agreements listed under the heading "Security" above.

Existence: The Borrower and the Guarantors shall maintain their existence.

Negative Covenants:

Capital Expenditures: The Borrower and its Subsidiaries will not make capital expenditures for fixed or capital assets, calculated in accordance with IFRS.

- Restricted Payments:** The Borrower and its Subsidiaries will not pay any dividends, make any capital payments or redemptions, pay any amount on account of Postponed Debt or make any gifts or gratuities to affiliated persons.
- Lien Restrictions:** The Borrower and its Subsidiaries will not create, incur or suffer to exist any Lien on any of their property except for Normal Course Liens.
- Amalgamations:** The Borrower and its Subsidiaries will not enter into any amalgamations or similar transactions.
- Debt Restrictions:** The Borrower and its Subsidiaries will not create, incur, assume or permit to exist any Debt, except for amounts owed to CIBC under the Credits.
- Payments of Postponed Debt:** The Borrower shall not make any payments of principal or interest on the Postponed Debt upon the occurrence of a Default or Event of Default. The Borrower shall be permitted to make regularly scheduled payments of principal and interest prior to the occurrence of a Default or Event of Default.
- Dispositions of Property:** The Borrower and its Subsidiaries will not sell or otherwise dispose of any material property, except for sales in the normal course of business for fair market value.
- Restriction on Investments:** The Borrower and its Subsidiaries will not make any Investments in the aggregate, except for Investments to subsidiaries that are Guarantors.
- Transactions with Affiliates:** Except as specifically permitted hereunder, the Borrower will not enter into any transaction, including the purchase, sale or exchange of any property or the rendering of any services, with any of its shareholders or with any of its Affiliates, or with any of its or their directors or officers, or enter into, assume or permit to exist any employment, consulting or analogous agreement or arrangement with any such shareholder or Affiliate or with any of its directors or officers, except a transaction or agreement or arrangement which is in the ordinary course of business of the Borrower and which is upon fair and reasonable terms not less favorable to

- the Borrower than it would obtain in a comparable arms-length transaction.
- Change of Business:** None of the Borrower and its Subsidiaries will change its principal business activity without the prior written consent of CIBC.
- Restricted Payments:** The Borrower will not pay any dividends, make any capital payments or redemptions or make any gifts or gratuities to affiliated persons.
- Financial Assistance:** The Borrower will not provide any financial assistance by means of loan, guarantee of Debt or otherwise to any person, except in favor of CIBC.
- Change of Control:** There shall be no change in the effective control of the Borrower, as determined by CIBC, so long as any Credit is in effect.
- Material Adverse Effect:** No Material Adverse Effect shall occur.

Conditions Precedent

- Conditions Precedent:** In addition to the documentation specified in section 5.1 of Schedule A hereto, the obligation of CIBC to make available any Credit is subject to CIBC's receipt of the following, in form and substance satisfactory to CIBC:
- (a) satisfactory business, financial, and legal diligence, including receipt of the latest board approved budget/forecast for F2021, management and investor interviews, and customer verification, to be coordinated with the Borrower;
 - (b) receipt of all documentation and other information required with respect to the Borrower(s) under applicable "know-your-customer and anti-money laundering rules and regulations;
 - (c) execution and delivery of acceptable credit and security documentation;
 - (d) at CIBC's option, a Field Exam of accounts receivable by an outside auditory to be

conducted prior to the Closing Date and at each annual anniversary date, costs for the account of the Borrower;

- (e) at CIBC's option, a Field Exam of MRR by an outside auditor to be conducted prior to the Closing Date and at each annual anniversary date, costs for the account of the Borrower;
- (f) satisfactory confirmation of hypothecation of USD \$150,000 security pledge for the Demand VISA Credit Facility
- (g) borrowing base certificate;
- (h) guarantee by Export Development Canada ("**EDC**") in the amount of 50.00% of the Facilities available at close to be in place at closing;
- (i) the Borrower shall have provided CIBC with evidence of \$4,000,000.00 USD equity raise;
- (j) No material adverse change.

Reporting Requirements

Reporting Requirements:

The Borrower will provide to CIBC:

- (a) within 30 days after the end of each month, a borrowing base certificate;
- (b) within 30 days after the end of each fiscal quarter, an aged accounts receivable and accounts payable listing;
- (c) within 30 days after the end of each fiscal quarter (except the last fiscal quarter in each fiscal year), the unaudited consolidated financial statements of the Borrower for such quarter, prepared in accordance with IFRS;
- (d) within 30 days of each month, a Compliance Certificate;

- (e) within 120 days after the end of each fiscal year, the unqualified audited reviewed consolidated financial statements of the Borrower for such year, prepared in accordance with IFRS;
- (f) within 30 days after the end of each fiscal year, a business plan/forecast for the Borrower for its next fiscal year, including quarterly projected balance sheets, income statements and cash flows and financial covenant calculations for such next fiscal year;
- (g) within 30 days after the termination expiry of the policy, a report from the applicable insurance broker addressed to CIBC confirming the particulars of each policy of insurance required to be maintained hereunder; and
- (h) all reasonable board and board subcommittee materials contemporaneously with members of the board of directors of the Borrower

Fees

Other: All out of pocket costs including with limitation, legal costs for the account of the Borrower.

Other Provisions

Schedule A: The attached Schedule A, which contains certain additional provisions applicable to the Credits, and certain definitions, forms part of this Agreement.

Notice of Borrowing: Whenever the Borrower desires to obtain any amount under a Facility (other than by way of a permitted overdraft), it will give to CIBC irrevocable prior written notice as specified in Schedule A hereto.

Interest on Excess Amounts: The interest rate applicable to any outstanding amount under a Credit which is in excess of the limit of such Credit shall be the Interest Rate Applicable to Credit Limit Excesses specified in Schedule A hereto.

Interest on Overdue Amounts: Interest on overdue amounts is payable as specified in Schedule A hereto.

- Interest Payment Dates:** Except with respect to interest on amounts in default, which is payable on demand, or as otherwise specified herein or in Schedule A hereto, interest and fees will be calculated and payable monthly in arrears on the last day of the month and on the maturity date for the Revolver.
- Communications:** Any communication or notice to be given with respect to the Credits may be effectively given by delivering the same at the addresses set out on the signature page hereof, or by sending the same by email or prepaid registered mail to the parties at such addresses. Any notice so mailed will be deemed to have been received on the tenth day next following the mailing thereof, provided that postal service is in normal operation during such time. Any email notice will be deemed to have been received on transmission if sent on a Business Day and, if not, on the next Business Day following transmission. Either party may from time to time notify the other party, in accordance with this section, of any change of its address which thereafter will be the address of such party for all purposes of the Credits.
- Counterparts and Electronic Delivery:** This letter and all Security may be signed in counterparts by the Borrower and CIBC. This letter may be executed in facsimile or by other electronic means, delivery of which shall be effective as delivery of a manually executed counterpart of this letter.
- Replacements:** This letter supersedes and replaces all prior discussions, letters and agreements (if any) describing the terms and conditions of any credit facility established by CIBC in favour of the Borrower.
- Press Releases:** Borrowers agree that Bank may issue a press release announcing the financing pursuant to this Agreement and may display any Borrower's logo on its website and other marketing materials consistent with Bank's practices with respect to its loan portfolio.

[Remainder of this page intentionally left blank]

Please indicate your acceptance of these terms by signing below and returning the enclosed copy to our attention no later than April 20, 2021.

Yours truly,

Address:
199 Bay Street, 4th Floor, Toronto
ON M5L 1A2

CANADIAN IMPERIAL BANK OF COMMERCE

Attention: Amy Olah

By: _____

Name: Amy Olah
Title: Authorized Signatory

By: _____

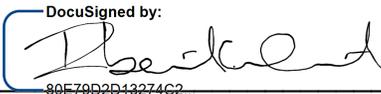
Name: Patrick Klos
Title: Authorized Signatory

Accepted this April 20, 2021

Address:
319 McRae Avenue #701
Ottawa, ON K1Z 0B9

TEHAMA INC.

Attention: Robert White

By:  _____
80E70D2D13274C2...

Email: white@tehama.io

Name: Robert White
Title: Chief Financial Officer

Accepted this April 20, 2021

Please indicate your acceptance of these terms by signing below and returning the enclosed copy to our attention no later than April 20, 2021.

Yours truly,

Address:
199 Bay Street, 4th Floor, Toronto
ON M5L 1A2

CANADIAN IMPERIAL BANK OF COMMERCE

Attention: Amy Olah

By: 

Name: Amy Olah
Title: Authorized Signatory

By: 

Name: Patrick Klos
Title: Authorized Signatory

Accepted this April 20, 2021

Address:
319 McRae Avenue #701
Ottawa, ON K1Z 0B9

TEHAMA INC.

Attention:
Email:

By: _____

Name:
Title:

Accepted this April 20, 2021

SCHEDULE A - ADDITIONAL DEFINITIONS AND PROVISIONS FOR DEMAND & TERM FACILITIES

1. GENERAL

1.1 **Use of Funds, Returns.** The Borrower will use the Credits only for the purposes specified in this Agreement. The Borrower may not at any time exceed the limit of any Credit, and CIBC may, without notice to the Borrower, return any item that, if paid, would result in the limit of any Credit being exceeded. If, on the other hand, CIBC in its sole discretion elects to pay any such item, the Borrower will pay to CIBC immediately the amount by which the limit of the applicable Credit has been exceeded.

1.2 **Notice of Failure.** The Borrower will promptly notify CIBC of the occurrence of any failure to perform or observe any of its covenants in this Agreement.

1.3 **Confidentiality.** The terms of this Agreement are confidential between the Borrower and CIBC, and accordingly the Borrower will not disclose the contents of this Agreement to anyone except its professional advisors.

1.4 **Applying money received.** At any time that the Borrower has failed (beyond any period of grace permitted by CIBC) to perform or observe any of its covenants in this Agreement, all moneys received by CIBC from the Borrower or from any Security may be applied on such parts of the Borrower's liabilities to CIBC as CIBC may determine.

1.5 **Right of Set-Off.** At any time that the Borrower has failed (beyond any period of grace permitted by CIBC) to perform or observe any of its covenants in this Agreement, CIBC is authorized at any time to set-off and apply any deposits held by it and any other amounts owed by it to or for the credit of the Borrower against any and all of the obligations of the Borrower with respect to the Credits, irrespective of whether or not CIBC has made any demand and even though any such obligations may not yet be due and payable.

1.6 **Registration of Security.** The Security will be registered or filed in all jurisdictions and in all offices as CIBC considers necessary or advisable from time to time to create, perfect or protect any Lien created thereby.

1.7 **Expenses.** The Borrower will reimburse CIBC for all fees and out-of-pocket expenses (including the reasonable fees and expenses of CIBC's solicitors and of any other experts and advisors hired by CIBC) incurred by CIBC in preparing and registering any Security, in responding to requests from the Borrower for waivers, amendments and other matters, in exercising its rights under this Agreement or any Security, and in enforcing any Security.

1.8 **Further information requirements.** The Borrower will provide such further information about its business and its Subsidiaries as is reasonably requested by CIBC from time to time, and such information shall be in a form acceptable to CIBC.

1.9 Consent to release information. CIBC may from time to time give any credit or other information about the Borrower to, or receive such information from, (i) any financial institution, credit reporting agency, rating agency or credit bureau, (ii) any person, firm or corporation with whom the Borrower may have or proposes to have financial dealings, and (iii) any person, firm or corporation in connection with any dealings the Borrower has or proposes to have with CIBC. The Borrower agrees that CIBC may use that information to establish and maintain the Borrower's relationship with CIBC and to offer any services as permitted by law, including services and products offered by CIBC's Subsidiaries when it is considered that this may be suitable to the Borrower.

1.10 Instructions by fax, phone and e-mail. The Borrower may deliver, and CIBC may accept, instructions by fax, telephone (including cellular phone) and internet e-mail ("**Electronic Communication**"), according to CIBC-approved procedures, which procedures may be limited to particular types of communications or services. Unless the Borrower expressly indicates otherwise, the Borrower agrees that CIBC may also communicate with the Borrower by e-mail or fax. This may include (i) CIBC sending confidential information to the Borrower, at the Borrower's request; or (ii) the Borrower sending confidential information to CIBC. An Electronic Communication may not be a secure means of communication and the Borrower assumes responsibility for the risks of using Electronic Communications including, without limitation, the possibility that an Electronic Communication is: intercepted by or sent to an unauthorized person, misunderstood, lost, delayed, or not received by CIBC at all. CIBC is entitled to rely upon any Electronic Communication from or purporting to be from the Borrower, as if such instructions were given in writing. However, CIBC may choose not to act upon an Electronic Communication if it believes that the Electronic Communication is unauthorized, incorrect or unclear. CIBC shall not be liable for, and the Borrower will indemnify and save CIBC harmless from, any claims, losses, damages, liabilities and expenses that CIBC incurs (other than those due to CIBC's gross negligence or wilful misconduct) including among other things all legal fees and expenses, arising from CIBC acting or declining to act on any of your Electronic Communications given under this Agreement. This indemnity is in addition to any other indemnity or assurance against loss provided by you to CIBC under this Agreement or otherwise.

1.11 Further Assurances. The Borrower will, and will ensure that each of its Subsidiaries will, from time to time promptly upon request by CIBC do and execute all such acts and documents as may be reasonably required by CIBC to give effect to the Credits and the Security, and to any transfer pursuant to section 1.16 of this Schedule.

1.12 Insurance. The Borrower will, and will ensure that each of its Subsidiaries will, keep all its respective assets and property insured (to the full insurable value) against loss or damage by fire and all other risks usual for similar property and for any other risks CIBC may reasonably require. If CIBC requests, these policies will include a loss payable clause (and with respect to mortgage security, a mortgagee clause) in favour of CIBC. As further security, the Borrower assigns all insurance proceeds to CIBC. The Borrower will provide to CIBC either the policies themselves or adequate evidence of

their existence. If any insurance coverage for any reason stops, CIBC may (but shall have no obligation to) insure the property. The Borrower will notify CIBC immediately of any loss or damage to any such asset or property.

1.13 Environmental. The Borrower will, and will ensure that each of its Subsidiaries will, carry on its business, and maintain its assets and property in accordance with all applicable environmental laws and regulations. If there is any release, deposit, discharge or disposal of pollutants of any sort (collectively, a “**Discharge**”) in connection with the business or property of the Borrower or any of its Subsidiaries, and CIBC pays any fines or for any clean-up suffers any loss or damage as a result of the Discharge, the Borrower will reimburse CIBC, its directors, officers, employees and agents for any and all losses, damages, fines, costs and other amounts (including amounts spent preparing any necessary environmental assessment or other reports, or defending any lawsuits) that result. If CIBC asks, the Borrower will defend any lawsuits, investigations or prosecutions brought against CIBC or any of its directors, officers, employees and agents in connection with any Discharge. The Borrower’s obligation under this section continues even after all Credits have been repaid and this Agreement has terminated.

1.14 Related Transactions. None of the Borrower and its Subsidiaries will enter into any transaction, including the purchase, sale or exchange of any property or the rendering of any services, with any of its shareholders or with any of its Affiliates, or with any of its or their directors or officers, or enter into, assume or permit to exist any employment, consulting or analogous agreement or arrangement with any such shareholder or Affiliate or with any of its directors or officers, except a transaction or agreement or arrangement which is in the ordinary course of business of the Borrower or such Subsidiary and which is upon fair and reasonable terms not less favourable to the Borrower or its applicable Subsidiary than it would obtain in a comparable arms-length transaction.

1.15 Waiver. No delay on the part of CIBC in exercising any right or privilege will operate as a waiver thereof, and no waiver of any failure or default will operate as a waiver thereof unless made in writing and signed by an authorized officer of CIBC, or will be applicable to any other failure or default.

1.16 Assignment. CIBC may assign, sell or participate (herein referred to as a “**transfer**”) all or any part of its rights and obligations under all or any of the Credits to any third party, and the Borrower agrees to sign any documents and take any actions that CIBC 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 Agreement as if it were a party to it, with respect to all rights and obligations included in the transfer. The Borrower may not assign any of its rights or obligations under any of the Credits.

1.17 Authorized Debits. The Borrower authorizes CIBC to debit its Operating Account for any interest, fees or other amounts that are payable by the Borrower to CIBC with respect to the Credits, as and when such amounts are payable.

1.18 Communications. Any communication or notice to be given with respect to the Credits may be effectively given by delivering the same at the addresses set out on the signature page of this Agreement, or by sending the same by email or prepaid registered mail to the parties at such addresses. Any notice so mailed will be deemed to have been received on the tenth day next following the mailing thereof, provided that postal service is in normal operation during such time Any email notice will be deemed to have been received on transmission if sent on a Business Day and, if not, on the next Business Day following transmission. Either party may from time to time notify the other party, in accordance with this section, of any change of its address which thereafter will be the address of such party for all purposes of the Credits.

1.19 Governing Law. This Agreement shall be governed by the laws of Ontario, and the Borrower submits itself to the jurisdiction of any competent federal or provincial court in such jurisdiction.

1.20 Certain Definitions. In this Agreement the following terms have the following meanings:

“Account” means a monetary obligation not evidenced by chattel paper or an instrument, whether or not it has been earned by performance, but does not include investment property.

“Account Debtor” means a person obligated on an Account.

“Accrued Tax Credits” means the accrued but unfiled federal and provincial Scientific Research and Experimental Development (**“SRED”**) tax credits in respect of the current tax year of the Borrower which (a) comply in all respects with this Agreement, and (b) are earned by and will be owing to Borrower by Her Majesty the Queen in right of Canada or in right of any Province of Canada to be claimed by Borrower in its annual federal and provincial corporate tax returns (such returns to be filed within one hundred eighty (180) days of Borrower’s fiscal year end) and are acceptable to CIBC in all respects, each of which have been assigned to CIBC and in respect of which Borrower has completed the appropriate direction and assignment documentation, which will, among other things, direct the Minister of Revenue to pay to CIBC all amounts to be paid to Borrower pursuant to such Accrued Tax Credits.

“Affiliate” means, with respect to any person, any other person who directly or indirectly controls, is controlled by, or is under direct or indirect common control with, such person, and includes any person in like relation to an Affiliate. A person shall be deemed to control another person if the first person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of the other person, whether through the ownership of voting securities, by contract or otherwise.

“Agreement” means the attached letter agreement between CIBC and the Borrower, including this Schedule and any other Schedules thereto, as the same may be amended or supplemented from time to time.

“Business Day” means (i) with respect to any amount denominated in Canadian dollars and all matters pertaining thereto, any day excluding Saturday, Sunday and any day which is a legal holiday in Toronto, Canada, and (ii) with respect to any amount denominated in US dollars and all matters pertaining thereto, any day excluding Saturday, Sunday or any day which is a legal holiday in New York, U.S.A., or Toronto, Canada.

“Compliance Certificate” means an Officer’s Certificate in the form prescribed by CIBC and stating, as of the applicable date, (i) that the Borrower is not in default of the observance or performance of any of its covenants in this Agreement (or describing any default then existing), (ii) that all representations and warranties contained in this Agreement are true and accurate as if made on and as of such date (or describing any thereof that are not then true and accurate), (iii) the particulars and calculation of all financial covenants of the Borrower contained in this Agreement. Unless otherwise prescribed by CIBC, a Compliance Certificate shall be substantially in the form attached as Exhibit 1 to this Schedule A.

“Copyrights” means any and all copyright rights, copyright applications, copyright registrations and like protections in each work of authorship and derivative work thereof, whether published or unpublished and whether or not the same also constitutes a trade secret.

“Eligible Accrued Tax Credits Receivable” will include those tax credits that will be filed with Canada Revenue Agency within the next 12 months of the last tax year-end tax filing that are accompanied with proper documentation to be determined at the sole discretion of CIBC as well as signed compliance certificates by senior management that the Borrower will be entitled to specified Research and Development Tax Credits. Bank will look back to beginning of the tax year and provide a one-time advance at closing based on accruals to date. Advances will be made monthly based on actual expenses incurred during the prior month.

“Eligible EDC Insured Accounts” will include those accounts receivable insured by Export Development Canada (“EDC”), which are outstanding less than 120 days from invoice date subject to certain exclusions for contra and inter-company accounts. EDC insurance coverage policy to be provided for each insured account.

“Eligible Inventory” will include Raw Materials and Finish Goods.

“Eligible Tax Credits” means the unpaid filed SRED tax credits (in respect of the then previous fiscal year only), as certified by an accountant or consultant acceptable to CIBC, which (a) comply in all respects with this Agreement, and (b) are earned by and owing to Borrower by Her Majesty the Queen in right of Canada or in right of any Province of Canada properly claimed by Borrower in its annual federal or provincial corporate tax return (such return to be filed within one hundred eighty (180) days of Borrower’s fiscal year end) and certified as such in writing by Borrower’s auditor or consultant (acceptable to CIBC) and are acceptable to CIBC in all respects, each of which have been assigned

to CIBC and in respect of which Borrower has completed and delivered to CIBC the appropriate direction and assignment documentation, which will, among other things, direct the Minister of Revenue to pay to CIBC all amounts to be paid to Borrower pursuant to such Eligible Tax Credits.

“Event of Default” means any of the following events or circumstances:

- (i) if the Borrower fails to pay any amount when due and payable hereunder;
- (ii) if the Borrower defaults in the performance or observance of any negative covenant contained herein, or of any other term or covenant contained herein if such other default continues for 30 days or more;
- (iii) if any representation or warranty contained in this Agreement or the Security or in any certificate delivered to CIBC by or on behalf of the Borrower is untrue in any material respect on the date as of which it was made;
- (iv) if an aggregate amount exceeding \$50,000 USD owed by the Borrower or its Subsidiaries is not paid when due or the maturity thereof is accelerated;
- (v) if any obligation of the Borrower and its Subsidiaries to CIBC is or becomes unenforceable or if the enforceability thereof is disputed, or if any of the Security ceases to constitute a Lien of the nature and priority contemplated by this Agreement;
- (vi) if any of the Borrower and its Subsidiaries commits an act of bankruptcy under the Bankruptcy and Insolvency Act (Canada), or if any insolvency proceeding or proceeding for its winding up, liquidation or dissolution is commenced by or against any of them and is not being contested in good faith, or publicly announces or admits in writing its inability to pay its debts generally as they become due, or suspends or threatens to suspend transaction of all or any substantial part of its usual business, or any action is taken by any of the Borrower and its Subsidiaries or any shareholder of any of them in furtherance of any of the foregoing;
- (vii) if an encumbrancer (including without limitation an execution creditor) takes possession of any property of any of the Borrower and its Subsidiaries which in the opinion of CIBC is material;
- (viii) if there exists for three Business Days any final judgement of a court of competent jurisdiction against any of the Borrower and its Subsidiaries which has not been satisfied in full (exclusive of any amount adequately covered by insurance);
- (ix) if in the reasonable opinion of CIBC there has occurred any event which has had a Material Adverse Effect; or
- (x) if there is any change in the effective control of the Borrower, as determined by CIBC.

“Gross Retention Rate” means, for each twelve (12) month period, the number equal to: (i) the Recurring Revenue for the month prior to the beginning of each period minus the Recurring Revenue Churn during such period, divided by (ii) the Recurring Revenue for the month prior to the beginning of such period, represented as a percentage. Notwithstanding the foregoing, in no event shall the Gross Retention Rate exceed 100%.

“Intellectual Property” means all of a Person’s right, title and interest in and to the following: (i) its Copyrights, Trademarks and Patents, (ii) any and all trade secrets and trade secret rights, (iii) any and all source code, (iv) any and all design rights, (v) any and all claims for damages by way of past, present and future infringement of any of the foregoing, with the right, but not the obligation, to sue for and collect such damages for said use or infringement of the intellectual property rights described above and (vi) all amendments, renewals and extensions of the any of the Intellectual Property described above.

“IFRS” means those accounting principles which are recognized as being generally accepted in Canada from time to time as set out in the handbook published by the Chartered Professional Accountants of Canada.

“Inventory Value” means, at any time, the inventory of the Borrower and its Subsidiaries (which shall not include any work-in-process for the purpose of this definition) then existing, less any inventory that (i) is not located in Ontario, (ii) is not subject to the applicable duly perfected Liens created by the Security, (iii) is subject to any Lien other than as specifically permitted by CIBC, (iv) is located in or on leased premises unless the applicable lessor has waived all Liens that may at any time be held by such lessor in respect of any inventory, (v) is obsolete or not readily saleable in the ordinary course of business, all valued at the lower of cost and market on a first-in, first-out basis, (vi) that has not been paid for in full and is subject to a right of repossession by the seller thereof; or (vii) that is otherwise excluded by CIBC in its reasonable discretion.

“Investment” means, with respect to any person, any direct or indirect investment in or purchase or other acquisition of the securities of or any equity interest in any other person, any loan or advance to, or arrangement for the purpose of providing funds or credit to (excluding extensions of trade credit in the ordinary course of business in accordance with customary commercial terms), or capital contribution to, any other person, or any purchase or other acquisition of all or substantially all of the property of any other person. **“Lien”** includes without limitation a mortgage, hypothec, whether legal or conventional lien, Prior Ranking Claims, security interest, prior claim, charge or encumbrance of any sort on any property or asset, and includes conditional sales contracts, title retention agreements, capital trusts, capital leases and leasing.

“Material Adverse Effect” means a material adverse effect on the business, property, condition (financial or otherwise) or prospects of the Borrower and its Subsidiaries, considered as a whole, or a material adverse effect on the ability of any of the Borrower

and its Subsidiaries to perform its obligations under any of this Agreement and the Security to which it is a party.

“Monthly Statement of Available Credit” means an Officer’s Certificate stating, the amount and particulars of calculation of Receivable Value, Inventory Value (if applicable) and Prior Ranking Claims, and the resulting maximum available amount and undrawn amount of the Revolver, as of a specified date.

“Normal Course Lien” means, at any time, the following:

- (i) Liens for taxes and other undetermined or inchoate Liens arising in the ordinary course of business which relate to amounts not overdue or a claim for which has not been filed or registered pursuant to applicable law;
- (ii) easements, rights-of-way, restrictions and other similar encumbrances arising in the ordinary course of business which, in the aggregate, are not substantial in amount, and which do not in any case materially detract from the value or use of the property subject thereto;
- (iii) Liens created by the Security and other Liens consented to in writing by CIBC;

“Officer’s Certificate” means a certificate, in form satisfactory to CIBC, signed by a senior officer of the Borrower.

“Operating Account” means any Canadian dollar or US dollar account of the Borrower with CIBC as is selected by CIBC from time to time for the purposes hereof.

“Patents” means all patents, patent applications and like protections including without limitation improvements, divisions, continuations, renewals, reissues, extensions and continuations-in-part of the same.

“Prior Ranking Claims” means, at any time, any liability of any of the Borrower and its Subsidiaries that ranks, in right of payment in any circumstances, equal to or in priority to any liability of the Borrower or such Subsidiary to CIBC, and may include unpaid wages, salaries and commissions, unremitted source deductions for vacation pay, arrears of rent, unpaid taxes, amounts owed in respect of worker’s compensation, amounts owed to unpaid vendors who have a right of repossession, and amounts owing to creditors which may claim priority by statute or under a Purchase Money Lien.

“Purchase Money Lien” means any Lien which secures a Purchase Money Obligation permitted by this Agreement, provided that such Lien is created not later than 30 days after such Purchase Money Obligation is incurred and does not affect any asset other than the asset financed by such Purchase Money Obligation.

“Purchase Money Obligation” means any Debt (including without limitation a capitalized lease obligation) incurred or assumed to finance all or any part of the

acquisition price (and not exceeding the fair market value) of any asset acquired by any of the Borrower and its Subsidiaries.

“Receivable Value” means, at any time, the receivables of the Borrower and its Subsidiaries then existing, less any receivable that (i) is not then subject to the applicable duly perfected Liens created by the Security, (ii) is subject to any Lien other than as specifically permitted by CIBC, (iii) is payable more than 30 days after the date of shipment of the inventory or the provision of the service that created such receivable, (iv) has been outstanding for 90 days or more, (v) is subject to any offset or counterclaim by the applicable account debtor, (vi) is owed by any person whose principal place of business is located outside Canada or the United States of America, (vii) is payable in a currency other than Canadian or American legal tender, (viii) is owed by an Affiliate of the Borrower or any employee, agent or representative of the Borrower or of any such Affiliate, (ix) with respect to which a cheque, note, draft or other payment instrument has not been honoured in accordance with its terms, or (x) has been specifically identified by CIBC as an excluded receivable for the purpose hereof or is owed by any person that is insolvent or is otherwise doubtful of collection in the reasonable opinion of CIBC.

“Recurring Revenue” means revenue generated from the Borrower’s recurring subscription-based sales and recurring support sales made pursuant to a customer service agreement with the Borrower or any of the Guarantors that have executed a general security agreement in favour of CIBC.

“Recurring Revenue Churn” means the amount of monthly Recurring Revenue lost from cancelled, reduced or discontinued customer service agreements during any period.

“Security” means, collectively, all of the items of security held by CIBC for the indebtedness and liabilities, or any part thereof, of the Borrower to CIBC.

“Subsidiary” or “Subsidiaries” of any person means any other person of which shares or other equity units having ordinary voting power to elect a majority of the board of directors or other individuals performing comparable functions, or which are entitled to or represent more than 50% of the owners’ equity or capital or entitlement to profits, are owned beneficially or controlled, directly or indirectly, by any one or more of such first person and the Subsidiaries of such first person, and shall include any other person in like relationship to a Subsidiary of such first person.

“Trademarks” means any trademark and servicemark rights, whether registered or not, applications to register and registrations of the same and like protections, and the entire goodwill of the business of Borrower connected with and symbolized by such trademarks.

2. INTEREST RATES; PAYMENTS; CALCULATIONS

2.1 **Variable interest.** Each variable interest rate provided for in this Agreement will change automatically, without notice, whenever the CIBC Prime Rate or the WSJ Rate, as the case may be, changes.

2.2 Payment of interest. Interest is calculated on the applicable balance at the end of each day. Interest is payable in arrears once a month on the day required by CIBC, unless otherwise specified in this Agreement, and interest on amounts in default is payable on demand.

2.3 Interest Rate Applicable to Credit Limit Excesses. The Interest Rate Applicable to Credit Limit Excesses will be charged on the amount outstanding under a Credit that exceeds the limit of such Credit, and if there are several parts of a Credit, the Interest Rate Applicable to Credit Limit Excesses will be charged if the limit of a particular part is exceeded. To determine if the limit of a Credit has been exceeded, any amount in a currency other than the currency in which the limit is designated will be converted into that currency, as described in section 2.10 of this Schedule.

2.4 Interest on Overdue Amounts. Except as otherwise specified herein, if any principal is not paid when due, such overdue principal will bear interest (as well after as before judgement), payable on demand, at the interest rate applicable to such principal prior to default, and interest will be payable on overdue interest (as well after as before judgement) at the same rate as is applicable to the related principal. If any amount is not paid by the Borrower when due and there is no interest otherwise applicable to such amount specified herein, such overdue amount will bear interest (as well after as before judgement), payable on demand, at a rate per annum equal at all times to the CIBC Prime Rate plus 5% (in the case of any such amount payable in Canadian dollars) or the WSJ Rate plus 5% (in the case of any such amount payable in US dollars) from the date of non-payment until paid in full.

2.5 Reductions of Limit of Credits. On or prior to each date on which the limit of any Credit is reduced, the Borrower will repay such outstanding amounts thereunder, if any, as are necessary so that, after giving effect to the repayment, the total of all amounts outstanding under such Credit does not exceed the limit as so reduced.

2.6 Payments. If any payment is due on a day other than a Business Day, such payment will be due on the next Business Day.

2.7 CIBC's pricing policy. The fees, interest rates and other charges for the Borrower's banking arrangements with CIBC are dependent upon each other. Accordingly, if the Borrower cancels or does not follow through with, in the manner originally contemplated, any of these arrangements, CIBC reserves the right to require payment by the Borrower of increased or added fees, interest rates and charges as a condition of the continuation of the Borrower's banking arrangements.

2.8 Calculations. The following terms apply to all calculations under the Credits:

- (a) CDOR, Federal Funds Rate, CIBC Prime Rate and WSJ Rate shall be determined by CIBC if and whenever such determination is required for the purpose of this

Agreement, and such determination by CIBC shall be conclusive evidence of such rate.

(b) All interest and fees hereunder shall be computed on the basis of the actual number of days elapsed divided by 365. Any such applicable interest rate, expressed as an annual rate of interest for the purpose of the *Interest Act* (Canada), shall be equivalent to such applicable interest rate multiplied by the actual number of days in the calendar year in which the same is to be determined and divided by 365.

(c) In calculating interest or fees payable hereunder for any period, unless otherwise specifically stated, the first day of such period shall be included and the last day of such period shall be excluded.

2.9 CIBC's Records. CIBC's loan accounting records will provide conclusive evidence of all terms and conditions of the Credits such as principal loan balances, interest calculations, and payment dates.

2.10 Foreign Currency Conversion. If it is necessary for any purpose relating to the Credits that an amount denominated in a currency other than Canadian dollars be expressed in or equated to an amount of Canadian dollars (such as, for example, to determine whether amounts denominated in US dollars that are outstanding under a Credit which has a limit specified in Canadian dollars exceed the limit of such Credit so as to make applicable the Interest Rate Applicable to Credit Limit Excesses), the applicable amount of Canadian dollars shall be determined by CIBC in accordance with its normal practice.

2.11 Deemed Re-Investment Principle. For the purpose of the *Interest Act* (Canada) and any other purpose, the principle of deemed re-investment of interest is not applicable to any calculation under this Agreement, and the rates of interest and fees specified in this Agreement are intended to be nominal rates and not effective rates or yields.

2.12 Certain Definitions. If and whenever required for the purpose of this Agreement, the following terms have the following definitions:

"CDOR" means, for any day, the average of the annual discount rates for bankers' acceptances denominated in Canadian dollars of certain banks named in Schedule 1 to the *Bank Act* (Canada) for a specified term that appears on the CDOR page of the Reuters Screen as of 10:00 a.m. on such day (or, if such day is not a Business Day, as of 10:00 a.m. on the next preceding Business Day).

"Federal Funds Rate" means, for any day, an annual interest rate equal to the weighted average of the rates on overnight United States federal funds transactions with members of the Federal Reserve System arranged by United States federal funds brokers, as published for such day (or, if such day is not a business day in New York, for the next

preceding business day in New York) by the Federal Reserve Bank of New York, or for any such business day on which such rate is not so published, the arithmetic average of the quotations for such day on such transactions received by CIBC from three United States federal funds brokers of recognized standing selected by it.

“**Interest Rate Applicable to Credit Limit Excesses**” means the annual interest rate generally established by CIBC from time to time for the purpose of calculating interest on overdrafts in accounts maintained with CIBC in Canada.

3. **NOTICE OF BORROWING; NOTICE OF REPAYMENT; OVERDRAFTS**

3.1 **Notice of Borrowing.** Whenever the Borrower desires to obtain any amount under a Credit (other than a loan by way of a permitted overdraft), it will give to CIBC irrevocable prior written notice (a “**Notice of Borrowing**”) specifying the Credit under which such amount is to be obtained and the particulars of such amount including the Business Day on which such amount is to be obtained. A notice requesting any loan in an amount exceeding \$10,000,000 or US \$10,000,000 must be given not later than 10:00 a.m. on the Business Day preceding the applicable borrowing date.

3.2 **Notice of Repayment.** Whenever the Borrower desires to make any repayment or repayments under one or more of the Credits in an aggregate amount exceeding \$10,000,000 (or an equivalent amount in any other currency) on any day, it will give to CIBC irrevocable written notice specifying the particulars of such repayment not later than 10:00 a.m. on the Business Day preceding the applicable repayment date.

3.3 **Overdrafts.** If the Borrower is entitled under any Credit to obtain loans in Canadian dollars or US dollars by way of overdraft, the debit balance in the Borrower’s applicable Operating Account from time to time will be deemed to be a loan in Canadian dollars or US dollars, as the case may be, outstanding to the Borrower under such Credit and bearing interest as set out in this Agreement for loans in such currency under such Credit. If at any time the Borrower is a party to a cash concentration arrangement with CIBC, the amount of any overdraft from time to time in the Canadian dollar or US dollar concentration account of the Borrower established pursuant to such arrangement will also be deemed to be a loan in Canadian dollars or US dollars, as applicable, outstanding to the Borrower under the applicable Credit and bearing interest as set out above on the basis of the CIBC Prime Rate or the WSJ Rate, as the case may be.

4. **INDEMNITIES**

4.1 **Reserve Indemnity.** If subsequent to the date of this Agreement any change in or introduction of any applicable law, or compliance by CIBC with any request or directive by any central bank, superintendent of financial institutions or other comparable authority, shall subject CIBC to any tax with respect to the Credits or change the basis of taxation of payments to CIBC of any amount payable under the Credits (except for changes in the rate of tax on the overall net income of CIBC), or impose any capital maintenance or capital adequacy requirement, reserve requirement

or similar requirement with respect to the Credits, or impose on CIBC any other condition or restriction, and the result of any of the foregoing is to increase the cost to CIBC of making or maintaining the Credits or any amount thereunder or to reduce any amount otherwise received by CIBC under the Credits, CIBC will promptly notify the Borrower of such event and the Borrower will pay to CIBC such additional amount calculated by CIBC as is necessary to compensate CIBC for such additional cost or reduced amount received. A certificate of CIBC as to any such additional amount payable to it and containing reasonable details of the calculation thereof shall be conclusive evidence thereof.

4.2 Currency Indemnity. Interest and fees hereunder shall be payable in the same currency as the principal to which they relate. Any payment on account of an amount payable in a particular currency (the “**proper currency**”) made to or for the account of CIBC in a currency (the “**other currency**”) other than the proper currency, whether pursuant to a judgement or order of any court or tribunal or otherwise and whether arising from the conversion of any amount denominated in one currency into another currency for any purpose, shall constitute a discharge of the Borrower’s obligation only to the extent of the amount of the proper currency which CIBC is able, in the normal course of its business within one Business Day after receipt by it of such payment, to purchase with the amount of the other currency so received. If the amount of the proper currency which CIBC is able to purchase is less than the amount of the proper currency due to CIBC, the Borrower shall indemnify and save CIBC harmless from and against any loss or damage arising as a result of such deficiency.

4.3 Tax Indemnity. All payments by the Borrower under this Agreement shall be made free and clear of, and without reduction for or on account of, any present or future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, other than taxes imposed on the overall net income of CIBC or franchise taxes, taxes on doing business or taxes measured by the capital or net worth of CIBC (collectively “**Excluded Taxes**”), now or hereafter imposed, levied, collected, withheld or assessed by any country or any political subdivision thereof (collectively “**Taxes**”); provided, however, that if any Taxes are required to be withheld from any interest or other amount payable to CIBC hereunder, the amount so payable to CIBC shall be increased to the extent necessary to yield to CIBC, on a net basis after payment of all Taxes and after payment of all Excluded Taxes imposed by any relevant jurisdiction on any additional amounts payable under this section, interest or any such other amount payable hereunder at the rate or in the amount specified in this Agreement. The Borrower shall be fully liable and responsible for and shall, promptly following receipt of a request from CIBC, pay to CIBC any and all sales, goods and services taxes payable under the laws of Canada or any political subdivision thereof with respect to any and all goods and services made available hereunder to the Borrower by CIBC, and such taxes shall be included in the definition of “Taxes” for all purposes hereof. Whenever any Taxes are payable by the Borrower, as promptly as possible thereafter it shall send to CIBC, a certified copy of an original official receipt showing payment thereof. If the Borrower fails to pay any Taxes when due or fails to remit to CIBC as aforesaid the required documentary evidence thereof, the Borrower shall indemnify and save

harmless CIBC from any incremental taxes, interest, penalties or other liabilities that may become payable by CIBC or to which CIBC may be subjected as a result of any such failure. A certificate of CIBC as to the amount of any such taxes, interest or penalties and containing reasonable details of the calculation thereof shall be *prima facie* evidence thereof.

4.4 Default Indemnity. The Borrower shall indemnify and save harmless CIBC from all claims, demands, liabilities, damages, losses, costs, charges and expenses, including any loss or expense arising from interest or fees payable by CIBC to lenders of funds obtained by it in order to make or maintain any amount under the Credits and any loss or expense incurred in liquidating or re-employing deposits from which such funds were obtained, which may be incurred by CIBC as a consequence of (i) default by the Borrower in the payment when due of any amount hereunder or the occurrence of any other default relative to any of the Credits, (ii) default by the Borrower in obtaining any amount after the Borrower has given notice hereunder that it desires to obtain such amount, (iii) default by the Borrower in making any optional repayment of any amount after the Borrower has given notice hereunder that it desires to make such repayment, or (iv) the repayment of any loan on which interest is payable at a fixed annual rate otherwise than on the expiration of the fixed interest rate period applicable thereto, or the repayment of any other amount otherwise than on any specified maturity date thereof. A certificate of CIBC as to any such loss or expense and containing reasonable details of the calculation thereof shall be *prima facie* evidence thereof.

5. CONDITIONS PRECEDENT

5.1 Conditions Precedent to the Initial Amount

CIBC shall not be obliged to make available the initial amount under any Credit unless it shall have received (a) all required Security, which shall have been duly registered and filed as required hereby, (b) such financial and other information relating to the Borrower and its Subsidiaries, and any guarantor, as CIBC shall have reasonably requested, (c) confirmation of all insurance maintained by the Borrower and its Subsidiaries, and such insurance shall comply with the requirements of this Agreement, (d) payment of all fees and other amounts which shall have become due and payable by the Borrower to CIBC on or prior to the initial borrowing date, and (e) the following documents in form, substance and execution acceptable to CIBC: (i) a certified copy of the constating documents and by-laws of each of the Borrower and its Subsidiaries, and of each corporate guarantor, and of all corporate proceedings taken and required to be taken by each of them to authorize the execution and delivery of such of this Agreement and the Security to which it is a party and the performance of the transactions by it contemplated therein; (ii) a certificate of incumbency for each of the Borrower and its Subsidiaries, and for each corporate guarantor, setting forth specimen signatures of the persons authorized to execute such of this Agreement and the Security to which it is a party; (iii) such legal opinions addressed to CIBC relative to the Borrower, this Agreement and the Security as CIBC may require; and (iv) such other documents

relative to this Agreement and the transactions contemplated herein as CIBC may reasonably require.

5.2 Conditions Precedent to All Amounts

CIBC shall not be obliged to make available any amount under any Credit unless (a) CIBC shall have received any applicable Notice of Borrowing, (b) on the applicable borrowing date the Borrower shall not have failed to observe or perform any of its covenants in this Agreement, and the Borrower shall have delivered to CIBC, if so requested by CIBC, an Officers' Certificate to such effect, (c) the representations and warranties contained in this Agreement shall be true on and as of the applicable borrowing date with the same effect as if such representations and warranties had been made on and as of the applicable borrowing date, and the Borrower shall have delivered to CIBC, if so requested by CIBC, an Officers' Certificate to such effect, (d) all other conditions specified herein, to the extent not previously satisfied for any reason, other shall have been satisfied, and (e) in respect of any amount that would result in the aggregate amount outstanding under the Credits being increased, there shall not have occurred subsequent to the date of last annual financial statements of the Borrower, in the opinion of CIBC, any event which (individually or with any other events) has had, or which has a reasonable possibility of having, a Material Adverse Effect.

6 REPRESENTATIONS AND WARRANTIES

6.1 Representations and Warranties. To induce CIBC to establish and maintain each Credit, the Borrower represents and warrants as follows:

(a) Each of the Borrower and its Subsidiaries has all necessary power and authority to own its property, to carry on the business carried on by it, to enter into and perform its obligations under such of this Agreement and the Security to which it is a party.

(b) This Agreement, and upon delivery thereof the Security, have been duly executed and delivered by each of the Borrower and its Subsidiaries as are parties thereto, and constitute the legal, valid and binding obligation of each of them enforceable in accordance with their terms.

(c) The execution and delivery by the Borrower and its Subsidiaries of this Agreement and the Security and the performance by them of their obligations thereunder, and the obtaining by the Borrower of amounts under the Credits, will not conflict with or result in a breach of any applicable law, and will not conflict with or result in a breach of or constitute a default under any of the provisions of its constating documents or by-laws or any agreement or restriction to which it is a party or by which it is bound.

(d) The Borrower has delivered to CIBC a true and complete copy of its most recent financial statements, and such financial statements present fairly the financial position of the Borrower, in accordance with IFRS, as of the date thereof and for the fiscal period then ended. All financial statements of the Borrower delivered by the Borrower

to CIBC after the date of this Agreement will present fairly the financial position of the Borrower, in accordance with IFRS, as of the dates thereof and for the fiscal periods then ended.

(e) Since the date of the most recent financial statements of the Borrower delivered to CIBC, there has occurred no event which (individually or with any other events) has had, or which has a reasonable possibility of having, a Material Adverse Effect.

(f) The Borrower has not failed to observe or perform (beyond any period of grace permitted by CIBC) any of its covenants in this Agreement.

(g) Except as disclosed in writing by the Borrower to CIBC prior to the date of this Agreement with specific reference to this paragraph, to the best knowledge of the Borrower, (i) the business carried on and the property owned or used at any time by any of the Borrower and its Subsidiaries and their respective predecessors have at all times been carried on, owned or used in compliance with all environmental laws; (ii) there are no circumstances that could reasonably be expected to give rise to any civil or criminal proceedings or liability regarding the release from or presence of any hazardous substance on any lands used in or related to the business or property of any of the Borrower and its Subsidiaries (iii) there are no proceedings and there are no circumstances or material facts which could give rise to any proceeding in which it is or could be alleged that any of the Borrower and its Subsidiaries is responsible for any domestic or foreign clean up or remediation of lands contaminated by hazardous substances or for any other remedial or corrective action under any environmental laws; and (iv) each of the Borrower and its Subsidiaries has maintained all environmental and operating documents and records relating to its business and property in the manner and for the time periods required by any environmental laws and has never had conducted an environmental audit of its business or property.

No representation or warranty made by the Borrower herein or in any other document furnished to CIBC from time to time contains or will contain any untrue statement of a material fact or omits or will omit to state any material fact necessary to make the statements herein or therein, in light of the circumstances under which they are made, not misleading. All projections and *pro forma* information delivered to CIBC from time to time by the Borrower were prepared in good faith based on assumptions believed by the Borrower to be reasonable at the time of delivery.

6.2 Survival. All representations and warranties contained in this Agreement shall survive the execution and delivery of this Agreement and the obtaining of amounts under any Credit, and the delivery of each Notice of Borrowing and the obtaining of any amount under any Credit shall constitute a reaffirmation on and as of such delivery date and such borrowing date, in each case by reference to the then-existing facts and circumstances, of all representations and warranties contained in this Agreement.

7. FINANCIAL COVENANTS

7.1 Calculation. All financial covenants will be calculated including the Borrower and its Subsidiaries on a consolidated basis (or, if agreed upon by CIBC in its sole discretion, including the Borrower but excluding its Subsidiaries on an unconsolidated basis), and each amount derived from the Borrower's profit and loss statement shall be calculated as the total of such amount during the Borrower's four most recently-completed fiscal quarters (or, if agreed upon by CIBC in its sole discretion, during the Borrower's most recently-completed fiscal year), as shown in the Borrower's most recent financial statements delivered to CIBC.

7.2 Certain Definitions. In this Agreement the following terms have the following meanings:

"Adjusted Debt Service Ratio" means, for any period, the ratio of (a) the sum of (i) EBITDA for such period, (ii) all management bonuses and similar payments deducted in the calculation of such EBITDA but not paid out during such period (and with respect to which the entitlement to receive payment thereof has been postponed in a manner satisfactory to CIBC) and (iii) all management bonuses and similar payments deducted in the calculation of such EBITDA and paid out during such period, and which have then been loaned back to the Borrower during such period by way of Postponed Debt, to (b) Debt Service Requirements.

"Adjusted Fixed Charge Coverage Ratio" means, for any period, the ratio of (a) the sum of (i) EBITDA for such period, (ii) all management bonuses and similar payments deducted in the calculation of such EBITDA but not paid out during such period (and with respect to which the entitlement to receive payment thereof has been postponed in a manner satisfactory to CIBC) and (iii) all management bonuses and similar payments deducted in the calculation of such EBITDA and paid out during such period, and which have then been loaned back to the Borrower during such period by way of Postponed Debt to (b) the sum of .

"Current Assets" means assets that would be shown as current assets on the balance sheet prepared in accordance with IFRS, less all amounts due from Affiliates.

"Current Liabilities" means liabilities that would be shown as current liabilities on a balance sheet prepared in accordance with IFRS.

"Current Ratio" means the ratio of Current Assets to Current Liabilities.

"Debt" means, with respect to any person, (i) an obligation of such person for borrowed money, (ii) an obligation of such person evidenced by a note, bond, debenture or other similar instrument, (iii) an obligation of such person for the deferred purchase price of property or services, excluding trade payables and other accrued current liabilities incurred in the ordinary course of business in accordance with customary commercial terms, (iv) a capitalized lease obligation of such person, (v) a guarantee, indemnity, or

financial support obligation of such person, determined in accordance with IFRS, (vi) an obligation of such person or of any other person secured by a Lien on any property of such person, even though such person has not otherwise assumed or become liable for the payment of such obligation, or (vii) an obligation arising in connection with an acceptance facility or letter of credit issued for the account of such person.

“Debt Service Requirements” means, for any periods (i) all principal payments in respect of Debt made or required to be made during such period, (ii) Interest Expense for such period, and (iii) all dividends paid during such period on all preferred shares of the Borrower.

“EBIT” means, for any period, Net Income for such period plus all amounts deducted in the calculation thereof on account of Interest Expense and income taxes.

“EBITDA” means, for any period, Net Income for such period plus all amounts deducted in the calculation thereof on account of Interest Expense, income taxes, depreciation and amortization.

“Effective Tangible Net Worth” means the sum of (i) Shareholders’ Equity less any amount that would be included on a balance sheet prepared in accordance with IFRS as an Investment in or as amounts owed by any Affiliate or as an Intangible, and (ii) Postponed Debt.

“Intangible” includes without limitation such personal property as goodwill; copyrights, patents and trademarks; franchises; licences, leases; research and development costs; and deferred development costs.

“Interest Coverage Ratio” means the ratio of EBIT to Interest Expense calculated on a consolidated basis.

“Interest Expense” means, for any period the aggregate amount accrued (whether or not payable or paid) during such period in accordance with IFRS on account of (i) interest expense including amortization of Debt discount and Debt issuance costs, capitalized interest, standby fees, commissions, discounts and other fees and charges owed with respect to letters of credit and bankers’ acceptances and (ii) the interest expense components of all capitalized lease obligations.

“Minimum Tangible Net Worth” means Shareholder’s Equity less intangible assets net of amortization.

“Net Income” means, for any period, the net income (loss) for such period, calculated in accordance with IFRS before unusual and extraordinary items but excluding (i) the income (or loss) of any person accrued prior to the date it becomes a Subsidiary of the Borrower or is amalgamated with or consolidated into the Borrower or into any of its Subsidiaries or such person’s property is acquired by the Borrower or any of its

Subsidiaries, and (ii) any after-tax gains (but not pre-tax losses) attributable to dispositions of property out of the ordinary course of business.

“Postponed Debt” means any Debt for borrowed money that is incurred at such time as no failure by the Borrower to perform or observe any of its covenants in this Agreement is continuing or would be created by the incurrence thereof (to be evidenced by *pro forma* financial statements delivered to CIBC) and which has the following attributes: (i) no principal thereof is repayable so long as any amount is owed by the Borrower to CIBC (or until such earlier date as CIBC may agree upon in writing), (ii) no covenant with respect to such Debt is more onerous than or in addition to the covenants specified herein, and (iii) all rights of the holder of such Debt are postponed and subordinated to all rights of CIBC under or in respect of the Credits pursuant to a subordination agreement satisfactory in form and substance to CIBC.

“Senior Debt” means all Debt less all Postponed Debt.

“Senior Debt to EBITDA Ratio” means the ratio of Senior Debt to EBITDA.

“Shareholders’ Equity” means, at any time, the amount which would, in accordance with IFRS, then be included as shareholders’ equity on a balance sheet.

“Tangible Net Worth” means the sum of Shareholders’ Equity less any amount that would be included on a balance sheet prepared in accordance with IFRS as an Investment in or as amounts owed by any Affiliate or as an Intangible.

“Total Liabilities” means, all Debt and other liabilities.

“Unfunded Capital Expenditures” means capital expenditures that are not specifically financed with long term Debt.

“Working Capital” means the excess of Current Assets over Current Liabilities.

8. LETTERS OF CREDIT AND ACCEPTANCES

The following terms apply to each Letter of Credit issued by CIBC for the Borrower whether issued under any Credit or otherwise.

8.1 Reimbursement, Payment or Prepayment. The Borrower agrees, forthwith upon demand by CIBC, to provide CIBC with cash in the proper currency to meet each drawing that CIBC is required to pay under an L/C or to reimburse CIBC for each drawing that CIBC has paid under an L/C. If we demand payment of any Credit under which a Letter of Credit is outstanding, or if the Borrower elects to permanently repay or terminate any Credit under which a Letter of Credit is outstanding, the Borrower must provide CIBC with cash, in the same currency as the L/C, or marketable securities satisfactory to us (collectively the **“Cash Collateral”**) in an amount equal to CIBC’s maximum potential liability under the L/C. The Cash Collateral will be held by us as

security for, and may be applied to satisfy obligations under the L/C or otherwise under any Credit. We shall release any Cash Collateral that is no longer required for such purposes.

8.2 Neither CIBC nor any of its correspondents shall be liable for the use which may be made with respect to any L/C; any acts or omissions of the beneficiary of any L/C including the application of any payment made to such beneficiary; the form, validity, sufficiency, correctness, genuineness or legal effect of any document relating to any L/C, even if such document should prove to be in any respect invalid, insufficient, inaccurate, fraudulent or forged; any failure of the beneficiary of any L/C to meet the obligations of such beneficiary to the Borrower or to any other person; or any failure by CIBC to make payment under any L/C as a result of any law, control or restriction rightfully or wrongfully exercised or imposed by any domestic or foreign court or government or governmental authority or as a result of any other cause beyond the control of CIBC. The obligations of the Borrower under this Clause 8 are absolute and unconditional under all circumstances including without limitation any matter referred to above.

8.3 Indemnity. The Borrower hereby indemnifies and agrees to hold CIBC harmless from all losses, damages, costs, demands, claims, expenses (including out-of-pocket expenses) and other consequences which CIBC may incur, sustain or suffer, other than as a result of its own negligence or wilful misconduct, as a result of issuing or amending an L/C, including legal and other expenses incurred by CIBC in any action to compel payment by CIBC under an L/C or to restrain CIBC from making payment under an L/C. Any amounts due under this indemnity shall form part of the Debt.

8.4 L/C Fees. Unless the Borrower has made other arrangements with us, we will automatically debit the operating account of the Borrower for all fees payable with respect to L/Cs. Any overdraft in the operating account in excess of any Credit Limit attached to the operating account will bear interest at the Excess Interest Rate.

8.5 Standard Agreements. The terms and conditions of our standard Application for Irrevocable Documentary Credit or Application for Standby Letter of Credit, as applicable, and any of our other standard documentation relating to L/C's, in effect from time to time will be applicable to each L/C whether or not any such Application or other documentation has been executed by or on behalf of the Borrower. A copy of any such Application or other documentation is available from CIBC.

8.6 Unless otherwise specified in the applicable Application or other documentation referred to above, and subject to any provision herein to the contrary, each L/C shall be subject to the Uniform Customs and Practice for Documentary Credits or the International Standby Practices, as applicable, of the International Chamber of Commerce current at the time of issuance of such L/C.

8.7 Cash Collateralization. If any Letter of Credit or Acceptance is outstanding at any time that the Borrower has failed to perform or observe (beyond any period of grace

permitted by CIBC) any of its covenants in this Agreement or at the date of termination of the applicable Credit, the Borrower will forthwith pay to CIBC, in the currency of such Letter of Credit or Acceptance, as the case may be, funds in an amount equal to the total maximum actual and contingent liability of CIBC pursuant thereto. Such funds will be held by CIBC for payment of the liability of the Borrower in respect of such Letter of Credit or Acceptance, as the case may be, and any excess thereof will be applied to any other liabilities of the Borrower pursuant to the Credits or will be returned to the Borrower at such time as no such liabilities exist or may arise.

8.8 Undisbursed Credit. For the purpose of calculating the undisbursed amount of any Credit and for any other relevant provision of this Agreement, the amount constituted by any Letter of Credit or Acceptance shall be the total maximum actual and contingent liability of CIBC pursuant thereto.

8.9 Definitions. In this Agreement, the following terms shall have the following meanings:

“Acceptance” means an outstanding bill of exchange which CIBC has accepted at the request of the Borrower and which CIBC is therefore obligated to pay at maturity.

“Letter of Credit” or “L/C” means a documentary or standby letter of credit, a letter of guarantee or a similar instrument, as the context may require, in form and substance satisfactory to CIBC.

9. TERM LOANS

9.1 Term Loans. The following terms apply to each Term Loan:

(a) **Non-revolving Loans.** Unless otherwise stated in this Agreement, any Term Loan is non-revolving. This means that any principal repayment is not available to be re-borrowed, and permanently reduces the amount of such Term Loan.

(b) **Floating Rate Term Loans.** Floating Rate Term Loans may have either (i) blended payments or (ii) payments of fixed principal amounts, plus interest, as described below:

(i) **Blended payments.** If a Floating Rate Term Loan has blended payments, the amount of the monthly payments is fixed for the term of such Loan, but the interest rate will vary with changes in the CIBC Prime Rate or the WSJ Rate (as the case may be). If the CIBC Prime Rate or the WSJ Rate during any month is lower than it was at the outset, a larger portion of the monthly payment will be allocated to principal and as a result such Loan may be repaid prior to its original maturity. If, however, the CIBC Prime Rate or the WSJ Rate is higher than it was at the outset, the amount of principal that is repaid will be reduced, and as a result there may remain principal outstanding on the original maturity date.

- (ii) **Payments of principal plus interest.** If a Floating Rate Term Loan has specified principal payments, in addition to interest, such principal payments are due on each specified payment date. The interest payment is also due on the same date, and will usually be a different amount each month due to the reducing balance of the Loan, the number of days in the month, and changes in the CIBC Prime Rate or the WSJ Rate (as the case may be) during the month and from month to month.
- (c) **Prepayment.** Unless otherwise specified in this Agreement:
- (i) all or part of a Floating Rate Term Loan may be prepaid at any time without penalty; and
- (ii) all (but not part) of a Fixed Rate Term Loan may be prepaid provided that the Borrower also pays to CIBC, on the prepayment date, any amount determined by CIBC pursuant to clause 4.3(iv) of this Schedule.
- (d) **Demand of Fixed Rate Term Loans.** Upon demand for payment of a Fixed Rate Term Loan the Borrower will pay to CIBC the prepayment fee specified in clause 9.1(c)(ii) above.
- (e) **Certain Definitions.** In this Agreement the following terms have the following meanings:

“Fixed Rate Term Loan” means an Term Loan with respect to which interest is payable at a fixed annual rate of interest (as opposed to being payable on the basis of the CIBC Prime Rate or the WSJ Rate).

“Floating Rate Term Loan” means an Term Loan with respect to which interest is payable on the basis of the CIBC Prime Rate or the WSJ Rate.

FIRST AMENDING AGREEMENT TO THE CREDIT AGREEMENT

THIS FIRST AMENDING AGREEMENT is dated as of May 7, 2021.

AMONG:

TEHAMA INC., as a borrower (the “**Borrower**”)

– and –

CANADIAN IMPERIAL BANK OF COMMERCE, as lender (the “**Lender**”)

WHEREAS:

- A. The Borrower and the Lender entered into a credit agreement dated as of April 21, 2021 (the “**Original Credit Agreement**”) pursuant to which the Lender agreed to extend to the Borrower certain credit facilities in the aggregate principal amount of up to \$4,650,000.00 (the “**Original Facilities**”) comprising (1) a Demand Operating Credit Facility of USD\$1,500,000.00 (the “**Revolver**”), (2) a Senior Term Loan of USD\$3,000,000.00, and (3) a Demand VISA Credit Facility of USD\$150,000.00.
- B. The Lender and the Borrower wish to amend the Original Credit Agreement to replace the terms related to the guarantee to be provided by Export Development Canada pursuant to this first amending agreement (the “**Amending Agreement**” and collectively, with the Original Credit Agreement, as amended by the Amending Agreement, the “**Amended Credit Agreement**”).

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by the parties hereto), the parties hereto agree as follows:

**ARTICLE 1
INTERPRETATION****1.1 Definitions**

Capitalized terms used herein and not otherwise defined shall have the meanings attributed to them in the Original Credit Agreement.

1.2 Certain Rules of Interpretation

In this Amending Agreement, unless the context otherwise requires:

- (a) **Headings, etc.** The Article and Section headings herein are for convenience and reference purposes only and shall not be deemed a part of this Amending Agreement or affect the meaning or interpretation of this Amending Agreement in any way.
- (b) **Currency.** References to “\$” or to currency are references to the lawful currency of the Canada, unless stated otherwise.
- (c) **Deletion and Addition.** The word “deleted” means, “deleted in entirety” and the word “added” means, “added in entirety”.

- 2 -

- (d) **No Strict Construction.** The language used is the language chosen by the parties to express their mutual intent, and no rule of strict construction shall be applied against any party to this Amending Agreement.

ARTICLE 2 AMENDMENT

2.1 Amendment

Section (h) under the header Conditions Precedent of the Original Credit Agreement is deleted in its entirety and replaced as follows:

(h) guarantee by Export Development Canada in the amount of 50% of the Revolver available at close to be in place at closing;

ARTICLE 3 CONFIRMATION OF TERMS; CONSENTS

3.1 Confirmation of Terms

Except as specifically amended by this Amending Agreement, the Original Credit Agreement will continue to be in full force and effect, without amendment, until repaid in full. The Original Credit Agreement is hereby in all respects ratified and confirmed. The Original Credit Agreement is henceforth read and construed in conjunction with this Amending Agreement and references to the "Agreement" in the Original Credit Agreement or in any other document delivered in connection with, or pursuant to, the Original Credit Agreement, mean the Original Credit Agreement as amended hereby. If all or any portion of any term or provision of this Amending Agreement or the application thereof conflicts to any extent with all or any portion of any term or provision of the Original Credit Agreement or the application thereof, the terms and provisions of this Amending Agreement will prevail.

ARTICLE 4 CONDITIONS PRECEDENT

4.1 Conditions Precedent to Effectiveness of Amending Agreement

This Amending Agreement shall become effective as of the date hereof upon the satisfaction of the conditions precedent that the Lender shall have received, in form and substance satisfactory to the Lender, the following:

- (a) duly executed signatures to this Amending Agreement; and
- (b) such other documents relative to this Amending Agreement and the transactions contemplated by the Amended Credit Agreement as the Lender may reasonably require.

ARTICLE 5 MISCELLANEOUS

5.1 Enurement

This Amending Agreement enures to the benefit of and binds the parties hereto and their respective successors and permitted assigns.

5.2 Assignment

No party hereto may assign this Amending Agreement without the prior written consent of the other parties hereto, which consent may not be unreasonably withheld or delayed.

5.3 Governing Law

This Amending Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

5.4 Further Assurances

The parties hereto agree to execute and deliver such further and other documents and perform and cause to be performed such further and other acts and things as may be necessary or desirable in order to give full effects to this Amending Agreement and every part thereof.

5.5 Counterparts

This Amending Agreement may be executed in any number of counterparts (whether in original, facsimile or other electronic form, including DocuSign) with the same effect as if all parties hereto had signed the same document. All counterparts shall be construed together and shall constitute one and the same agreement.

[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, this Amending Agreement is executed effective as of the date first above written.

TEHAMA INC.

By: 
 Name: Robert White
 Title: Chief Financial Officer

**CANADIAN IMPERIAL BANK OF
COMMERCE**

By: _____
 Name: Amy Olah
 Title: Managing Director

By: _____
 Name: Patrick Klos
 Title: Associate

IN WITNESS WHEREOF, this Amending Agreement is executed effective as of the date first above written.

TEHAMA INC.

By: _____
Name: Robert White
Title: Chief Financial Officer

**CANADIAN IMPERIAL BANK OF
COMMERCE**

By: _____ *Amy Olah*
Name: Amy Olah
Title: Managing Director

By: _____ *Patrick Klos*
Name: Patrick Klos
Title: Associate

THIS IS EXHIBIT "E" REFERRED TO IN THE
AFFIDAVIT OF ROB WHITE SWORN BEFORE ME
THIS 20th DAY OF JANUARY, 2023.

DocuSigned by:

02452ECC61C54F6...

A Commissioner for Taking Affidavits, etc.



Security Agreement

199 Bay Street, 4th Floor, Toronto ON M5L 1A2

Bank Office (insert transit, mailing address and postal code)

For valuable consideration, the undersigned (the "Customer") agrees with Canadian Imperial Bank of Commerce ("CIBC") as follows:

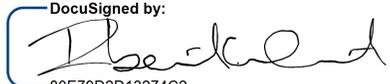
1. **Grant of Security.** The Customer mortgages, charges and assigns to CIBC, and grants to CIBC, and CIBC takes, a Security Interest in the property described in the following paragraph or paragraphs of this section (as applicable in accordance with the NOTE appearing at the end of this section), and in all property described in any schedules, documents or listings that the Customer may from time to time sign and provide to CIBC in connection with this Agreement, and in all present and future Accessions to, and all Proceeds of, any such property (collectively, the "Collateral") as a general and continuing collateral security for the due payment and performance of the Liabilities:
- a) **Specific Personal Property:** the Personal Property described in Schedule A.
- b) **All Personal Property:** all of the Customer's present and after-acquired undertaking and Personal Property (including any property that may be described in Schedule A).
- c) **All Real Property:** all of the Customer's present and after-acquired real property (including any property that may be described in Schedule A), together with all buildings placed, installed or erected on any such property, and all fixtures.

NOTE: Check appropriate box or boxes to indicate which of paragraphs (a), (b) or (c) are to apply. If no box is checked off, paragraph (b) will apply.

2. **Governing Law.** This Agreement is governed by the laws of Ontario.

ADDITIONAL TERMS AND CONDITIONS. The Additional Terms and Conditions (including any schedules) on the following pages form part of this agreement.

The Customer has signed this Agreement on _____.

_____ Witness Name (Record in full)	_____ Customer's Address	_____ Name
X _____ Witness Signature	_____ City/Town, Province and Postal Code	X _____ Signature
_____ Witness Name (Record in full)	_____ Customer's Address	_____ Name
X _____ Witness Signature	_____ City/Town, Province and Postal Code	X _____ Signature
_____ Date April 21, 2021	_____ Customer's Name (record in full) Tehama Inc.	X _____ Signature DocuSigned by:  80E79D2D43274C2...
_____ Customer's Name (record in full)	_____ Customer's Address 319 McRae Ave, Unit 701	_____ Name & Title Robert White, Chief Financial Officer
_____ City/Town, Province and Postal Code Ottawa ON K1Z 0B9	_____ Name & Title	X _____ Signature
_____ City/Town, Province and Postal Code	_____ Name & Title	_____ Signature

Note: If the Customer is a corporation, the office (such as "President" or "Secretary") of the person signing should be noted below that person's signature.

Security Agreement

For individuals only, record the following information:				
First and second names in full; surname	Birth Date*			Sex M/F
		Month		

*For Alberta, Ontario, Saskatchewan and Yukon, record: *Day/Month/Year*

*For all other provinces and territories, record: *Year/Month/Day*

Schedule A

The following is a description of property included in the Collateral (describe personal property by item or kind; if space is insufficient, use a separate sheet):

Schedule B

The following are the Places of Business (if space is insufficient, use a separate sheet):

319 McRae Avenue, Suite 701, Ottawa, ON K1Z 0B9

Additional Terms And Conditions

3. **Places of Business.** The Customer represents and warrants that the locations of all existing Places of Business are specified in Schedule B. The Customer will promptly notify CIBC in writing of any additional Places of Business as soon as they are established. Subject to section 5, the Collateral will at all times be kept at the Places of Business, and will not be removed without CIBC's prior written consent.
4. **Collateral Free of Charges.** The Customer represents and warrants that the Collateral is, and agrees that the Collateral will at all times be, free of any Charge or trust except in favour of CIBC or incurred with CIBC's prior written consent. CIBC may, but will not have to, pay any amount or take any action required to remove or redeem any unauthorized Charge. The Customer will immediately reimburse CIBC for any amount so paid and will indemnify CIBC in respect of any action so taken.
5. **Use of Collateral.** The Customer will not, without CIBC's prior written consent, sell, lease or otherwise dispose of any of the Collateral (other than Inventory, which may be sold, leased or otherwise disposed of in the ordinary course of the Customer's business). Following an event of Default and continuing during such event of Default, all Proceeds of the Collateral (including among other things all amounts received in respect of Receivables), whether or not arising in the ordinary course of the Customer's business, will be received by the Customer as trustee for CIBC and will be immediately paid to CIBC.
6. **Insurance.** The Customer will keep the Collateral insured to its full insurable value against loss or damage by fire and such other risks as are customarily insured for property similar to the Collateral (and against such other risks as CIBC may reasonably require). At CIBC's request, all policies in respect of such insurance will contain a loss payable clause, and if the Collateral includes real property will contain a mortgage clause, in favour of CIBC and in any event the Customer assigns all proceeds of insurance on the Collateral to CIBC. The Customer will, from time to time at CIBC's request, deliver such policies (or satisfactory evidence of such policies) to CIBC. If the Customer does not obtain or maintain such insurance, CIBC may, but will not have to, do so. The Customer will immediately reimburse CIBC for any amount so paid. The Customer will promptly give CIBC written notice of any loss or damage to all or any part of the Collateral.
7. **Information and Inspection.** The Customer will from time to time immediately give CIBC in writing all information requested by CIBC relating to the Collateral, the Places of Business, and the Customer's financial or business affairs. The Customer will promptly advise CIBC of the Serial Number, model year, make and model of each Serial Number Good at any time included in the Collateral that is held as Equipment, including in circumstances where the Customer ceases holding such Serial Number Good as Inventory and begins holding it as Equipment. CIBC may from time to time inspect any Books and Records and any Collateral, wherever located. For that purpose CIBC may, without charge, have access to each Place of Business and to all mechanical or electronic equipment, devices and processes where any of them may be stored or from which any of them may be retrieved. The Customer authorizes any Person holding any Books and Records to make them available to CIBC, in a readable form, upon request by CIBC.
8. **Receivables.** If the Collateral includes Receivables, CIBC may advise any Person who is liable to make any payment to the Customer of the existence of this Agreement. CIBC may from time to time confirm with such Persons the existence and the amount of the Receivables. Following an event of Default that is continuing, CIBC may collect and otherwise deal with the Receivables in such manner and upon such terms as CIBC considers appropriate.
9. **Receipts Prior to Default.** Until an event of Default that is continuing, all amounts received by CIBC as Proceeds of the Collateral will be applied on account of the Liabilities in such manner and at such times as CIBC may consider appropriate or, at CIBC's option, may be held unappropriated in a collateral account or released to the Customer.
10. **Default.**
 - (1) **Events of Default.** The occurrence of any of the following events or conditions will be a Default:
 - (a) the Customer does not pay any of the Liabilities when due;
 - (b) the Customer does not observe or perform any of the Customer's obligations under this Agreement or any other agreement or document existing at any time between the Customer and CIBC;
 - (c) any representation, warranty or statement made by or on behalf of the Customer to CIBC is untrue in any material respect at the time when or as of which it was made;
 - (d) the Customer ceases or threatens to cease to carry on in the normal course the Customer's business or any material part thereof;
 - (e) if the Customer is a corporation, there is, in CIBC's reasonable opinion, a change in effective control of the Customer, or if the Customer is a partnership, there is a dissolution or change in the membership of the partnership;
 - (f) the Customer becomes insolvent or bankrupt or makes a proposal or files an assignment for the benefit of creditors under the Bankruptcy and Insolvency Act (Canada) or similar legislation in Canada or any other jurisdiction; a petition in bankruptcy is filed against the Customer; or, if the Customer is a corporation, steps are taken under any legislation by or against the Customer seeking its liquidation, winding-up, dissolution or reorganization or any arrangement or composition of its debts;
 - (g) a Receiver, trustee, custodian or other similar official is appointed in respect of the Customer or any of the Customer's property;
 - (h) the holder of a Charge takes possession of all or any part of the Customer's property, or a distress, execution or other similar process is levied against all or any part of such property; or
 - (i) CIBC, in good faith and upon commercially reasonable grounds, believes that the prospect of payment or performance is or is about to be impaired or that the Collateral is or is about to be placed in jeopardy.

Security Agreement

- (2) **Rights upon Default.** Following an event of Default that is continuing, CIBC and a Receiver, as applicable, will to the extent permitted by law have the following rights.
- (a) **Appointment of Receiver.** CIBC may by instrument in writing appoint any Person as a Receiver of all or any part of the Collateral. CIBC may from time to time remove or replace a Receiver, or make application to any court of competent jurisdiction for the appointment of a Receiver. Any Receiver appointed by CIBC will (for purposes relating to responsibility for the Receiver's acts or omissions) be considered to be the Customer's agent. CIBC may from time to time fix the Receiver's remuneration and the Customer will pay CIBC the amount of such remuneration. CIBC will not be liable to the Customer or any other Person in connection with appointing or not appointing a Receiver or in connection with the Receiver's actions or omissions.
 - (b) **Dealings with the Collateral.** CIBC or a Receiver may take possession of all or any part of the Collateral and retain it for as long as CIBC or the Receiver considers appropriate, receive any rents and profits from the Collateral, carry on (or concur in carrying on) all or any part of the Customer's business or refrain from doing so, borrow on the security of the Collateral, repair the Collateral, process the Collateral, prepare the Collateral for sale, lease or other disposition, and sell or lease (or concur in selling or leasing) or otherwise dispose of the Collateral on such terms and conditions (including among other things by arrangement providing for deferred payment) as CIBC or the Receiver considers appropriate. CIBC or the Receiver may (without charge and to the exclusion of all other Persons including the Customer) enter upon any Place of Business.
 - (c) **Realization.** CIBC or a Receiver may use, collect, sell, lease or otherwise dispose of, realize upon, release to the Customer or other Persons and otherwise deal with, the Collateral in such manner, upon such terms (including among other things by arrangement providing for deferred payment) and at such times as CIBC or the Receiver considers appropriate. CIBC or the Receiver may make any sale, lease or other disposition of the Collateral in the name of and on behalf of the Customer or otherwise.
 - (d) **Application of Proceeds After Default.** All Proceeds of Collateral received by CIBC or a Receiver may be applied to discharge or satisfy any expenses (including among other things the Receiver's remuneration and other expenses of enforcing CIBC's rights under this Agreement), Charges, borrowings, taxes and other outgoings affecting the Collateral or which are considered advisable by CIBC or the Receiver to preserve, repair, process, maintain or enhance the Collateral or prepare it for sale, lease or other disposition, or to keep in good standing any Charges on the Collateral ranking in priority to any Charge created by this Agreement, or to sell, lease or otherwise dispose of the Collateral. The balance of such Proceeds will be applied to the Liabilities in such manner and at such times as CIBC considers appropriate and thereafter will be accounted for as required by law.
- (3) **Other Legal Rights.** Before and after Default, CIBC will have, in addition to the rights specifically provided in this Agreement, the rights of a secured party under the PPSA, as well as the rights recognized at law and in equity. No right will be exclusive of or dependent upon or merge in any other right, and one or more of such rights may be exercised independently or in combination from time to time.
- (4) **Deficiency.** The Customer will remain liable to CIBC for payment of any Liabilities that are outstanding following realization of all or any part of the Collateral.
11. **CIBC not Liable.** CIBC will not be liable to the Customer or any other Person for any failure or delay in exercising any of its rights under this Agreement (including among other things any failure to take possession of, collect, or sell, lease or otherwise dispose of, any Collateral). None of CIBC, a Receiver or any agent of CIBC (including, in Alberta, any sheriff) is required to take, or will have any liability for any failure to take or delay in taking, any steps necessary or advisable to preserve rights against other Persons under any Chattel Paper, Securities or Instrument in possession of CIBC, a Receiver or CIBC's agent.
12. **Charges and Expenses.** The Customer agrees to pay on demand all reasonable costs and expenses incurred (including among other things reasonable legal fees on a solicitor and client basis) and reasonable fees charged by CIBC in connection with obtaining or discharging this Agreement or establishing or confirming the priority of the Charges created by this Agreement or by law, compliance with any demand by any Person under the PPSA to amend or discharge any registration relating to this Agreement, and by CIBC or any Receiver in exercising any remedy under this Agreement (including among other things preserving, repairing, processing, preparing for disposition and disposing of the Collateral by sale, lease or otherwise) and in carrying on the Customer's business. All such amounts will bear interest from time to time at the highest interest rate then applicable to any of the Liabilities, and the Customer will reimburse CIBC upon demand for any amount so paid.
13. **Further Assurances.** The Customer will from time to time immediately upon request by CIBC take such action (including among other things the signing and delivery of financing statements and financing change statements, other schedules, documents or listings describing property included in the Collateral, further assignments and other documents, and the registration of this Agreement or any other Charge against any of the Customer's real property) as CIBC may require in connection with the Collateral or as CIBC may consider necessary to give effect to this Agreement. If permitted by law, the Customer waives the right to sign or receive a copy of any financing statement or financing change statement, or any statement issued by any registry that confirms any registration of a financing statement or financing change statement, relating to this Agreement. The Customer irrevocably appoints the Manager or the Acting Manager from time to time of CIBC's branch specified on the first page of this Agreement as the Customer's attorney (with full powers of substitution and delegation) to sign, following an event of Default that is continuing, all documents required to give effect to this section. Nothing in this section affects the right of CIBC as secured party, or any other Person on CIBC's behalf, to sign and file or deliver (as applicable) all such financing statements, financing change statements, notices, verification agreements and other documents relating to the Collateral and this Agreement as CIBC or such other Person considers appropriate.

Security Agreement

14. **Dealings by CIBC.** CIBC may from time to time increase, reduce, discontinue or otherwise vary the Customer's credit facilities, grant extensions of time and other indulgences, take and give up any Charge, abstain from taking, perfecting or registering any Charge, accept compositions, grant releases and discharges and otherwise deal with the Customer, customers of the Customer, guarantors and others, and with the Collateral and any Charges held by CIBC, as CIBC considers appropriate without affecting the Customer's obligations to CIBC or CIBC's rights under this Agreement.
15. **Definitions.** In this Agreement:
- "Accessions", "Account", "Chattel Paper", "Document of Title", "Equipment", "Goods", "Instrument", "Intangible", "Inventory", "Proceeds", "Purchase-Money Security Interest" and "Security Interest"* have the respective meanings given to them in the PPSA.
- "Books and Records"* means all books, records, files, papers, disks, documents and other repositories of data recording, evidencing or relating to the Collateral to which the Customer (or any Person on the Customer's behalf) has access.
- "Charge"* means any mortgage, charge, pledge, hypothecation, lien (statutory or otherwise), assignment, financial lease, title retention agreement or arrangement, security interest or other encumbrance of any nature however arising, or any other security agreement or arrangement creating in favour of any creditor a right in respect of a particular property that is prior to the right of any other creditor in respect of such property.
- "Consumer Goods"* has the meaning given to it in the PPSA, except that, if this Agreement is governed by the laws of the Yukon, it does not include special consumer goods as that term is defined in the Yukon PPSA.
- "Default"* has the meaning set out in subsection 10(1).
- "Liabilities"* means all present and future indebtedness and liability of every kind, nature and description (whether direct or indirect, joint or several, absolute or contingent, matured or unmatured) of the Customer to CIBC, wherever and however incurred and any unpaid balance thereof.
- "Money"* has the meaning given to it in the PPSA or, if there is no such definition, means a medium of exchange authorized or adopted by the Parliament of Canada as part of the currency of Canada, or by a foreign government as part of its currency.
- "Person"* means any natural person or artificial body (including among others any firm, corporation or government).
- "Personal Property"* means personal property and includes among other things Inventory, Equipment, Receivables, Books and Records, Chattel Paper, Goods, Documents of Title, Instruments, Intangibles (including intellectual property), Money, and Securities, and includes all Accessions to such property.
- "Place of Business"* means a location where the Customer carries on business or where any of the Collateral is located (including any location described in Schedule B).
- "PPSA"* means the Personal Property Security Act in the province or territory noted in section 2 of this Agreement, as such legislation may be amended, renamed or replaced from time to time (and includes all regulations made from time to time under such legislation) and in the case of any province or territory that does not have an act by that name, such legislation as deals generally with Charges on personal property.
- "Receivables"* means all debts, claims and choses in action (including among other things Accounts and Chattel Paper) now or in the future due or owing to or owned by the Customer.
- "Receiver"* means a receiver or a receiver and manager.
- "Securities"* has the meaning given to it in the PPSA or, if there is no such definition and the PPSA defines "security" instead, it means the plural of that term.
- "Serial Number"* means the number that the Person who manufactured or constructed a Serial Number Good permanently marked or attached to it for identification purposes or, if applicable, such other number as the PPSA stipulates as the serial number or vehicle information number to be used for registration purposes of such Serial Number Good.
- "Serial Number Good"* means a motor vehicle, trailer, mobile home, aircraft airframe, aircraft engine or aircraft propeller, boat or an outboard motor for a boat.
16. **General.**
- (1) **Reservation of the Last Day of any Lease.** The Charges created by this Agreement do not extend to the last day of the term of any lease or agreement for lease; however, the Customer will hold such last day in trust for CIBC and, upon the exercise by CIBC of any of its rights under this Agreement following Default, will assign such last day as directed by CIBC.
 - (2) **Attachment of Security Interest.** The Security Interests created by this Agreement are intended to attach
 - i) to existing Collateral when the Customer signs this Agreement, and
 - ii) to Collateral subsequently acquired by the Customer, immediately upon the Customer acquiring any rights in such Collateral. The parties do not intend to postpone the attachment of any Security Interest created by this Agreement.
 - (3) **Purchase-Money Security Interest.** If CIBC gives value for the purpose of enabling the Customer to acquire rights in or to any of the Collateral, the Customer will in fact apply such value to acquire those rights (and will provide CIBC with such evidence in this regard as CIBC may require), and the Customer grants to CIBC, and CIBC takes, a Purchase-Money Security Interest in such Collateral to the extent that the value is applied to acquire such rights. A certificate or affidavit of any of CIBC's authorized representatives is admissible in evidence to establish the amount of any such value.
 - (4) **Description of Collateral in Schedule A.** The fact that box (b) or box (c) of section 1 has been checked without there being any property described in Schedule A does not affect the nature or validity of CIBC's security in the Collateral.

Security Agreement

- (5) **Entire Agreement.** CIBC has not made any representation or undertaken any obligation in connection with the subject matter of this Agreement other than as specifically set out in this Agreement, and in particular nothing contained in this Agreement will require CIBC to make, renew or extend the time for payment of any loan or other credit accommodation to the Customer or any other Person.
- (6) **Additional Security.** The Charges created by this Agreement are in addition and without prejudice to any other Charge now or later held by CIBC. No Charge held by CIBC will be exclusive of or dependent upon or merge in any other Charge, and CIBC may exercise its rights under such Charges independently or in combination.
- (7) **Joint and Several Liability.** If more than one Person signs this Agreement as the Customer, the obligations of such Persons will be joint and several.
- (8) **Severability; Headings.** Any provision of this Agreement that is void or unenforceable in any jurisdiction is, as to that jurisdiction, ineffective to that extent without invalidating the remaining provisions of this Agreement. The headings in this Agreement are for convenience only and do not limit or extend the provisions of this Agreement.
- (9) **Interpretation.** When the context so requires, the singular will be read as the plural, and vice versa.
- (10) **Copy of Agreement.** The Customer acknowledges receipt of a copy of this Agreement.
- (11) **Waivers.** If this Agreement is governed by the laws of Saskatchewan and the Customer is a corporation, the Customer agrees that The Limitation of Civil Rights Act, The Land Contracts (Actions) Act and Part IV (excepting only section 46) of The Saskatchewan Farm Security Act do not apply insofar as they relate to actions as defined in those Acts, or insofar as they relate to or affect this Agreement, the rights of CIBC under this Agreement or any instrument, Charge, security agreement or other document of any nature that renews, extends or is collateral to this Agreement.
- (12) **Notice.** CIBC may send to the Customer, by prepaid regular mail addressed to the Customer at the Customer's address last known to CIBC, copies of any document required by the PPSA to be delivered by CIBC to the Customer. Any document mailed in this manner will be deemed to have been received by the Customer upon the earlier of actual receipt by the Customer and the expiry of 10 days after the mailing date. A certificate or affidavit of any of CIBC's authorized representatives is admissible in evidence to establish the mailing date.
- (13) **Enurement; Assignment.** This Agreement will enure to the benefit of and be binding upon CIBC, its successors and assigns, and the Customer and the Customer's heirs, executors, administrators, successors and permitted assigns. The Customer will not assign this Agreement without CIBC's prior written consent.
- (14) **Electronic Execution and Delivery.** This Agreement may be executed in facsimile or by other electronic means, including Docusign, delivery of which shall be effective as delivery of a manually executed Agreement.
- (15) **Conflict.** This Agreement has been entered into pursuant to the provisions of the **[credit agreement dated _____, 2021 between the Customer and CIBC (the "Credit Agreement"),]** and is subject to all the terms and conditions thereof and, if there is any conflict or inconsistency between the provisions of this Agreement and the provisions of the **[Credit Agreement]**, the rights and obligations of the parties will be governed by the provisions of the **[Credit Agreement]** and this Agreement shall be deemed to be amended accordingly.



Security Agreement

199 Bay Street, 4th Floor, Toronto ON M5L 1A2

Bank Office (insert transit, mailing address and postal code)

For valuable consideration, the undersigned (the "Customer") agrees with Canadian Imperial Bank of Commerce ("CIBC") as follows:

- Grant of Security.** The Customer pledges and grants to CIBC, and CIBC takes, a Security Interest in all of the Customer's right, title and interest in, to and under the property described in Schedule A, and all other property described in any schedules, documents or listings that the Customer may from time to time sign and provide to CIBC in connection with this Agreement, in each case whether tangible or intangible, wherever located, and whether now owned by the Customer or hereafter acquired and whether now existing or hereafter coming into existence (collectively, the "Collateral") as a general and continuing collateral security for the due payment and performance of the Liabilities (whether at stated maturity, by acceleration or otherwise).
- Governing Law.** This Agreement shall be construed in accordance with and governed by the laws of the State of New York.

ADDITIONAL TERMS AND CONDITIONS. The Additional Terms and Conditions (including any schedules) on the following pages form part of this agreement.

Signature is from: Individual Business

The Customer has signed this Agreement on _____.

_____	_____	_____
Witness Name (Record in full)	Customer's Address	Name
X		X
_____	_____	_____
Witness Signature	City/Town, State and Zip Code	Signature

_____	_____	_____
Witness Name (Record in full)	Customer's Address	Name
X		X
_____	_____	_____
Witness Signature	City/Town, State and Zip Code	Signature

April 21, 2021

Date

X

DocuSigned by:

 80E79D2D13274C2...
 Signature

Tehama USA, Inc.

Customer's Name (record in full)

Robert White, Chief Financial Officer

Name & Title

319 McRae Ave, Unit 701

Customer's Address

X

Signature

Ottawa ON K1Z 0B9

City/Town, State and Zip Code

Name & Title

Security Agreement

Note: If the Customer is a legal entity, the office (such as “President” or “Secretary”) of the person signing should be noted below that person’s signature.

Note: If the Customer is an individual, consider applicable State community property laws and whether consent of the Customer’s spouse is required to grant a security interest.

For individuals only , record the following information and attach a copy of the Customer’s driver’s license to this agreement:	Address of Principal Residence
First and second names in full; surname	

Note: When filing against individuals, filing rules regarding the proper debtor name vary from state to state. Consult Section 9-503(a)(4) of the UCC of the state where the Customer’s principal residence is located for the rules specific to that state.

Schedule A

The following is a description of property included in the Collateral²:

- (a) all Accounts;
- (b) all As-Extracted Collateral;
- (c) all Chattel Paper;
- (d) all Deposit Accounts, including [_____];
- (e) all Documents;
- (f) all Equipment;
- (g) all Fixtures;
- (h) all General Intangibles;
- (i) all Goods not covered by the other clauses of this Schedule A;
- (j) the Pledged Shares;
- (k) all Instruments, including all Promissory Notes;
- (l) all Intellectual Property, including [_____] (but in any event excluding any intent-to-use trademark application for which a statement of use has not been filed); [Note: short-form IP security agreements must be publicly filed in order to perfect a lien on certain U.S. Intellectual Property]
- (m) all Inventory;
- (n) all Investment Property not covered by other clauses of this Schedule A, including all Securities, all Securities Accounts and all Security Entitlements with respect thereto and Financial Assets carried therein, and all Commodity Accounts and Commodity Contracts, including the following Securities Accounts and Commodities Accounts: [_____];
- (o) all Letter-of-Credit Rights;
- (p) all commercial tort claims, as defined in Section 9-102(a)(13) of the UCC, arising out of the following events [_____];
- (q) all other tangible and intangible personal property whatsoever of the Customer; and
- (r) all Proceeds of any of the Collateral, all Accessions to and substitutions and replacements for, any of the Collateral, and all offspring, rents, profits and products of any of the Collateral, and, to the extent related to any Collateral, all books, correspondence, credit files, records, invoices and other papers (including all tapes, cards, computer runs and other papers and documents in the possession or under the control of the Customer or any computer bureau or service company from time to time acting for the Customer).

Schedule B

The following are the Places of Business (if space is insufficient, use a separate sheet):

² Revise as necessary, but note that a generic "all personal property" collateral description is not effective to create a security interest

under the UCC.

Additional Terms And Conditions

3. **Places of Business.** The Customer represents and warrants that the locations of all existing Places of Business are specified in Schedule B. The Customer will promptly notify CIBC in writing of any additional Places of Business as soon as they are established. Subject to Section 5, the Collateral will at all times be kept at the Places of Business, and will not be removed without CIBC's prior written consent.
4. **Collateral Free of Charges.** The Customer represents and warrants that the Collateral is, and agrees that the Collateral will at all times be, free of any Charge or trust except in favor of CIBC or incurred with CIBC's prior written consent. CIBC may, but will not have to, pay any amount or take any action required to remove or redeem any unauthorized Charge. The Customer will immediately reimburse CIBC for any amount so paid and will indemnify CIBC in respect of any action so taken.
5. **Use of Collateral.** The Customer will not, without CIBC's prior written consent, sell, lease or otherwise dispose of any of the Collateral (other than Inventory, which may be sold, leased or otherwise disposed of in the ordinary course of the Customer's business). Following an event of Default and continuing during such event of Default, all Proceeds of the Collateral (including among other things all amounts received in respect of Receivables), whether or not arising in the ordinary course of the Customer's business, will be received by the Customer as trustee for CIBC and will be immediately paid to CIBC.
6. **Insurance.** The Customer will keep the Collateral insured to its full insurable value against loss or damage by fire and such other risks as are customarily insured for property similar to the Collateral (and against such other risks as CIBC may reasonably require). At CIBC's request, all policies in respect of such insurance will contain a loss payee clause, in favor of CIBC and in any event the Customer assigns all proceeds of insurance on the Collateral to CIBC. The Customer will, from time to time at CIBC's request, deliver such policies (or satisfactory evidence of such policies) to CIBC. If the Customer does not obtain or maintain such insurance, CIBC may, but will not have to, do so. The Customer will immediately reimburse CIBC for any amount so paid. The Customer will promptly give CIBC written notice of any loss or damage to all or any part of the Collateral.
7. **Information and Inspection.** The Customer will from time to time immediately give CIBC in writing all information requested by CIBC relating to the Collateral, the Places of Business, and the Customer's financial or business affairs. The Customer will promptly advise CIBC of the model year, make and model of each Motor Vehicle at any time included in the Collateral that is held as Equipment, including in circumstances where the Customer ceases holding such Motor Vehicle as Inventory and begins holding it as Equipment. CIBC may from time to time inspect any Books and Records and any Collateral, wherever located. For that purpose CIBC may, without charge, have access to each Place of Business and to all mechanical or electronic equipment, devices and processes where any of them may be stored or from which any of them may be retrieved. The Customer authorizes any Person holding any Books and Records to make them available to CIBC, in a readable form, upon request by CIBC. In addition, the Customer agrees that it has provided (or, in the case of any Securities Account acquired after the date of execution hereof, will provide, promptly upon such acquisition) to CIBC, copies of the account agreement governing each Securities Account pledged hereunder, and all amendments thereto. The Customer agrees that it will immediately notify CIBC in writing of any change in the jurisdiction of the Securities Intermediary of any Securities Account pledged hereunder for purposes of Article 2(1) of the Hague Securities Convention.
8. **Receivables.** If the Collateral includes Receivables, CIBC may advise any Person who is liable to make any payment to the Customer of the existence of this Agreement. CIBC may from time to time confirm with such Persons the existence and the amount of the Receivables. Following an event of Default that is continuing, CIBC may collect and otherwise deal with the Receivables in such manner and upon such terms as CIBC considers appropriate.
9. **Receipts Prior to Default.** Until an event of Default that is continuing, all amounts received by CIBC as Proceeds of the Collateral will be applied on account of the Liabilities in such manner and at such times as CIBC may consider appropriate or, at CIBC's option, may be held unappropriated in a collateral account or released to the Customer.
10. **Default.**
 - (1) **Events of Default.** The occurrence of any of the following events or conditions will be a Default:
 - (a) the Customer does not pay any of the Liabilities when due;
 - (b) the Customer does not observe or perform any of the Customer's obligations under this Agreement or any other agreement or document existing at any time between the Customer and CIBC;
 - (c) any representation, warranty or statement made by or on behalf of the Customer to CIBC is untrue in any material respect at the time when or as of which it was made;
 - (d) the Customer ceases or threatens to cease to carry on in the normal course the Customer's business or any material part thereof;
 - (e) if the Customer is a legal entity, there is, in CIBC's reasonable opinion, a change in effective control of the Customer, or if the Customer is a partnership or limited liability company, there is a dissolution or change in the membership of the partnership or limited liability company;
 - (f) the Customer becomes insolvent or bankrupt or makes a proposal or files an assignment for the benefit of creditors under the United States Bankruptcy Code or similar legislation in the United States, Canada or any other jurisdiction; a petition in bankruptcy is filed against the Customer; or, if the Customer is a legal entity, steps are taken under any legislation by or against the Customer seeking its liquidation, winding-up, dissolution or reorganization or any arrangement or composition of its debts;

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- (g) a receiver, trustee, custodian or other similar official is appointed in respect of the Customer or any of the Customer's property;
 - (h) the holder of a Charge takes possession of all or any part of the Customer's property, or a distress, execution or other similar process is levied against all or any part of such property; or
 - (i) CIBC, in good faith and upon commercially reasonable grounds, believes that the prospect of payment or performance is or is about to be impaired or that the Collateral is or is about to be placed in jeopardy.
- (2) **Rights upon Default.** Following an event of Default that is continuing, CIBC will to the extent permitted by law have the following rights.
- (a) **Dealings with the Collateral.** CIBC may take possession of all or any part of the Collateral and retain it for as long as CIBC considers appropriate, receive any rents and profits from the Collateral, carry on (or concur in carrying on) all or any part of the Customer's business or refrain from doing so, borrow on the security of the Collateral, repair the Collateral, process the Collateral, prepare the Collateral for sale, lease or other disposition, and sell or lease (or concur in selling or leasing) or otherwise dispose of the Collateral on such terms and conditions (including among other things by arrangement providing for deferred payment) as CIBC or considers appropriate. CIBC may (without charge and to the exclusion of all other Persons including the Customer) enter upon any Place of Business.
 - (b) **Realization.** CIBC may use, collect, sell, lease or otherwise dispose of, realize upon, release to the Customer or other Persons and otherwise deal with, the Collateral in such manner, upon such terms (including among other things by arrangement providing for deferred payment) and at such times as CIBC considers appropriate. CIBC may make any sale, lease or other disposition of the Collateral in the name of and on behalf of the Customer or otherwise.
 - (c) **Notice.** CIBC will give Customer such notice, if any, of the date, time and place of any public sale or of the date after which any private disposition of Collateral is to be made as may be required by the UCC. Customer agrees that to the extent CIBC is required by applicable law to give reasonable prior notice of any sale or other disposition of any Collateral, ten business days' notice shall be deemed to constitute reasonable prior notice.
 - (d) **Application of Proceeds After Default.** All Proceeds of Collateral received by CIBC may be applied to discharge or satisfy any expenses (including among other things expenses of enforcing CIBC's rights under this Agreement), Charges, borrowings, taxes and other outgoings affecting the Collateral or which are considered advisable by CIBC to preserve, repair, process, maintain or enhance the Collateral or prepare it for sale, lease or other disposition, or to keep in good standing any Charges on the Collateral ranking in priority to any Charge created by this Agreement, or to sell, lease or otherwise dispose of the Collateral. The balance of such Proceeds will be applied to the Liabilities in such manner and at such times as CIBC considers appropriate and thereafter will be accounted for as required by law.
 - (e) **Certain Securities Act Limitations.** Customer recognizes that, by reason of certain prohibitions contained in the United States Securities Act of 1933, as amended, and applicable State and Provincial securities laws, CIBC may be compelled, with respect to any sale of all or any part of the Collateral, to limit purchasers to those who will agree, among other things, to acquire the Collateral for their own account, for investment and not with a view to the distribution or resale thereof. Customer acknowledges that any such private sales may be at prices and on terms less favorable to CIBC than those obtainable through a public sale without such restrictions, and, notwithstanding such circumstances, agrees that any such private sale shall be deemed to have been made in a commercially reasonable manner and that CIBC shall have no obligation to engage in public sales and no obligation to delay the sale of any Collateral for the period of time necessary to permit the issuer thereof to register it for public sale.
- (3) **Other Legal Rights.** Before and after Default, CIBC will have, in addition to the rights specifically provided in this Agreement, the rights of a secured party under the UCC, as well as the rights recognized at law and in equity. No right will be exclusive of or dependent upon or merge in any other right, and one or more of such rights may be exercised independently or in combination from time to time.
- (4) **Deficiency.** The Customer will remain liable to CIBC for payment of any Liabilities that are outstanding following realization of all or any part of the Collateral.
11. **CIBC not Liable.** CIBC will not be liable to the Customer or any other Person for any failure or delay in exercising any of its rights under this Agreement (including among other things any failure to take possession of, collect, or sell, lease or otherwise dispose of, any Collateral). Neither CIBC nor any agent of CIBC is required to take, or will have any liability for any failure to take or delay in taking, any steps necessary or advisable to preserve rights against other Persons under any Chattel Paper, Securities or Instrument in possession of CIBC or CIBC's agent.
12. **Charges and Expenses.** The Customer agrees to pay on demand all costs and expenses incurred (including among other things reasonable legal fees) and reasonable fees charged by CIBC in connection with obtaining or discharging this Agreement or establishing or confirming the priority of the Charges created by this Agreement or by law, compliance with any demand by any Person under the UCC to amend or discharge any registration relating to this Agreement, and by CIBC in exercising any remedy under this Agreement (including among other things preserving, repairing, processing, preparing for disposition and disposing of the Collateral by sale, lease or otherwise) and in carrying on the Customer's business. All such amounts will bear interest from time to time at the highest interest rate then applicable to any of the Liabilities, and the Customer will reimburse CIBC upon demand for any amount so paid.
13. **Further Assurances.** The Customer (i) hereby authorizes CIBC to file such financing statements describing the Collateral as "all

Security Agreement

assets” or “all personal property and fixtures” of the Customer (provided that no such description shall be deemed to modify the description of Collateral set forth pursuant to Section 1), financing statement amendments and other documents and (ii) will from

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time to time immediately upon request by CIBC take such action (including among other things the signing and delivery of schedules, documents or listings describing property included in the Collateral, further assignments and other documents, and fixture filings) as CIBC may require in connection with the Collateral or as CIBC may consider necessary to give effect to this Agreement. The Customer irrevocably appoints the Manager or the Acting Manager from time to time of CIBC's branch specified on the first page of this Agreement as the Customer's attorney (with full powers of substitution and delegation) to sign, following an event of Default that is continuing, all documents required to give effect to this section. Nothing in this section affects the right of CIBC as secured party, or any other Person on CIBC's behalf, to sign and file or deliver (as applicable) all such financing statements, financing change statements, notices, verification agreements and other documents relating to the Collateral and this Agreement as CIBC or such other Person considers appropriate.

14. **Dealings by CIBC.** CIBC may from time to time increase, reduce, discontinue or otherwise vary the Customer's credit facilities, grant extensions of time and other indulgences, take and give up any Charge, abstain from taking, perfecting or registering any Charge, accept compositions, grant releases and discharges and otherwise deal with the Customer, customers of the Customer, guarantors and others, and with the Collateral and any Charges held by CIBC, as CIBC considers appropriate without affecting the Customer's obligations to CIBC or CIBC's rights under this Agreement.

15. **Definitions.** In this Agreement:

"Accessions", "Account", "As-Extracted Collateral", "Chattel Paper", "Commodity Account", "Commodity Contract", "Consumer Goods", "Deposit Account", "Document", "Equipment", "Financial Asset", "Fixture", "General Intangible", "Goods", "Instrument", "Intangible", "Inventory", "Investment Property", "Letter-of-Credit Rights", "Proceeds", "Promissory Note", "Securities Account", "Security", "Security Entitlement" and "Security Interest" have the respective meanings given to them in Article 8 or 9 of the UCC.

"Books and Records" means all books, records, files, papers, disks, documents and other repositories of data recording, evidencing or relating to the Collateral to which the Customer (or any Person on the Customer's behalf) has access.

"Charge" means any mortgage, charge, pledge, hypothecation, lien (statutory or otherwise), assignment, financial lease, title retention agreement or arrangement, security interest or other encumbrance of any nature however arising, or any other security agreement or arrangement creating in favor of any creditor a right in respect of a particular property that is prior to the right of any other creditor in respect of such property.

"Copyrights" means all copyrights, copyright registrations and applications for copyright registrations, including all renewals and extensions thereof, all rights to recover for past, present or future infringements thereof and all other rights whatsoever accruing thereunder or pertaining thereto now owned or hereafter acquired by the Customer.

"Default" has the meaning set out in subsection 10(1).

"Intellectual Property" means, collectively, all Copyrights, all Patents and all Trademarks beneficially, together with (a) all inventions, processes, production methods, proprietary information, know-how and trade secrets; (b) all licenses or user or other agreements granted to the Customer with respect to any of the foregoing, in each case whether now or hereafter owned or used; (c) all information, customer lists, identification of suppliers, data, plans, blueprints, specifications, designs, drawings, recorded knowledge, surveys, engineering reports, test reports, manuals, materials standards, processing standards, performance standards, catalogs, computer and automatic machinery software and programs; (d) all field repair data, sales data and other information relating to sales or service of products now or hereafter manufactured; (e) all accounting information and all media in which or on which any information or knowledge or data or records may be recorded or stored and all computer programs used for the compilation or printout of such information, knowledge, records or data; (f) all licenses, consents, permits, variances, certifications and approvals of governmental agencies now or hereafter held by the Customer; and (g) all causes of action, claims and warranties now or hereafter owned or acquired by the Customer in respect of any of the items listed above.

"Liabilities" means all present and future indebtedness and liability of every kind, nature and description (whether direct or indirect, joint or several, absolute or contingent, matured or unmatured, and including interest and expenses thereon) of the Customer to CIBC, wherever and however incurred and any unpaid balance thereof, it being understood that "Liabilities" shall include any interest or expenses accruing or arising after the commencement of any case with respect to the Customer under the United States Bankruptcy Code or any other bankruptcy or insolvency law, whether or not such interest or expenses are allowed or allowable as a claim in whole or in part in such case.

"Motor Vehicles" means motor vehicles, tractors, trailers and other like property, if the title thereto is governed by a certificate of title or ownership.

"Patents" means all patents and patent applications, including the inventions and improvements described and claimed therein together with the reissues, divisions, continuations, renewals, extensions and continuations in part thereof, all income, royalties, damages and payments now or hereafter due and/or payable with respect thereto, all damages and payments for past or future infringements thereof and rights to sue therefor, and all rights corresponding thereto throughout the world now owned or hereafter acquired by the Customer.

"Person" means any natural person or artificial body (including among others any firm, corporation or government).

"Place of Business" means a location where the Customer carries on business or where any of the Collateral is located (including any location described in Schedule B).

"Pledged Shares" means all shares of capital stock of each corporation, limited liability company interests, partnership interests and other ownership or equity interests of any class in any corporation, limited liability company or partnership ("Shares") beneficially owned at any time by the Customer, together with (a) all certificates representing the same, (b) all shares, securities,

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moneys or other property representing a dividend on or a distribution or return of capital on or in respect of the Shares, or resulting from a split-up, revision, reclassification or other like change of the Shares or otherwise received in exchange therefor, and any warrants, rights or options issued to the holders of, or otherwise in respect of, the Shares, and (c) all Shares of any successor entity of any amalgamation, merger or consolidation.

"Purchase-Money Security Interest" means a purchase money security interest as described in Section 9-103 of the UCC.

"Receivables" means all debts, claims and choses in action (including among other things Accounts and Chattel Paper) now or in the future due or owing to or owned by the Customer.

"Trademarks" means all trade names, trademarks and service marks, logos, trademark and service mark registrations, and applications for trademark and service mark registrations, including all renewals of trademark and service mark registrations, all rights to recover for all past, present and future infringements thereof and all rights to sue therefor, and all rights corresponding thereto throughout the world now owned or hereafter acquired by the Customer, together, in each case, with the product lines and goodwill of the business connected with the use of, and symbolized by, each such trade name, trademark and servicemark.

"UCC" means the Uniform Commercial Code as in effect from time to time in the State of New York; provided, however, in the event that, by reason of mandatory provisions of law, any or all of the perfection or priority of CIBC's security interest in any item or portion of the Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New York, then the term "UCC" shall mean the Uniform Commercial Code as in effect in such other jurisdiction or jurisdictions for purposes of the provisions hereof relating to perfection or priority and for purposes of definitions related to such provisions (as used therein).

16. General.

- (1) **Attachment of Security Interest.** The Security Interests created by this Agreement are intended to attach
 - i) to existing Collateral when the Customer signs this Agreement, and
 - ii) to Collateral subsequently acquired by the Customer, immediately upon the Customer acquiring any rights in such Collateral. The parties do not intend to postpone the attachment of any Security Interest created by this Agreement.
- (2) **Purchase-Money Security Interest.** If CIBC gives value for the purpose of enabling the Customer to acquire rights in or to any of the Collateral, the Customer will in fact apply such value to acquire those rights (and will provide CIBC with such evidence in this regard as CIBC may require), and the Customer grants to CIBC, and CIBC takes, a Purchase-Money Security Interest in such Collateral to the extent that the value is applied to acquire such rights. A certificate or affidavit of any of CIBC's authorized representatives is admissible in evidence to establish the amount of any such value.
- (3) **Entire Agreement.** CIBC has not made any representation or undertaken any obligation in connection with the subject matter of this Agreement other than as specifically set out in this Agreement, and in particular nothing contained in this Agreement will require CIBC to make, renew or extend the time for payment of any loan or other credit accommodation to the Customer or any other Person.
- (4) **Additional Security.** The Charges created by this Agreement are in addition and without prejudice to any other Charge now or later held by CIBC. No Charge held by CIBC will be exclusive of or dependent upon or merge in any other Charge, and CIBC may exercise its rights under such Charges independently or in combination.
- (5) **Joint and Several Liability.** If more than one Person signs this Agreement as the Customer, the obligations of such Persons will be joint and several.
- (6) **Severability; Headings.** Any provision of this Agreement that is void or unenforceable in any jurisdiction is, as to that jurisdiction, ineffective to that extent without invalidating the remaining provisions of this Agreement. The headings in this Agreement are for convenience only and do not limit or extend the provisions of this Agreement.
- (7) **Interpretation.** When the context so requires, the singular will be read as the plural, and vice versa.
- (8) **Copy of Agreement.** The Customer acknowledges receipt of a copy of this Agreement.
- (9) **Notice.** CIBC may send to the Customer, by prepaid regular mail addressed to the Customer at the Customer's address last known to CIBC, copies of any document required by the UCC to be delivered by CIBC to the Customer. Any document mailed in this manner will be deemed to have been received by the Customer upon the earlier of actual receipt by the Customer and the expiry of 10 days after the mailing date. A certificate or affidavit of any of CIBC's authorized representatives is admissible in evidence to establish the mailing date.
- (10) **Enurement; Assignment.** This Agreement will enure to the benefit of and be binding upon CIBC, its successors and assigns, and the Customer and the Customer's heirs, executors, administrators, successors and permitted assigns. The Customer will not assign this Agreement without CIBC's prior written consent.
- (11) **Submission to Jurisdiction.** The Customer hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that CIBC may otherwise

have to bring any action or proceeding relating to this Agreement against the Customer or its properties in the courts of any jurisdiction.

- (12) **Waiver of Venue.** The Customer hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any court referred to in Section 16(11). Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.
- (13) **Service of Process.** Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 16(9). Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.
- (14) **WAIVER OF JURY TRIAL.** EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 16(14).
- (15) **Electronic Execution and Delivery.** This Agreement may be executed in facsimile or by other electronic means, including Docusign, delivery of which shall be effective as delivery of a manually executed Agreement.
- (16) **Conflict.** This Agreement has been entered into pursuant to the provisions of the [credit agreement dated _____, 2021 between Tehama Inc. and CIBC (the "Credit Agreement"),] and is subject to all the terms and conditions thereof and, if there is any conflict or inconsistency between the provisions of this Agreement and the provisions of the [Credit Agreement], the rights and obligations of the parties will be governed by the provisions of the [Credit Agreement] and this Agreement shall be deemed to be amended accordingly.



Deposit Account Control Agreement
(Pledged Account with Activation)
Updated: September 2018

DEPOSIT ACCOUNT CONTROL AGREEMENT
(PLEGDED ACCOUNT WITH ACTIVATION)

This Agreement (the “**Agreement**”), among CIBC Bank USA (“**Bank**”), Tehama Inc. (“**Borrower**”) and Canadian Imperial Bank of Commerce as lender (“**Lender**”) pursuant to the Credit Agreement dated as of April 21, 2021 (as amended, restated, supplemented or otherwise modified from time to time, the “**Loan Agreement**”), is dated as of April 21, 2021, and shall serve as instructions regarding the accounts that have been established by Borrower at Bank and identified in Exhibit A attached hereto (each, an “**Account**” and collectively, the “**Accounts**”).

1. Lien. Borrower has granted to Lender a continuing lien on and security interest in the Accounts and all amounts from time to time on deposit therein. The parties hereto agree that this Agreement constitutes an “authenticated record” for purposes of Section 9-104(a)(2) of the Illinois Uniform Commercial Code (the “**UCC**”) and is being entered into to give Lender control of the Accounts as contemplated by Section 9-104 (a)(2) of the UCC.

2. Duties. Bank agrees to take such action with respect to the Accounts as shall from time to time be specified in any writing received by Bank purportedly from Borrower or Lender as provided herein. Borrower and Lender agree that: (a) Bank has no duty to monitor the balance of the Accounts; (b) until Bank receives written notice purportedly from Lender instructing Bank to cease honoring Borrower’s instructions with respect to the Accounts (the “**Block Notice**”), Borrower shall have full rights to instruct Bank with respect to the Accounts and take any and all actions with respect to the Accounts in accordance with any deposit, cash management or other agreements between Borrower and Bank governing the Accounts or relating to products or services provided for such Accounts (including, without limitation, making withdrawals therefrom (using checks, electronic funds transfers or otherwise)); (c) following Bank’s receipt of a Block Notice, Bank may, without further inquiry, rely on and act in accordance with any instructions Bank receives which purport to be originated by Lender directing the disposition of funds in the Accounts without further consent from Borrower and notwithstanding any conflicting or contrary instructions Bank receives from Borrower, and Bank shall have no liability to Lender, Borrower or any other person in relying on and acting in accordance with any such instructions; (d) Bank shall have no responsibility to inquire as to the form, execution, sufficiency or validity of any notice or instructions delivered to it pursuant hereto, nor to inquire as to the identity, authority or rights of the person or persons executing or delivering the same; and (e) following Bank’s receipt of a Block Notice, Bank shall have a reasonable period of time within which to act in accordance with such Block Notice and other notices or instructions thereafter received by Bank from Lender with respect to the Accounts (not to exceed three (3) Business Days (as defined below) if received by 1:00 p.m. (Central time) on a Business Day, or four (4) Business Days if received after such time). Notwithstanding the preceding terms of this Section 2, it is expressly understood and agreed that any direction or request by Lender directing the disposition of funds on deposit in the Accounts will apply only to available funds on deposit in the Accounts and Lender shall make withdrawals from the Accounts only via fedwire or other electronic funds transfer.

Each Business Day after Bank has received and had a reasonable time to act on a Block Notice, Bank will act on the balance of available funds on deposit in the Accounts as instructed by Lender. For purposes of this Agreement, the term “**Business Day**” shall mean Monday through Friday, excluding holidays observed by Bank and other days on which Bank is required or permitted to close.

Notwithstanding anything to the contrary contained in this Agreement, Bank may immediately cease all transfers of funds pursuant to this Agreement upon its knowledge of the commencement of any bankruptcy, receivership, insolvency, reorganization, dissolution or liquidation proceedings by or against Borrower (a "Bankruptcy Filing"), provided, however that such suspension shall in no way effect the rights of Bank to debit the Accounts for amounts due under this Agreement. Upon receipt by Bank of an appropriate order from a court of competent jurisdiction, Bank shall thereafter resume any suspended transfer of funds pursuant to this Agreement.

3. Deposit of Items. Borrower and Lender irrevocably direct and authorize Bank, and Bank agrees, to process items deposited to the Account in accordance with the terms of the Business Deposit Account Agreement for the Account and, to the extent applicable, the Treasury Management Services Agreement or any other cash management agreements between Borrower and Bank.

4. Information. Bank shall provide Lender, at Borrower's expense, with such information with respect to the Accounts and all items (and proceeds thereof) deposited to the Accounts as Lender may from time to time reasonably request, and Borrower hereby consents to such information being provided to Lender.

5. Exculpation; Indemnity. Bank undertakes to perform only such duties as are expressly set forth herein. Notwithstanding any other provisions of this Agreement, the parties hereby agree that Bank shall not be liable for any action taken by it in accordance with this Agreement, including, without limitation, any action so taken at Lender's request, except direct damages attributable to Bank's gross negligence or willful misconduct. In no event shall Bank be liable for any (i) losses or delays resulting from acts of God, war, computer malfunction, interruption of communication facilities, labor difficulties or other causes beyond Bank's reasonable control or (ii) other damages, including without limitation, indirect, special, punitive or consequential damages. Borrower agrees to indemnify and hold Bank harmless from and against any and all costs, damages, claims, judgments, reasonable attorneys' fees, expenses, obligations and liabilities of every kind and nature (collectively, "Losses") which Bank may incur, sustain or be required to pay (other than those attributable to Bank's gross negligence or willful misconduct) in connection with or arising out of this Agreement, the Accounts, the Block Notice or any instruction provided by Lender pursuant to Section 2 (including without limitation, the amount of any overdraft created in any of the Accounts resulting from a Chargeback being charged to the related Account or from debiting any of the Accounts for Charges (defined below) owed to Bank), and to pay to Bank on demand the amount of all such Losses. Nothing in this Agreement, and no indemnification of Bank under this Section, shall affect in any way the indemnification obligations of Borrower to Lender under the Loan Agreement or otherwise. After Lender sends the Block Notice, Lender agrees, jointly and severally with Borrower, to indemnify and hold Bank harmless from and against any and all Losses (other than those attributable to Bank's gross negligence or willful misconduct) in connection with or arising out of this Agreement, the Accounts, the Block Notice or any instruction provided by Lender pursuant to Section 2 (including without limitation, the amount of any overdraft created in any of the Accounts resulting from a Chargeback being charged to the related Account or from debiting any of the Accounts for Charges owed to Bank), and to pay to Bank on demand the amount of all such Losses. The provisions of this Section 5 shall survive termination of this Agreement.

6. Chargebacks. All items deposited in, and electronic funds transfers credited to, the Accounts and then returned unpaid or returned (or not finally settled) for any reason

(collectively, “**Chargebacks**”) will be handled in the following manner: (a) any item which is returned because of insufficient or uncollected funds or otherwise dishonored for any reason will be charged back to the Account in which it was originally deposited, and (b) any returns, reversals or Chargebacks relating to electronic funds transfers or deposits into an Account, or merchant card, debit card or credit card transactions involving such Account will be charged back to such Account.

In the event there are insufficient funds in the Accounts to cover such Chargebacks, upon receipt of notice from Bank of the occurrence of such Chargebacks and the failure of Borrower to pay Bank the amount of such Chargebacks, Lender agrees to pay such amount to Bank, in immediately available funds, within one Business Day after receipt of such notice, provided that (a) Lender shall have no obligation to pay the amount of any Chargeback occurring prior to the date Lender sends the Block Notice and (b) any such liability of Lender to Bank shall in no way release Borrower from liability to Lender and shall not impair Lender's rights and remedies against Borrower, by way of subrogation or otherwise, to collect all such Chargebacks.

7. Charges. In consideration of the services of Bank in establishing, maintaining and conducting transactions through the Accounts, Bank has established, and Borrower hereby agrees to pay, the fees and other charges for the Accounts and services related thereto as in effect from time to time, together with any and all other expenses incurred by Bank in connection with this Agreement or the Accounts and related services, including without limitation amounts paid or incurred by Bank in enforcing its rights and remedies under this Agreement, or in connection with defending any claim made against Bank in connection with this Agreement, the Accounts, the Block Notice or any instruction provided by Lender pursuant to Section 2 (collectively, the “**Charges**”).

In connection with the payment of the Charges in any month, Bank will debit the Accounts or any other account Borrower maintains at Bank. In the event the Accounts or such other accounts with Bank do not contain sufficient available funds to pay the Charges or Borrower maintains no other accounts with Bank, Bank will bill Borrower directly, and Borrower agrees to pay Bank, via wire transfer or other immediately available funds, the amount of such Charges. If Borrower fails to pay the amount of the Charges within five (5) Business Days of receipt of a billing statement detailing such Charges, Lender agrees to pay Bank, via wire transfer or other immediately available funds, the amount of such Charges within two (2) Business Days after receipt of a billing statement detailing such Charges, provided, however, that (a) Lender shall not be obligated to pay any Charges incurred prior to the date of the Block Notice, and (b) any such liability of Lender to Bank shall in no way release Borrower from liability to Lender and shall in no way impair Lender's rights and remedies against Borrower, by way of subrogation or otherwise, to collect all such fees and expenses, and all such amounts paid by Lender shall constitute a part of the “**Obligations**” under the Loan Agreement.

8. Irrevocable Agreement. Borrower acknowledges the agreements made by it and the authorizations granted by it herein are irrevocable and the authorizations granted herein are powers coupled with an interest.

9. Set-off. Bank waives all of its existing and future rights of set-off and banker's liens against the Accounts and all items (and proceeds thereof) that come into possession of Bank in connection with the Accounts, except for (a) those rights of set-off and banker's liens arising in connection with (a) any charges, fees, expenses, payments and other amounts for which the Borrower and/or Lender is responsible to Bank (including, without limitation, any of the foregoing with respect to cash management services provided by Bank to Borrower,

including, but not limited to, funds transfer (origination or receipt), trade, lockbox, commercial card, investment, disbursement, reconciliation, stop payment, positive pay, automatic investment, imaging, and information services), (b) Chargebacks, (c) Charges and (d) other amounts owed to Bank pursuant to Section 5 hereof.

10. Miscellaneous. This Agreement is binding upon the parties hereto and their respective successors and assigns (including any trustee of Borrower appointed or elected in any action under the Bankruptcy Code) and shall inure to their benefit. Neither Borrower nor Lender shall be entitled to assign or delegate any of its rights or duties hereunder without first obtaining the express prior written consent of Bank. Neither this Agreement nor any provision hereof may be changed, amended, modified or waived, except by an instrument in writing signed by the parties hereto. Any provision of this Agreement that may prove unenforceable under any law or regulation shall not affect the validity of any other provision hereof. This Agreement may be executed in any number of counterparts which together shall constitute one and the same instrument.

11. Governing Law, Jurisdiction, and Venue. Bank agrees that for the purpose of Section 9-304 of the UCC, its jurisdiction is the State of Illinois. This Agreement shall be governed by, and interpreted in accordance with, the laws of the State of Illinois without regard to conflict of laws provisions. Any action in connection with this Agreement shall be brought in the courts of the State of Illinois, located in Cook County, or the courts of the United States of America for the Northern District of Illinois. Each party hereto irrevocably waives any objection on the grounds of venue, forum non-conveniens or any similar grounds, irrevocably consents to service of process by mail or in any other manner permitted by applicable law and consents to the jurisdiction of said courts. Each party hereto intentionally, knowingly and voluntarily irrevocably waives any right to trial by jury in any proceeding related to this Agreement.

12. Termination and Resignation. This Agreement may be terminated by Lender upon written notice to Bank. Bank may, at any time upon thirty (30) days' prior written notice to Lender and Borrower, terminate this Agreement; provided, however, that Bank may terminate this Agreement immediately upon written notice to Lender and Borrower in the event of a material breach of this Agreement (including non-payment of any charges or other obligations under this Agreement) by either Borrower or Lender. Upon termination of this Agreement, any funds in the Accounts shall be subject to the direction of Lender (if after Bank's receipt of a Block Notice) or Borrower (if prior to Bank's receipt of a Block Notice), as applicable.

13. Notices. Unless otherwise specifically provided herein, any notice or other communication required or permitted to be given shall be in writing addressed to the respective party as set forth below and may be personally served, telecopied or sent by overnight courier service and shall be deemed to have been given: (a) if delivered in person, when delivered; (b) if delivered by telecopy, on the date of transmission if transmitted on a Business Day before 4:00 P.M. (Central time) (but only if such telecopied document is also delivered by another method permitted by this Agreement by the next banking business day), or, if not, on the next succeeding Business Day; or (c) if delivered by reputable overnight courier, the Business Day on which such delivery is made by such courier. Notices shall be addressed as follows:

Lender:	Canadian Imperial Bank of Commerce 199 Bay Street, 4 th floor Toronto, ON M5L 1A2 Attention: Copy:
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Borrower: Tehama Inc.
319 McRae Avenue, Unit 701
Ottawa, ON K1Z 0B9

Attention: Paul Vallée, Chief Executive Officer

Bank: CIBC Bank USA
120 South LaSalle Street
Chicago, Illinois 60603
Attention:
Telecopy:

With a copy to: CIBC Bank USA
70 West Madison Street
Chicago, IL 60602
Attention: Internal Client Services
Telecopy: (312) 564-1789

or in any case, to such other address as the party addressed shall have previously designated by written notice to the serving party, given in accordance with this Section.

[Signature page follows]

This Agreement has been executed and delivered by each of the parties hereto by a duly authorized officer of each such party on the date first set forth above.

Tehama Inc.

By: _____

Name: Paul Vallée

Title: Chief Executive Officer

Canadian Imperial Bank of Commerce

By: _____

Name: Amy Olah

Title: Managing Director

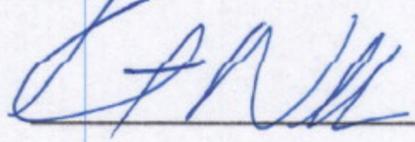
By: _____

Name: _____

Title: _____

ACCEPTED AND AGREED TO as of 4/20/21 :

CIBC Bank USA

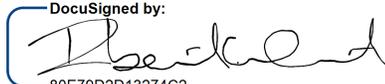
By: 

Name: Kurt Nichols

Title: Managing Director

This Agreement has been executed and delivered by each of the parties hereto by a duly authorized officer of each such party on the date first set forth above.

Tehama Inc.

By: 
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Name: Robert White

Title: Chief Financial Officer

Canadian Imperial Bank of Commerce

By: _____

Name: Amy Olah

Title: Managing Director

By: _____

Name: Patrick Klos

Title: Authorized Signatory

ACCEPTED AND AGREED TO as of April ____, 2021:

CIBC Bank USA

By: _____

Name: _____

Title: _____

This Agreement has been executed and delivered by each of the parties hereto by a duly authorized officer of each such party on the date first set forth above.

Tehama Inc.

By: _____

Name: Paul Vallée

Title: Chief Executive Officer

Canadian Imperial Bank of Commerce

By: 

Name: Amy Olah

Title: Managing Director

By: 

Name: Patrick Klos

Title: Associate

ACCEPTED AND AGREED TO as of DATE:

CIBC Bank USA

By: _____

Name: _____

Title: _____

EXHIBIT A

<u>Account Name</u>	<u>Account Number</u>	<u>Tax Identification Number</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

ASSIGNMENT OF MONIES WHICH MAY BECOME PAYABLE UNDER INSURANCE POLICIES

TO: Canadian Imperial Bank of Commerce (the "Assignee")

RE: Assignee's extension of a secured credit facility to Tehama Inc. (the "Borrower"), pursuant to a credit agreement dated April 21, 2021, as may be amended from time to time

In order to induce the Assignee to extend the credit facilities to the Borrower pursuant to a credit agreement dated April 21, 2021 between the same parties, and in consideration of payment of two dollars (\$2.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the undersigned, the undersigned hereby transfers and assigns to the Assignee all sums of money which may now or hereafter become payable to the undersigned by virtue of any and all insurance policies now or hereafter maintained by or for the undersigned, including but not limited to the policy or policies referred to in *Schedule "A"* hereto.

Upon full repayment of all amounts owing under the above referenced commitment letter, the Assignee shall transfer and reassign to the undersigned, at Borrower's expense, all right, title and interest hereby assigned.

DATED: April 21, 2021.

[Signature page follows]

SCHEDULE "A"

INSURANCE POLICIES



Limited Recourse Guarantee

199 Bay Street, 4th Floor, Toronto ON M5L 1A2
Bank Office

For valuable consideration, I, the undersigned guarantor, agree with Canadian Imperial Bank of Commerce ("CIBC") as follows:

- 1. **Customer's Name.** The name of the customer whose debts I am guaranteeing is Tehama Inc. (the "Customer").
- 2. **Guarantee.** I guarantee payment to CIBC of the insurance proceeds assigned under the assignment of insurance dated {{month}} {{day}}, 2021 ("the Assignment of Insurance") between the Guarantor and CIBC made in furtherance of the credit agreement dated {{month}} {{day}}, 2021 between the Customer and CIBC (the "Credit Agreement"). My liability under this Guarantee is:

- a) unlimited.
- b) limited to the insurance proceeds assigned under the Assignment of Insurance plus interest and expenses in accordance with Section 5.

Note: If neither box (a) nor box (b) is checked off, or if both are checked off, or if box (b) is checked off but no figure is inserted in the blank, then box (a) alone will be considered to have been checked off.

- 3. **Governing Law.** This Guarantee is governed by the laws of Ontario (without reference to the choice of law rules). I irrevocably agree to submit to the non-exclusive jurisdiction of its courts.

- 4. **Copy Received.** I acknowledge having received a copy of this Guarantee.

Note: The "Additional Terms and Conditions of this Guarantee" on the following pages form part of this Guarantee.

Dated _____

_____ Witness Name (Record in full)	_____ Guarantor's Address	_____ Name
X _____ Witness Signature	_____ City/Town, Province and Postal Code	X _____ Signature



_____ Witness Name (Record in full)	_____ Guarantor's Address	_____ Name
X _____ Witness Signature	_____ City/Town, Province and Postal Code	X _____ Signature



April 21, 2021

Date

DocuSigned by:

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Signature

X

Tehama Group Inc.

Guarantor's Name (record in full)

Robert White, Chief Financial Officer

319 McRae Avenue, Unit 701

Guarantor's Address

X

Signature

Ottawa, Ontario, K1Z 0B9

City/Town, Province and Postal Code

Name & Title

- Note:**
- i) If the Guarantor is a corporation, no witness is needed. The office (such as "President" or "Secretary") of the person signing should be noted below that person's signature. The corporation's seal should be affixed if the resolution so states.
 - ii) If the Guarantor is an individual, a red wafer seal is advisable, but not mandatory. (No seal required in Quebec.)
 - iii) For *The Guarantees Acknowledgement Act* certificate in Alberta, see page 4.

Additional Terms and Conditions of this Guarantee

5. **Payment on demand.** I will immediately pay CIBC on demand:
- the amount (and in the currency) of the insurance proceeds assigned under the Assignment of Insurance, plus any expenses (including all legal fees and disbursements) incurred by CIBC in enforcing any of CIBC's rights under this Guarantee;
 - for further clarity CIBC's recourse is limited to insurance proceeds assigned under the Assignment of Insurance and any interest (including interest on overdue interest, compounded monthly) on unpaid amounts due under this Guarantee calculated from the date on which those amounts were originally demanded until payment in full, both before and after judgment, at the rates (and in the currency) applicable to the corresponding Customer's Debts.
6. **Making Demand.** Demand and any other notices given under this Guarantee will be conclusively considered to have been made upon me when the envelope containing it, addressed to me (or, if there is more than one Person signing this Guarantee, to any one of us) at the last address known to CIBC, is deposited, postage prepaid, first class mail, in a post office, or is personally delivered to that address. I will give CIBC immediate written notice, addressed to the Manager of the Bank Office, of each and every change of my address.
7. **No Setoff or Counterclaim.** I will make all payments required to be made under this Guarantee without regard to any right of setoff or counterclaim that I have or may have against the Customer or CIBC.
8. **Application of Moneys Received.** CIBC may apply all moneys received from me, the Customer or any other Person (including under any Security that CIBC may from time to time hold) upon such part of the Customer's Debts as CIBC considers appropriate.
9. **Exhausting Recourse.** CIBC does not need to exhaust its recourse against the Customer or any other Person or under any Security CIBC may from time to time hold before being entitled to full payment from me under this Guarantee.
10. **Absolute Liability.** My liability under this Guarantee is absolute and unconditional. It will not be limited or reduced, nor will CIBC be responsible or owe any duty (as a fiduciary or otherwise) to me, nor will CIBC's rights under this Guarantee be prejudiced, by the existence or occurrence (with or without my knowledge or consent) of any one or more of the following events:
- any termination, invalidity, unenforceability or release by CIBC of any of its rights against the Customer or against any other Person or of any Security;
 - any increase, reduction, renewal, substitution or other change in, or discontinuance of, the terms relating to the Customer's Debts or to any credit extended by CIBC to the Customer; any agreement to any proposal or scheme of arrangement concerning, or granting any extensions of time or any other indulgences or concessions to, the Customer or any other Person; any taking or giving up of any Security; abstaining from taking, perfecting or registering any Security; allowing any Security to lapse (whether by failing to make or maintain any registration or otherwise); or any neglect or omission by CIBC in respect of, or in the course of, doing any of these things;
 - accepting compositions from or granting releases or discharges to the Customer or any other Person, or any other dealing with the Customer or any other Person or with any Security that CIBC considers appropriate;
 - any unenforceability or loss of or in respect of any Security held from time to time by CIBC from me, the Customer or any other Person, whether the loss is due to the means or timing of any registration, disposition or realization of any collateral that is the subject of that Security or otherwise due to CIBC's fault or any other reason;
 - the death of the Customer; any change in the Customer's name; or any reorganization (whether by way of amalgamation, merger, transfer, sale, lease or otherwise) of the Customer or the Customer's business;
 - any change in my financial condition or that of the Customer or any other Guarantor (including insolvency and bankruptcy);
 - if I am or the Customer is a corporation, any change of effective control, or if I am or the Customer is a partnership, a dissolution or any change in the membership;
 - any event, whether or not attributable to CIBC, that may be considered to have caused or accelerated the bankruptcy or insolvency of the Customer or any Guarantor, or to have resulted in the initiation of any such proceedings;
 - CIBC's filing of any claim for payment with any administrator, provisional liquidator, conservator, trustee, receiver, custodian or other similar officer appointed for the Customer or for all or substantially all of the Customer's assets;
 - any failure by CIBC to abide by any of the terms and conditions of CIBC's agreements with, or to meet any of its obligations or duties owed to me, the Customer or any Person, or any breach of any duty (whether as a fiduciary or otherwise) that exists or is alleged to exist between CIBC and me, the Customer or any Person;
 - any incapacity, disability, or lack or limitation of status or of the power of the Customer or of the Customer's directors; managers, officers, partners or agents; the discovery that the Customer is not or may not be a legal entity; or any irregularity, defect or informality in the incurring of any of the Customer's Debts; or
 - any event whatsoever that might be a defence available to, or result in a reduction or discharge of, me, the Customer or any other Person in respect of either the Customer's Debts or my liability under this Guarantee.

For greater certainty, I agree that CIBC may deal with me, the Customer and any other Person in any manner without affecting my liability under this guarantee.

11. **Principal Debtor.** All moneys and liabilities (whether matured or unmatured, present or future, direct or indirect, absolute or contingent) obtained from CIBC will be deemed to form part of the Customer's Debts, notwithstanding the occurrence of any one or more of the events described in Section 10(k). I will pay CIBC as principal debtor any amount that CIBC cannot recover from me as Guarantor immediately following demand as provided in this Guarantee.

12. **No Liability for Negligence, etc.** CIBC will not be liable to me for any negligence or any breaches or omissions on the part of CIBC, or any of its employees, officers, directors or agents, or any receivers appointed by CIBC, in the course of any of its or their actions.
13. **Continuing Guarantee.** This is a continuing guarantee of the Customer's Debts.
14. **Terminating Further Liability.** I may discontinue any further liability to pay the Customer's Debts by written notice to the Bank Office. I will, however, continue to be liable under this Guarantee for any of the Customer's Debts that the Customer incurs up to and including the 30th day after CIBC receives my notice.
15. **Statement Conclusive.** Except for demonstrable errors or omissions, the amount appearing due in any account stated by CIBC or settled between CIBC and the Customer will be conclusive as to that amount being due.
16. **CIBC's Priority.**
 - a) If any payment made to CIBC by the Customer or any other Person is subsequently rendered void or must otherwise be returned for any reason, I will be liable for that payment (but if Section 2(b) applies, subject to that limitation). Until all of CIBC's claims against the Customer in respect of the Customer's Debts have been paid in full, I will not require that CIBC assign to me any Security held, or any other rights that CIBC may have, in connection with the Customer's Debts, and I will not assert any right of contribution against any Guarantor, or claim repayment from the Customer, for any payment that I make under this Guarantee.
 - b) If the Customer is bankrupt, or (if the Customer is a corporation) liquidated or wound up, or if the Customer makes a bulk sale of any assets under applicable law, or if the Customer proposes any composition with creditors or any scheme of arrangement, CIBC will be entitled to all dividends and other payments until CIBC is paid in full, and I will remain liable under this Guarantee (but if Section 2(b) applies, subject to that limitation).
 - c) If CIBC gives to any trustee in bankruptcy or receives a valuation of, or retains, any Security that CIBC holds for payment of the Customer's Debts, that will not be considered, as between CIBC and me, to be a purchase of such Security or payment, satisfaction or reduction of the Customer's Debts.
17. **Assignment and Postponement of Claim.** I postpone in favour of CIBC all debts and liabilities that the Customer now owes or later may from time to time owe to me in any manner until CIBC is paid in full. I further assign to CIBC all such debts and liabilities, to the extent of the Customer's Debts, until CIBC is paid in full. If I receive any moneys in payment of any such debts and liabilities, I will hold them in trust for, and will immediately pay them to, CIBC without reducing my liability under this Guarantee.
18. **Withholding Taxes.** Unless a law requires otherwise, I will make all payments under this Guarantee without deduction or withholding for any present or future taxes of any kind. If a law does so require, I will pay to CIBC an additional amount as is necessary to ensure CIBC receives the full amount CIBC would have received if no deduction or withholding had been made.
19. **Judgment Currency.** My liability to pay CIBC in a particular currency (the "First Currency") will not be discharged or satisfied by any tender or recovery under any judgment expressed in or converted into another currency (the "Other Currency") except to the extent the tender or recovery results in CIBC's effective receipt of the full amount of the First Currency so payable. Accordingly, I will be liable to CIBC in an additional cause of action to recover in the Other Currency the amount (if any) by which that effective receipt falls short of the full amount of the First Currency so payable, without being affected by any judgment obtained for any other sums due.
20. **Consent to Disclose Information.** CIBC may from time to time give any credit or other information about me to, or receive such information from, any credit bureau, reporting agency or other Person.
21. **General.** Any provision of this Guarantee that is void or unenforceable in a jurisdiction is, as to that jurisdiction, ineffective to that extent without invalidating the remaining provisions. If two or more Persons sign this Guarantee, each Person's liability will be joint and several. This Guarantee is in addition and without prejudice to any Security of any kind now or in the future held by CIBC. There are no representations, collateral agreements or conditions with respect to, or affecting my liability under, this Guarantee other than as contained in this Guarantee.
22. **Quebec Only.** If this Guarantee is governed by the laws of Quebec:
 - a) I acknowledge that the terms and conditions of the Customer's Debts have been expressly brought to my attention;
 - b) I renounce the benefit of division and discussion;
 - c) if two or more Persons sign this Guarantee, each Person's liability will be solidary;
 - d) I acknowledge that the thirty days' notice specified in Section 14 constitutes prior and sufficient notice to CIBC;
 - e) if this Guarantee is attached to the performance of special duties, I agree that this Guarantee shall not terminate upon cessation of such duties; and
 - f) it is the express wish of the parties that this document and any related documents be drawn up in English. Les parties aux présentes ont expressément demandé que ce document et tous les documents s'y rattachant soient rédigés en anglais.
23. **Definitions.** In this Guarantee:
 - a) "**Bank Office**" means the CIBC office noted on the first page of this Guarantee, or such address as CIBC may, from time to time, advise me in the manner provided in Section 6;
 - b) "**Customer's Debts**" means the debts and liabilities that the Customer has incurred or may incur with CIBC including, among other things, those in respect of dealings between the Customer and CIBC, as well as any other dealings by which the Customer may become indebted or liable to CIBC in any manner whatever;

- c) "*Guarantor*" means any Person who has guaranteed or later guarantees to CIBC any or all of the Customer's Debts, whether or not such Person has signed this Guarantee or another document;
 - d) "*I*", "*me*" and "*my*" mean the Person who has signed this Guarantee, and if two or more Persons sign, each of them;
 - e) "*Person*" includes a natural person, personal representative, partnership, corporation, association, organization, estate, trade union, church or other religious organization, syndicate, joint venture, trust, trustee in bankruptcy, government and government body and any other entity, and, where appropriate, specifically includes any Guarantor;
 - f) "*Section*" means a section or paragraph of this Guarantee;
 - g) "*Security*" means any security held by CIBC as security for payment of the Customer's Debts and includes, among other things, any and all guarantees.
24. **Electronic Execution and Delivery.** This Guarantee may be executed in facsimile or by other electronic means, including DocuSign, delivery of which shall be effective as delivery of a manually executed Agreement.
25. **Conflict:** This Guarantee has been entered into pursuant to the provisions of the Credit Agreement, and is subject to all terms and conditions thereof and, if there is any conflict or inconsistency between the provisions of this Guarantee and the provisions of the Credit Agreement, the rights and obligations of the parties will be governed by the provisions of the Credit Agreement and this Guarantee shall be deemed to be amended accordingly.

For Use in Alberta Only

**The Guarantees Acknowledgement Act (Alberta)
Certificate of Solicitor**

I hereby certify that:

- 1. _____ the Guarantor in the above Guarantee, appeared in person before me and acknowledged that he/she had executed the Guarantee.
- 2. I satisfied myself by examination of the guarantor that he/she is aware of the contents of the Guarantee and understands it.

CERTIFIED by _____, Barrister and Solicitor at the _____ of _____ in the Province of Alberta, this _____ day of _____.

X _____
Signature

Statement of Guarantor

I am the Person named in the certificate.

Name of Guarantor

X _____
Signature of Guarantor

SHORT-FORM TRADEMARKS SECURITY AGREEMENT

DATE: April 21, 2021

WHEREAS, Tehama Inc. (the “**Grantor**”) has adopted, used, is using, or intends to use, and is the owner of the trademarks and trademark applications listed in the attached Schedule of Registered Trademarks, and the registrations and applications associated therewith;

WHEREAS, the Grantor has contemporaneously with the execution of this Short-Form Trademarks Security Agreement entered into the Security Agreement dated as of April 21, 2021 (as modified from time to time, the “**Security Agreement**”), in which the Grantor has granted certain interests in favor of Canadian Imperial Bank of Commerce (the “**Lender**”); and

WHEREAS, pursuant to the Security Agreement, the Grantor has agreed with the Lender to execute this Short-Form Trademarks Security Agreement;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantor hereby grants to the Lender, to the extent provided in the Security Agreement (the terms and conditions of which are hereby incorporated herein), a security interest in all of its right, title and interest in, to and under all the trademarks, whether now owned or at any time hereafter acquired, of the Grantor that are registered with, or for which applications for registration have been filed with, the Canadian Intellectual Property Office, including the trademarks listed on the attached Schedule of Registered Trademarks, and all registrations and pending applications associated therewith (excluding any application for registration of a trademark filed on an intent-to-use basis solely to the extent that the grant of a security interest in any such trademark application would materially adversely affect the validity or enforceability of the resulting trademark registration or result in cancellation of such trademark application), as collateral security for the prompt and complete payment and performance when due of all the Liabilities (as defined in the Security Agreement). Notwithstanding the foregoing, in the event of any conflict between this Short-Form Trademarks Security Agreement and the Security Agreement, the Security Agreement shall control.

THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES THEREOF TO THE EXTENT SUCH PRINCIPLES WOULD CAUSE THE APPLICATION OF THE LAW OF ANOTHER PROVINCE OR TERRITORY, EXCEPT TO THE EXTENT THAT THE PPSA OR THE STA, AS APPLICABLE PROVIDES THAT THE PERFECTION OF THE SECURITY INTEREST HEREUNDER, OR REMEDIES HEREUNDER, IN RESPECT OF ANY PARTICULAR COLLATERAL ARE GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE PROVINCE OF ONTARIO AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, IN WHICH CASE THE LAWS OF SUCH JURISDICTION SHALL GOVERN WITH RESPECT TO THE PERFECTION OF THE SECURITY INTEREST IN, OR THE REMEDIES WITH RESPECT TO, SUCH PARTICULAR COLLATERAL.

This Short-Form Trademarks Security Agreement may be executed in facsimile or by other electronic means, including, without limitation, by PDF or by DocuSign, delivery of which shall

be effective as delivery of a manually executed counterpart of this this Short-Form Trademarks Security Agreement.

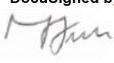
[Signature page follows]

- 4 -

SCHEDULE OF
REGISTERED TRADEMARKS

Trademark	App/Regn No.	Owner
"Adminiscope"	RN: TMA888203 AN: 1634587	Tehama Inc. 319 McRae Avenue, Unit 701 Ottawa ONTARIO K1Z 0B9
"Tehama Logo"	RN: N/A - Application awaiting examination. AN: 2037130	Tehama Inc. 319 McRae Avenue, Unit 701 Ottawa ONTARIO K1Z 0B9
"Tehama"	RN: N/A - Application under examination. AN: 1853510	Tehama Inc. 319 McRae Avenue, Unit 701 Ottawa ONTARIO K1Z 0B9

THIS IS EXHIBIT "F" REFERRED TO IN THE
AFFIDAVIT OF ROB WHITE SWORN BEFORE ME
THIS 20th DAY OF JANUARY, 2023.

DocuSigned by:

02452ECC61C54F6...

A Commissioner for Taking Affidavits, etc.



Ontario Search Results
ID 2147141
Search Type [BD] Business Debtor

Phone: (416) 599-4040

Liens : 1 Pages : 1

Searched :04JAN2023 01:21 PM
Printed :04JAN2023 01:28 PM

PSSME02 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM 01/04/2023
CCCL369 DISPLAY 1C REGISTRATION - SCREEN 1 13:21:29
ACCOUNT : 009233-0001 FAMILY : 1 OF 1 ENQUIRY PAGE : 1 OF 1
FILE CURRENCY : 03JAN 2023
SEARCH : BD : TEHAMA INC.

00 FILE NUMBER : 771408153 EXPIRY DATE : 09APR 2026 STATUS :
01 CAUTION FILING : PAGE : 001 OF 001 MV SCHEDULE ATTACHED :
 REG NUM : 20210409 1406 1862 5324 REG TYP: P PPSA REG PERIOD: 5
02 IND DOB : IND NAME:
03 BUS NAME: TEHAMA INC.

OCN :

04 ADDRESS : 319 MCRAE AVENUE, SUITE 701
 CITY : OTTAWA PROV: ON POSTAL CODE: K1Z 0B9
05 IND DOB : IND NAME:
06 BUS NAME:

OCN :

07 ADDRESS :
 CITY : PROV: POSTAL CODE:

08 SECURED PARTY/LIEN CLAIMANT :
 CANADIAN IMPERIAL BANK OF COMMERCE

09 ADDRESS : 199 BAY STREET, 4TH FLOOR
 CITY : TORONTO PROV: ON POSTAL CODE: M5L 1A2
CONS. MV DATE OF OR NO FIXED
GOODS INVTRY. EQUIP ACCTS OTHER INCL AMOUNT MATURITY MAT DATE

10 X X X X X
 YEAR MAKE MODEL V.I.N.

11
12

GENERAL COLLATERAL DESCRIPTION

13 ALL EXISTING AND AFTER-ACQUIRED PERSONAL PROPERTY OF THE DEBTOR

14
15

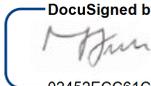
16 AGENT: DENTONS CANADA LLP (AZ/NF)

17 ADDRESS : 1420-99 BANK STREET
 CITY : OTTAWA PROV: ON POSTAL CODE: K1P 1H4

END OF REPORT

THIS IS EXHIBIT "G" REFERRED TO IN THE
AFFIDAVIT OF ROB WHITE SWORN BEFORE ME
THIS 20th DAY OF JANUARY, 2023.

DocuSigned by:



02452ECC61C54F6

A Commissioner for Taking Affidavits, etc.

AMENDED AND RESTATED NOTE PURCHASE AGREEMENT

This Amended and Restated Note Purchase Agreement (this “**Agreement**”) is made as of October 24, 2022 by and among Tehama Inc., a corporation incorporated under the federal laws of Canada (the “**Company**”), and the parties listed on the Schedule of Investors attached to this Agreement as Exhibit A (each individually an “**Investor**” and collectively the “**Investors**”).

WHEREAS:

A. The Company previously raised US\$3,000,000 through the issuance and sale of certain convertible promissory notes (the “**Original Notes**”) pursuant to the note purchase agreement dated January 31, 2022 (the “**Original Agreement**”).

B. The Company proposes to raise up to an additional US\$1,000,000 through the issuance and sale of a convertible promissory note containing the same terms and conditions and the Original Notes (the “**New Note**”) to Paul Vallée (the “**New Investor**”).

C. The Company and the Investors wish to enter into this Agreement, which shall amend and restate the Original Agreement in its entirety pursuant to Section 7.9 of the Original Agreement, in order for the New Investor to advance funds to the Company in exchange for the issuance of the New Note evidencing the Company’s obligation to repay the New Investor as provided in this Agreement.

NOW THEREFORE, the parties hereby agree as follows.

1. **PURCHASE AND SALE OF NOTES.** Subject to the terms and conditions of this Agreement, the Company agrees to sell to each Investor, and each Investor severally agrees to purchase from the Company, a Convertible Promissory Note in the form attached to this Agreement as Exhibit B (each individually a “**Note**” and collectively the “**Notes**”) in the principal amount set forth opposite such Investor’s name on Exhibit A. The following are collectively referred to as the “**Financing Documents**”: (a) this Agreement, (b) the Notes and (c) any document entered into or executed in connection with, or for the purpose of amending the documents referenced in clauses (a) and (b).

2. **CLOSING.**

2.1 **The Closing.** The purchase and sale of each of the Notes will take place remotely via the exchange of documents and signatures, as follows:

2.1.1 The initial closing of the Original Notes pursuant to the Original Agreement occurred on January 31, 2022 (the “**Initial Closing**”); and

2.1.2 The subsequent closing of the New Note will occur concurrently with the execution of this Agreement and the New Note, or at such other time and place as the Company and the New Investor mutually agree upon (the “**Subsequent Closing**”, and both the Initial Closing and Subsequent Closing may each be referred to as, a “**Closing**”).

At each Closing, the Investor will deliver to the Company as payment in full for the Note to be purchased by such Investor at the applicable Closing, the amount set forth opposite such Investor’s name on Exhibit A, by wire transfer of immediately available funds to the Company. At each Closing, the Company will deliver to the applicable Investor a duly executed Note in the principal amount set forth opposite such Investor’s name on Exhibit A.

3. **USE OF PROCEEDS.** The Company will use the proceeds from the sale of the Notes for product development and other general corporate purposes.

4. **REPRESENTATIONS AND WARRANTIES OF THE COMPANY.** The Company hereby represents and warrants to each Investor that, except as set forth in the Schedule of Exceptions (the “**Schedule of Exceptions**”), if any, attached to this Agreement as Exhibit C, the statements in the following paragraphs of this Section 4 are all true and complete as of immediately prior to the applicable Closing.

4.1 **Organization, Good Standing and Qualification.** The Company is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of formation. The Company has the corporate power and authority to own and operate its properties and assets and to carry on its business as currently conducted and as presently proposed to be conducted.

4.2 **Due Authorization.** All corporate action on the part of the Company’s board of directors and shareholders necessary for the authorization, execution, delivery of, and the performance of all obligations of the Company under, the Financing Documents has been taken or will be taken prior to the applicable Closing, other than (i) the authorization of the shares to be issued upon conversion of the Notes into equity securities and (ii) the authorization of articles of amendment by the shareholders of the Company to increase the authorized capital to allow for the conversion of the Notes (the “**Articles of Amendment**”). This Agreement constitutes, and the other Financing Documents to which the Company is a party, when executed and delivered by the Company, will constitute, valid and legally binding obligations of the Company, enforceable against the Company in accordance with their respective terms, except as may be limited by (a) applicable bankruptcy, insolvency, reorganization or other laws of general application relating to or affecting the enforcement of creditors’ rights generally and (b) the effect of rules of law governing the availability of equitable remedies.

4.3 **Corporate Power.** The Company has the corporate power and authority to execute and deliver the Financing Documents to which it is a signatory, to issue to the Investors the Notes to be purchased by the Investors hereunder and to carry out and perform all its obligations under the Financing Documents.

4.4 **Valid Issuance.**

(a) **The Conversion Shares.** The shares in the capital of the Company issuable upon the conversion of the Notes purchased by such Investor hereunder (the “**Conversion Shares**”), when issued, sold and delivered in accordance with the terms of this Agreement and the Notes for the consideration provided for herein and therein, will be duly and validly issued, fully paid and nonassessable.

(b) **Securities Laws.** Based in part on the representations made by the Investors in Section 5 hereof, the offer and sale of the Notes solely to the Investors in accordance with this Agreement and (assuming no change in currently applicable law or in the Company’s articles of incorporation or amendment in effect as of immediately prior to the applicable Closing, no transfer of Notes by any Investor and no commission or other remuneration is paid or given, directly or indirectly, for soliciting the issuance of Conversion Shares upon conversion of the Notes) the issuance of the Conversion Shares are exempt from the registration and prospectus delivery requirements of Canadian and U.S. securities laws, as the same may be amended (“**Securities Laws**”).

4.5 **Litigation.** There is no action, suit, proceeding or investigation pending or, to the Company’s knowledge, currently threatened against the Company that questions the validity of the Financing Documents, or the right of the Company to enter into the Financing Documents, or to

consummate the transactions contemplated hereby or thereby, or that, if determined adversely, would reasonably be expected to, either individually or in the aggregate, result in a material adverse effect on the business, operations, assets or condition (financial or otherwise) of the Company (a “**Material Adverse Effect**”). The Company is not a party or subject to the provisions of any order, writ, injunction, judgment or decree of any court or government agency or instrumentality. There is no action, suit, proceeding or investigation by the Company currently pending or which the Company intends to initiate. The Company has not received any correspondence from any third party with respect to any of the foregoing.

4.6 Compliance with Other Instruments. The Company is not in violation or default (i) of any provisions of its Constatng Documents (as defined in the Notes), (ii) of any judgment, order or decree of any court or arbitrator to which the Company is a party or is subject, (iii) under any material agreement or contract of the Company, or (iv) of, to the Company’s knowledge, any provision of any statute, law, regulation or order applicable to the Company, except, in each case, for such violations or default as would not reasonably be expected to, individually or in the aggregate, result in a Material Adverse Effect. The execution, delivery and performance of the Financing Documents and the consummation of the transactions contemplated hereby and thereby will not result in any such violation or default, or be in conflict with or result in a violation or breach of, with or without the passage of time or the giving of notice or both, the Constatng Documents of the Company (subject to the Company obtaining the consent of its shareholder to the filing of the Articles of Amendment), any judgment, order or decree of any court or arbitrator to which the Company is a party or is subject, any material agreement or contract of the Company, or, to the Company’s knowledge, a violation of any statute, law, regulation or order, or an event which results in the creation of any lien, charge or encumbrance upon any asset of the Company.

5. REPRESENTATIONS, WARRANTIES AND CERTAIN AGREEMENTS OF INVESTORS. Each Investor hereby, severally and not jointly, represents and warrants to, and agrees with the Company as follows.

5.1 Authorization. This Agreement constitutes, and the other Financing Documents to which the Investor is a party, when executed and delivered by the Investor will constitute, such Investor’s valid and legally binding obligations, enforceable against such Investor in accordance with its terms, except as may be limited by (a) applicable bankruptcy, insolvency, reorganization or other laws of general application relating to or affecting the enforcement of creditors’ rights generally and (b) the effect of rules of law governing the availability of equitable remedies. Each Investor represents and warrants to the Company that such Investor has full power and authority to enter into this Agreement and the other Financing Documents to which such Investor is a party.

5.2 Purchase for Own Account. The Notes, the Conversion Shares and the common shares issuable upon conversion of such Conversion Shares (collectively, the “**Securities**”) are being and will be acquired for investment for such Investor’s own account, not as a nominee or agent, and not with a view to the public resale or distribution thereof within the meaning of Securities Laws, and such Investor has no present intention of selling, granting any participation in, or otherwise distributing the same.

5.3 No Solicitation. At no time was such Investor presented with or solicited by any publicly issued or circulated newspaper, mail, radio, television or other form of general advertising or solicitation in connection with the offer, sale and purchase of the Securities.

5.4 Disclosure of Information. Such Investor has received or has had full access to all the information such Investor considers necessary or appropriate to make an informed investment decision with respect to the Securities. Such Investor further has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the offering of the Securities and to obtain additional information (to the extent the Company possessed such information or could acquire it

without unreasonable effort or expense) necessary to verify any information furnished to such Investor or to which such Investor had access. The foregoing, however, does not in any way limit or modify the representations and warranties made by the Company in Section 4.

5.5 Investment Experience. Such Investor understands that the purchase of the Securities involves substantial risk. Such Investor has experience as an investor in securities of companies in the development stage and acknowledges that such Investor is able to fend for itself and can bear the economic risk of such Investor's investment in the Securities. Such Investor either: (i) has such knowledge and experience in financial or business matters that such Investor is capable of evaluating the merits and risks of this investment in the Securities and protecting such Investor's own interests in connection with this investment in the Securities or (ii) has a preexisting personal or business relationship with the Company and certain of its officers, directors or controlling persons of a nature and duration that enables such Investor to be aware of the character, business acumen and financial circumstances of such persons. Such Investor acknowledges that any investment in the Securities involves a high degree of risk, and represents that it is able, without materially impairing its financial condition, to hold the Securities for an indefinite period of time and to suffer a complete loss of its investment.

5.6 Exempt Status. Such Investor is qualified under an exemption from prospectus requirements under applicable Securities Laws and has completed the "Securities Exemption Certificate" in the form attached as Exhibit D.

5.7 Restricted Securities. Such Investor understands that the Securities are being issued to it pursuant to an exemption from the registration and prospectus requirements applicable under applicable Securities Laws and that there are restrictions imposed on such Investor and the Securities which limit such Investor's ability to resell the Securities in Canada or the United States. Such Investor acknowledges that the Company has no obligation to qualify the Securities. Such Investor further acknowledges that if an exemption from qualification is available, it may be conditioned on various requirements including, but not limited to, the time and manner of sale, the holding period for the Securities, and on requirements relating to the Company which are outside of the Company's control, and which the Company is under no obligation and may not be able to satisfy. Such Investor understands that no public market now exists for the Securities, and that the Company has made no assurances that a public market will ever exist for the Securities.

5.8 Further Limitations on Disposition. Without in any way limiting the representations set forth above, such Investor further agrees not to make any disposition of all or any portion of the Securities unless and until:

(a) there is then in effect a registration statement or prospectus under Securities Laws covering such proposed disposition and such disposition is made in accordance with such effective registration statement or prospectus; or

(b) such Investor shall have notified the Company of the proposed disposition and shall have furnished the Company with a statement of the circumstances surrounding the proposed disposition and, at the expense of such Investor or its transferee, with an opinion of counsel reasonably satisfactory in form and substance to the Company that such disposition will not require registration of such Securities under Securities Laws.

Notwithstanding the provisions of clauses (a) and (b) of this Section 5.8, no such registration statement or opinion of counsel shall be required for any transfer: (i) of any Securities in compliance with Rule 144 or Rule 144A promulgated under the U.S. *Securities Act of 1933* when the Company is promptly provided evidence of such compliance; (ii) of any Securities for no consideration by an Investor that is a partnership

or a corporation to (A) a partner of such partnership or shareholder of such corporation, (B) an affiliate of such partnership or corporation, (C) a retired partner of such partnership who retires after the date hereof, or (D) the estate of any deceased partner of such partnership or deceased shareholder of such corporation; or (iii) by gift, will or intestate succession by any Investor to his or her spouse or lineal descendants or ancestors or any trust for any of the foregoing; *provided* that (i) in each of the foregoing cases the transferee agrees in writing to be subject to the terms of this Section 5 to the same extent as if the transferee had been an original Investor hereunder, and (ii) nothing herein shall restrict OMERS Ventures IV, LP (“OMERS”) or BDC Capital Inc. (“BDC”) from transferring any Securities to any of their respective Affiliates (as defined in the Notes).

5.9 Legends. Such Investor understands and agrees that any certificates evidencing the Securities will bear legends substantially similar to those set forth below in addition to any other legend that may be required by applicable law, the Company’s Constatting Documents, Section 5.9 of this Agreement, or any other agreement between the Company and such Investor:

(a) *UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THE SECURITIES SHALL NOT TRADE THE SECURITIES BEFORE THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE LATER OF (i) OCTOBER 24, 2022, AND (ii) THE DATE THE ISSUER BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY.*

(b) *THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A 180- DAY MARKET STAND-OFF RESTRICTION AS SET FORTH IN A CERTAIN AGREEMENT BETWEEN THE ISSUER AND THE ORIGINAL HOLDER OF THESE SECURITIES, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE ISSUER. AS A RESULT OF SUCH AGREEMENT, THESE SECURITIES MAY NOT BE TRADED PRIOR TO 180 DAYS AFTER THE EFFECTIVE DATE OF THE INITIAL PUBLIC OFFERING OF THE COMMON SHARES OF THE ISSUER HEREOF. SUCH RESTRICTION IS BINDING ON TRANSFEREES OF THESE SECURITIES.*

(c) Any other legend required by applicable Securities Laws.

6. CONDITIONS TO CLOSING.

6.1 Conditions to Investors’ Obligations. The obligations of each Investor under Section 2 of this Agreement are subject to the fulfillment or waiver, on or before the applicable Closing, of each of the following conditions, the waiver of which shall not be effective against any Investor who does not consent to such waiver, which consent may be given by written, oral or telephone communication to the Company, its counsel or to special counsel to the Investors:

(a) each of the representations and warranties of the Company contained in Section 4 shall be true and complete in all material respects on and as of the applicable Closing with the same effect as though such representations and warranties had been made on and as of the date of the applicable Closing;

(b) the Company shall have performed and complied with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by it on or before the applicable Closing and shall have obtained all approvals, consents and qualifications necessary to complete the purchase and sale described herein; and

- 6 -

(c) the Company shall have executed and delivered to each Investor a Note, in the form attached hereto as Exhibit B, evidencing the Company's indebtedness to such Investor in the amount next to such Investor's name on Exhibit A.

6.2 Condition to Company's Obligations. The obligations of the Company to each Investor under this Agreement are subject to the fulfillment or waiver on or before the applicable Closing of each of the following conditions by such Investor:

(a) each of the representations and warranties of such Investor contained in Section 5 shall be true and complete on the date of the applicable Closing with the same effect as though such representations and warranties had been made on and as of the applicable Closing; and

(b) such Investor shall have performed and complied with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by it on or before the applicable Closing and shall have obtained all approvals, consents and qualifications necessary to complete the purchase and sale described herein.

7. GENERAL PROVISIONS.

7.1 Survival of Warranties. The representations, warranties and covenants of the Company and the Investors contained in or made pursuant to this Agreement shall survive the execution and delivery of this Agreement and the applicable Closing, and shall in no way be affected by any investigation of the subject matter thereof made by or on behalf of any of the Investors or the Company, as the case may be.

7.2 Successors and Assigns. The terms and conditions of this Agreement shall enure to the benefit of and be binding upon the respective successors and assigns of the parties, *provided, however*, that nothing in this Section 7.2 shall permit any of the Investors to transfer or assign any of the Securities acquired under this Agreement except as provided in Section 5.

7.3 Governing Law. This Agreement shall be governed by and construed under the laws of the province of Ontario and the federal laws of Canada applicable therein, without reference to principles of conflict of laws or choice of laws.

7.4 Counterparts; Electronic Signatures. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Agreement may be executed and delivered by electronic means (including pdf or any electronic signature complying with applicable law) or other transmission method and any counterpart so delivered is deemed to have the same effect as if the original signature had been delivered to the other parties and is valid and effective for all purposes.

7.5 Headings; Interpretation. The headings and captions used in this Agreement are used only for convenience and are not to be considered in construing or interpreting this Agreement. In this Agreement, (a) the meaning of defined terms shall be equally applicable to both the singular and plural forms of the terms defined; and (b) unless otherwise expressly indicated in any particular instance, the words "including," "includes" and "include" shall be deemed to be followed by the words "without limitation". All references in this Agreement to sections, paragraphs, exhibits and schedules shall, unless otherwise provided, refer to sections and paragraphs hereof and exhibits and schedules attached hereto, all of which exhibits and schedules are incorporated herein by this reference..

7.6 Notices. Unless otherwise provided herein, any notice required or permitted under this Agreement shall be given in writing and shall be deemed effectively given (a) at the time of personal delivery, if delivered in person; (b) when sent, if sent by electronic mail during normal business hours of the recipient, and if not sent during normal business hours, then on the recipient's next business day, (c) five days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one business day after deposit with a nationally recognized overnight courier, freight prepaid, specifying next business day delivery, with written verification of receipt, when addressed to the Investor to be notified at the address indicated for such party on Exhibit A or, in the case of the Company, at 319 McRae Avenue, Suite 701, Ottawa, Ontario, Canada, K1Z 0B9 attn: Rob White; email: white@tehama.io, or at such other address as any party may designate by giving ten (10) days' advance written notice to all other parties in accordance with the provisions of this Section. For purposes of this Section 7.6, a "**business day**" means a weekday on which banks are open for general banking business in Ottawa, Ontario or Toronto, Ontario. If notice is given to the Company, a copy shall also be sent to Dentons Canada LLP, 99 Bank Street, Suite 1420, Ottawa, ON K1P 1H4 attn: Chase Irwin; email: chase.irwin@dentons.com.

7.7 No Finder's Fees. Each party represents that it neither is nor will be obligated for any finder's or broker's fee or commission in connection with the transactions contemplated by this Agreement. Each Investor agrees to indemnify and to hold harmless the Company from any liability for any commission or compensation in the nature of a finder's or broker's fee (and any asserted liability) for which the Investor or any of its directors, officers, partners, members, employees or representatives is responsible. The Company agrees to indemnify and hold harmless each Investor from any liability for any commission or compensation in the nature of a finder's or broker's fee (and any asserted liability) for which the Company or any of its officers, employees or representatives is responsible.

7.8 Fees and Expenses. At the Initial Closing, the Company shall pay the reasonable fees and expenses of Osler, Hoskin & Harcourt LLP, the counsel for OMERS and BDC, incurred to complete the transactions contemplated by this Agreement. OMERS and BDC shall each be responsible for any other expenses incurred in connection with the transactions contemplated by this Agreement. All other parties shall be responsible for any expenses they incur in connection with the transactions contemplated by this Agreement.

7.9 Amendments and Waivers. Any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and all of the holders of the Notes. Any amendment or waiver effected in accordance with this Section 7.9 shall be binding upon each holder of Notes then outstanding, each future holder of such securities, and the Company. If any provision of a Note is amended in accordance with the terms of such Note, the Company will provide notice of such amendment to the other holders of Notes (each, an "**Amendment Notice**"). Upon receipt of an Amendment Notice, a holder of a Note may require that the Company also amend such Holder's Note in the same manner as the Note subject to the Amendment Notice was previously amended.

7.10 Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, then such provision(s) shall be excluded from this Agreement to the extent they are held to be unenforceable and the remainder of the Agreement shall be interpreted as if such provision(s) were so excluded and shall be enforceable in accordance with its terms.

7.11 Entire Agreement. This Agreement, together with all exhibits and schedules hereto, and the other Financing Documents, constitute the full and entire understanding and agreement of the parties hereto with respect to the subject matter hereof and supersede any and all prior negotiations, correspondence, agreements, understandings duties or obligations between any of the parties with respect to the subject matter hereof.

7.12 Currency. All references to dollar amounts or \$, unless otherwise specified, shall be a reference to United States dollars.

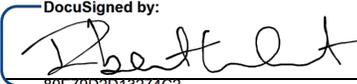
7.13 Further Assurances. From and after the date of this Agreement, upon the request of any Investor or the Company, the Company and the Investors shall execute and deliver such instruments, documents or other writings as may be reasonably necessary or desirable to confirm and carry out and to effectuate fully the intent and purposes of this Agreement.

[Signature page follows]

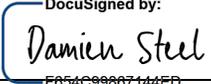
IN WITNESS WHEREOF, the parties hereto have executed this Amended and Restated Note Purchase Agreement as of the date first written above.

THE COMPANY:

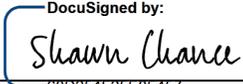
TEHAMA INC.

By:  DocuSigned by:
Name: Robert White
Title: Chief Financial Officer

OMERS VENTURES IV, LP by its general partner
OMERS VENTURES MANAGEMENT INC.

By:  F054C9807144ED...
Name: Damien Steel

Title: Managing Director

By:  68D254E75E8F457
Name: Shawn Chance

Title: Director

BDC CAPITAL INC.

By: DocuSigned by:
Joseph Regan
Name: Joseph Regan
Title: Managing Partner, BDC ICE Venture Fund

By: DocuSigned by:
Sean Brownlee
Name: Sean Brownlee
Title: Partner, BDC ICE Venture Fund

DocuSigned by:



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Paul Vallee

Attachments:

- Exhibit A – Schedule of Investors
- Exhibit B – Form of Note
- Exhibit C – Schedule of Exceptions
- Exhibit D – Securities Exemption Certificate

**EXHIBIT A
SCHEDULE OF INVESTORS**

Investor	Address	Total Investment (USD)	Date of Investment
Paul Vallée	319 McRae Avenue, Suite 701 Ottawa, ON K1Z 0B9 Email: vallee@tehama.io	\$2,000,000	January 31, 2022
OMERS Ventures IV, LP	100 Adelaide St. W, Suite 900 Toronto, ON M5H 0E2 Email: schance@omersventures.com	\$500,000	January 31, 2022
BDC Capital Inc.	101 College St., Suite 310 Toronto, ON M5G 1L7 Email: salman.qadir@bdc.ca	\$500,000	January 31, 2022
Paul Vallée	319 McRae Avenue, Suite 701 Ottawa, ON K1Z 0B9 Email: vallee@tehama.io	\$1,000,000	October 24, 2022

**EXHIBIT B
FORM OF NOTE**

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS NOTE AND THE SECURITIES ISSUABLE ON THE CONVERSION HEREOF SHALL NOT TRADE THEM BEFORE THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE LATER OF (i) THE DATE OF ISSUANCE, AND (ii) THE DATE THE ISSUER BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY OF CANADA.

NEITHER THIS NOTE NOR THE SECURITIES ISSUABLE UPON CONVERSION OF THIS NOTE HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “ACT”), OR UNDER THE SECURITIES LAWS OF APPLICABLE STATES. THIS NOTE AND SUCH SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE ACT AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION UNDER SUCH LAWS OR AN EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. THE ISSUER OF THIS NOTE AND ANY SECURITIES ISSUABLE UPON CONVERSION OF THIS NOTE MAY REQUIRE AN OPINION OF COUNSEL IN FORM AND SUBSTANCE SATISFACTORY TO THE ISSUER TO THE EFFECT THAT ANY PROPOSED TRANSFER OR RESALE IS IN COMPLIANCE WITH THE ACT AND ALL APPLICABLE STATE SECURITIES LAWS.

TEHAMA INC.

CONVERTIBLE PROMISSORY NOTE

NOTE #: ●

PRINCIPAL AMOUNT: USD \$

DATE OF ISSUANCE: {{Month}} {{Day}},
2022

Subject to the terms and conditions of this Note, for value received, Tehama Inc., a corporation incorporated under the federal laws of Canada (the “**Company**”), hereby promises to pay to [●] (such holder, and any Affiliate, successor or assign of such holder, collectively, the “**Holder**”), the principal sum of USD \$●, or such lesser amount as shall then equal the outstanding principal amount hereunder, together with all interest accrued on unpaid principal at the Applicable Rate (as defined below). Interest shall begin to accrue on the date of this Note and shall continue to accrue on the outstanding principal until the entire Balance is paid (or converted, as provided in Section 7), and shall be computed based on the actual number of days elapsed and on a year of 365 days.

This Note has been issued pursuant to that certain Note Purchase Agreement, dated as of {{Month}} {{Month}}, 2022 (the “**Purchase Agreement**”), by and among the Company, the original holder of this Note and certain other investors and is subject to the provisions of the Purchase Agreement.

The following is a statement of the rights of Holder and the terms and conditions to which this Note is subject, and to which Holder hereof, by the acceptance of this Note, agrees.

1. DEFINITIONS. The following terms used in this Note have the meanings set forth or referenced below:

“**Act**” has the meaning set forth in the legend of this Note.

“**Actual Conversion Amount**” means all (or if permitted by the terms of this Note, that lesser portion) of the Principal Balance actually converted into Conversion Shares pursuant to Section 7, as applicable, on an Actual Conversion Date, including, if accrued interest and expenses convert pursuant to the terms of this Note, interest and expenses accrued through such Actual Conversion Date (or such earlier date as permitted by Section 2.2) and actually converted into Conversion Shares.

“**Actual Conversion Date**” means a date on which all (or if permitted by this Note, a lesser portion) of the Balance is converted pursuant to Section 7.

“**Affiliate**” in the case of any Person, means any other Person who, directly or indirectly, controls, is controlled by, or is under common control with such Person, including without limitation any general partner, managing member, officer, director or trustee of such Person or any venture capital fund or registered investment company now or hereafter existing that is controlled by one or more general partners, managing members or investment advisers of, or shares the same management company or investment adviser with, such Person; *provided that* in respect of:

(A) OMERS Ventures IV, LP (“**OMERS**”), “Affiliate” also includes (x) a Person who directly or indirectly controls, is controlled by, or is under direct or indirect common control with, OMERS, or (y) OMERS Administration Corporation or any Person in which OMERS Administration Corporation, directly or indirectly, owns or beneficially owns 50% or more of the economic interests, but expressly excluding any direct or indirect portfolio companies of OMERS, OMERS Administration Corporation or any of their respective Affiliates; and

(B) BDC Capital Inc (“**BDC**”), “Affiliate” also includes (x) the Federal Government of Canada, and any Person, agency, organization or other entity controlled, directly or indirectly, by BDC or the Federal Government of Canada; and (y) any entity or Person designated and/or authorized by the Federal Government of Canada in the case of a sale of a substantial part of the BDC investment portfolio,

“**Applicable Rate**” means a rate equal to the lower of (a) the Highest Lawful Rate, and (b) 8% per annum.

“**Balance**” means, at the applicable time, the sum of all then outstanding principal of this Note, all then accrued but unpaid interest and all other amounts (including fees and expenses) then accrued but unpaid under this Note.

“**Business Day**” means a weekday on which banks are open for general banking business in Ottawa, Ontario or Toronto, Ontario.

“**Canadian Securities Laws**” means, collectively, the securities laws of the provinces and territories of Canada and the regulations and rules made thereunder, together with all applicable published policy statements, instruments, orders, notices, and rulings of the Canadian Securities Administrators or of any province or territory of Canada.

“**Change of Control**” means any of the following: (a) a consolidation or merger involving the Company if the holders of the voting securities of the Company that are outstanding immediately prior to the consummation of such consolidation or merger do not, immediately after the consummation of such consolidation or merger, hold voting securities that collectively possess at

least a majority of the voting power of all the outstanding securities of the surviving entity of such consolidation or merger or such surviving entity's parent entity; (b) a transfer (in a single transaction or series of related transactions) by one or more shareholders to one Person or to any group of Persons acting in concert, of outstanding shares in the capital of the Company then collectively possessing a majority of the voting power of all then outstanding shares in the capital of the Company (computed on an as-converted to Common Shares basis); or (c) any sale, lease, transfer, exclusive license or other disposition of all or substantially all of the assets of the Company; provided, however, that a merger effected exclusively for the purpose of changing the domicile of the Company or a sale of shares for the purpose of raising capital shall not be a "Change of Control".

"Class A Price" means the original issue price of a [Class A Preferred Share], being USD \$0.5422 (adjusted to reflect any share split, consolidation, reclassification or reorganization of the [Class A Preferred Shares],

"Common Shares" means the common shares in the capital of the Company.

"Company" shall include, in addition to the Company identified in the opening paragraph of this Note, any Person which succeeds to the Company's obligations under this Note, whether by permitted assignment, by merger or consolidation, operation of law or otherwise.

"Constating Documents" means the Company's articles of incorporation or amalgamation, bylaws, any shareholders' agreements in place from time to time and other organizational documents, including all amendments made to them from time to time.

"Conversion Price" means:

- (i) in the case of the Qualified Financing, an amount equal to 80% multiplied by the Qualified Financing Price;
- (ii) in the case of a Nonqualified Financing, an amount equal to 80% multiplied by the Nonqualified Financing Price;
- (iii) in the case of a Change of Control, an amount equal to the Class A Price;
- (iv) in the case of an IPO, an amount equal to 80% multiplied by the price per share at which the Common Shares are being offered to the public in the IPO; and
- (v) in the case of a Maturity Conversion, an amount equal to the lower of (i) the Class A Price, and (ii) 80% multiplied by the lowest Nonqualified Financing Price in respect of any Nonqualified Financing that closed after the date of this Note and on or prior to the Maturity Date.

The Conversion Price is subject to adjustment as provided herein.

"Conversion Shares" means (i) in the case of the Qualified Financing or Nonqualified Financing, the class or series of shares in the capital of the Company that is sold by the Company in such Qualified Financing, or Nonqualified Financing, as applicable, and (ii) in the case of an IPO Conversion or a Maturity Conversion, Common Shares. The term **"Conversion Shares"** shall include the shares and other securities and property that are, on an Actual Conversion Date, receivable or issuable upon such conversion of this Note in accordance with its terms.

“**Event of Default**” has the meaning set forth in Section 6.

“**Financing Document**” means each of this Note, the other Notes, the Purchase Agreement and any document entered into, executed or delivered under or in connection with, or for the purpose of amending, any of such documents.

“**Highest Lawful Rate**” means the maximum non-usurious rate of interest, as in effect from time to time, which may be charged, contracted for, reserved, received or collected by Holder in connection with this Note under applicable law.

“**Holder**” has the meaning set out in the Preamble.

“**Initial Offering**” means the Company’s first firm commitment underwritten public offering of its Common Shares under Canadian Securities Laws or the Act.

“**IPO Effective Date**” means the date a registration statement has been declared effective by the US Securities and Exchange Commission or a final receipt or decision document is issued in respect of the applicable Canadian prospectus.

“**IPO Notice**” has the meaning set out in Section 7.2(d).

“**Lost Note Documentation**” means documentation satisfactory to the Company with regard to a lost or stolen Note, including, if required by the Company, an affidavit of lost note and an indemnification agreement by Holder in favor of the Company with respect to such lost or stolen Note.

“**Maturity Conversion**” has the meaning set out in Section 7.2(c).

“**Maturity Date**” means the earlier of (i) 24-months from the effective date of the Purchase Agreement (provided that such Maturity Date may be extended at the option of the Unanimous Holders for up to an additional 12 months), and (ii) the time at which the Balance is made due and payable upon an Event of Default; provided, however, that if the Event of Default is cured as permitted under this Note, then the Maturity Date shall not thereafter be deemed to have occurred with regard to such Event of Default under this clause (ii).

“**Nonqualified Financing**” has the meaning set out in Section 7.2(a).

“**Nonqualified Financing Closing**” means the initial closing of the Nonqualified Financing.

“**Nonqualified Financing Price**” means the lowest per-share selling price of Conversion Shares sold by the Company in the Nonqualified Financing; provided, however, that any per-share selling price resulting from the application of a discount or valuation cap in respect of other convertible securities being converted at the Nonqualified Financing shall not be considered for the purpose of determining the lowest per-share selling price of Conversion Shares.

“**Note**” means this Convertible Promissory Note.

“**Notes**” means a series of convertible promissory notes, if any, issued by the Company before, on, or after the date hereof under the Purchase Agreement, of which this Note is one, each such note containing substantially similar terms and conditions as this Note, other than in respect of the principal under such notes.

“**Other Debt**” has the meaning set out in Section 5.

“**Person**” means any individual, partnership, corporation, trust, estate, cooperative association, government or governmental subdivision or agency or other entity.

“**Preferred Shares**” means the preferred shares in the capital of the Company issued or to be issued by the Company.

“**Principal Balance**” means, at the applicable time, all then outstanding principal of this Note.

“**Qualified Financing**” means the Company’s next sale of its Preferred Shares in a single transaction or in a series of related transactions in each case occurring while this Note remains outstanding for an aggregate gross purchase price paid to the Company of no less than USD \$10,000,000 (excluding the principal amount of and accrued interest or any other amounts owing on all Notes or other convertible securities issued for capital raising purposes converted into Conversion Shares in such sale).

“**Qualified Financing Closing**” means the initial closing of the Qualified Financing.

“**Qualified Financing Price**” means an amount equal to the lowest per-share selling price at which Conversion Shares are or have been issued in the Qualified Financing as of the date of the conversion of this Note into such Conversion Shares; provided, however, that any per-share selling price resulting from the application of a discount or valuation cap in respect of other convertible securities being converted at the Qualified Financing shall not be considered for the purpose of determining the lowest per-share selling price of Conversion Shares.

“**registration statement**” means (a) a registration statement filed under the Act, and (b) a prospectus filed under Canadian Securities Laws, and any reference to a registration statement becoming effective includes the issuance of a final receipt or decision document under Canadian Securities Laws in respect of a prospectus filed under Canadian Securities Laws.

“**Unanimous Holders**” means the holders of all the outstanding Notes under the Purchase Agreement, including Holder.

2. PAYMENT AT MATURITY DATE; INTEREST; CHANGE OF CONTROL PAYMENT.

2.1 Payment at Maturity Date. If this Note has not been previously converted (as provided in Section 7), then the Balance shall be due and payable in full upon the written demand of Holder at any time on or after the Maturity Date; provided however, that Holder shall not be entitled to any payment under this Section 2.1 if the Balance of this Note is converted into Conversion Shares pursuant to Section 7.2(c). Payment on this Note shall be made, at the election of the Company, at the chief executive offices of the Company, by wire transfer of immediately available funds or by mail to the address of Holder of this Note in lawful money of the United States of America.

2.2 Interest. Notwithstanding anything herein to the contrary, if, during any period for which interest is computed hereunder, the amount of interest computed on the basis provided for in this Note, together with all fees, charges and other payments which are treated as interest under applicable law, as provided for herein or in any other document executed in connection herewith, would exceed the amount of such interest computed on the basis of the Highest Lawful Rate, then the Company shall not be obligated to pay, and Holder shall not be entitled to charge, collect, receive, reserve or take, interest, fees, charges or

such other payments in excess of the Highest Lawful Rate, and during any such period the interest, fees, charges and other payments payable hereunder shall be computed on the basis of the Highest Lawful Rate. If a Change of Control, Qualified Financing or other conversion event is consummated, all interest on this Note shall be deemed to have stopped accruing as of a date selected by the Company that is up to 5 days prior to the signing of the definitive agreement for such Change of Control, Qualified Financing or other conversion event.

2.3 Change of Control Payment. If the Company completes a Change of Control before the payment or conversion of the entire Balance of this Note under Section 7, then upon the closing of such Change of Control, Holder shall be entitled to be repaid the Principal Balance, all accrued and unpaid interest and all other amounts then outstanding under this Note.

3. NO PREPAYMENT. Except with regard to the conversion of this Note under Section 7, the Company may not pay any unpaid Balance of this Note before it becomes due without the consent of the Unanimous Holders.

4. NOTES PARI PASSU; APPLICATION OF PAYMENTS. Each of the Notes shall rank equally without preference or priority of any kind over one another, and all payments and recoveries under any other Financing Document payable on account of principal and interest on the Notes shall be paid and applied ratably and proportionately on the Balances of all outstanding Notes on the basis of their original principal amount. Subject to Section 7 and the foregoing provisions of this Section 4, all payments will be applied first to the repayment of accrued fees and expenses under this Note, then to accrued interest until all then outstanding accrued interest has been paid in full, and then to the repayment of Principal Balance until all Principal Balance has been paid in full. After all applications of such payments have been made as provided in this Section 4, then the remaining amount of such payments that are in excess of the aggregate Balance of all outstanding Notes shall be returned to the Company. If Holder receives payments or distributions of the Company's assets in excess of Holder's share of the Company's payments or distributions to all holders of Notes as described in this paragraph, then Holder shall hold in trust all such excess payments or distributions for the benefit of the other holders of Notes and shall pay such amounts held in trust to such other holders of Notes upon demand.

5. MOST FAVOURED NATION.

5.1 If, while this Note is outstanding, the Company issues other convertible securities for capital raising purposes (e.g. convertible notes, Simple Agreements for Future Equity or any equivalent securities) (the "**Other Debt**"), or amends the terms of any such Other Debt, and such Other Debt would have material terms that are more favourable, from the perspective of Holder, than the terms of this Note, then the Company will provide Holder with written notice thereof, together with a copy of all documentation relating to the Other Debt and, upon request of Holder, any additional information related to the Other Debt as may be reasonably requested by Holder. The Company will provide such notice to Holder promptly (and in any event within 30 days) following the issuance of the Other Debt. In the event Holder, in its sole discretion, determines that the terms of the Other Debt are preferable to the terms of this Note, Holder will notify the Company in writing within ten (10) days following Holder's receipt of such notice from the Company. Promptly after receipt of such written notice from Holder, but in any event within 30 days, the Company will amend and restate this Note to apply the more favourable terms of the Other Debt to this Note, excluding the principal and unpaid accrued interest.

5.2 For purposes of this Section 5, the defined term "**Other Debt**" shall expressly exclude (i) options issued pursuant to any equity incentive or similar plan of the Company approved by the board of directors of the Company; (ii) convertible securities issued or issuable to (A) banks, equipment lessors, financial institutions or other persons engaged in the business of making loans pursuant to a debt

financing or commercial leasing or (B) suppliers or third party service providers in connection with the provision of goods or services pursuant to transactions; and (iii) convertible securities issued or issuable in connection with sponsored research, collaboration, technology license, development, OEM, marketing or other similar agreements or strategic partnerships, in each case approved by the Company's board of directors, including the OMERS director nominee.

6. EVENTS OF DEFAULT. Each of the following events shall constitute an “**Event of Default**” hereunder:

(a) the Company fails to make any payment when due under this Note on the applicable due date or within ten (10) days after written notice of such failure has been given on behalf of Holder to the Company;

(b) a receiver is appointed for any material part of the Company's property, the Company makes a general assignment for the benefit of creditors, or the Company becomes a debtor or alleged debtor in a case under the *Bankruptcy and Insolvency Act* (Canada) or similar legislation or becomes the subject of any other bankruptcy or similar proceeding for the general adjustment of its debts or for its liquidation, and, if involuntary, such proceeding is not dismissed within sixty (60) days;

(c) the Company's board of directors or shareholders adopt a resolution for the liquidation, dissolution or winding up of the Company; or

(d) the Company breaches any material obligation, representation or warranty to any Holder under this Note or under any other Financing Document and does not cure such breach within twenty (20) days after written notice thereof has been given by or on behalf of such Holder to the Company.

Upon the occurrence of any Event of Default, all accrued but unpaid expenses, accrued but unpaid interest, all principal and any other amounts outstanding under this Note shall (i) in the case of any Event of Default under Section 6(b) or 6(c), become immediately due and payable in full without further notice or demand by Holder and (ii) in the case of any Event of Default other than under Section 6(b) or 6(c), become immediately due and payable upon written notice by or on behalf of Holder.

7. CONVERSION.

7.1 Conversion in Qualified Financing. If the Company has not paid the entire Balance in accordance with this Note before the Qualified Financing Closing, then, at the Qualified Financing Closing, the entire Balance then outstanding shall automatically (or, in the event of a Qualified Financing Closing occurring after the Maturity Date, with the written consent of Holder) be cancelled and converted into that number of Conversion Shares obtained by dividing (a) the entire Balance by (b) the Conversion Price then in effect, rounded down to the nearest whole number of shares. Such conversion shall be deemed to occur under this Section 7.1 as of immediately prior to the Qualified Financing Closing, without regard to whether Holder has then delivered to the Company this Note (or the Lost Note Documentation where applicable) or executed any other documents including, if applicable, the investors' rights, co-sale, voting or other agreements, required to be executed by the investors purchasing the Conversion Shares in the Qualified Financing. The issuance of Conversion Shares at the Qualified Financing shall be upon and subject to the same terms and conditions applicable to Conversion Shares sold in the Qualified Financing. Notwithstanding the foregoing, if the Conversion Price is less than the Qualified Financing Price, the Company may, solely at its option, elect to convert this Note into shares of a newly created class or series of shares having the identical rights, privileges, preferences and restrictions as the

Conversion Shares issued in the Qualified Financing, and otherwise on the same terms and conditions, other than with respect to (if applicable): (i) the per share liquidation preference and the conversion price for purposes of price-based anti-dilution protection, which will equal the Conversion Price; and (ii) the per share dividend, which will be the same percentage of the Conversion Price as applied to determine the per share dividends of the investors in the Qualified Financing relative to the Qualified Financing Price.

7.2 Conversion other than upon Qualified Financing.

(a) Optional Conversion in Nonqualified Financing. If, prior to the earlier of (i) a Change of Control or (ii) the Maturity Date, the Company sells Preferred Shares in an equity financing that does not constitute a Qualified Financing (such financing a “**Nonqualified Financing**”), then, at the closing of the Nonqualified Financing, the entire Balance then outstanding may be converted, at the option of Holder, into that number of Conversion Shares determined by dividing such converting Balance by the Conversion Price, rounded down to the nearest whole number of shares. The issuance of Conversion Shares at the Nonqualified Financing shall be upon and subject to the same terms and conditions applicable to Conversion Shares sold in the Nonqualified Financing. Notwithstanding the foregoing, if the Conversion Price is less than the Nonqualified Financing Price, the Company may, solely at its option, elect to convert this Note into shares of a newly created class or series of shares having the identical rights, privileges, preferences and restrictions as the Conversion Shares issued in the Nonqualified Financing, and otherwise on the same terms and conditions, other than with respect to (if applicable): (i) the per share liquidation preference and the conversion price for purposes of price-based anti-dilution protection, which will equal the Conversion Price; and (ii) the per share dividend, which will be the same percentage of the Conversion Price as applied to determine the per share dividends of the investors in the Nonqualified Financing relative to the Nonqualified Financing Price.

(b) Change of Control. If at any time before payment or conversion of the entire Balance, the Company effects a Change of Control, then, upon the closing of such Change of Control, Holder shall receive either, upon the determination of Holder, (i) the amount due to Holder under Section 2.3, or (ii) in lieu of the amount due to holder under Section 2.3, such consideration that would be payable in connection with such Change of Control with respect to that number of Common Shares issuable if the entire Balance then outstanding was converted into Common Shares at the Conversion Price immediately prior to the consummation of such Change of Control. For greater certainty, in the event the Holder opts to receive the consideration set out in clause (ii), above, no further amounts shall be due and owing to Holder under Section 2.3. The Company shall provide Holder with at least 5 Business Days’ notice in advance of the closing of a Change of Control transaction to permit Holder to make the election set out in this Section 7.2(b). The Company will provide Holder with such information and details regarding such Change of Control as may be reasonably requested by Holder (including, for greater certainty, any term sheet or definitive documentation).

(c) Maturity. If this Note remains outstanding on the Maturity Date, at the option of Holder, all (but not less than all) of the Balance then outstanding shall be converted into Conversion Shares at the Conversion Price, rounded down to the nearest whole number of shares, by tendering this Note (or the Lost Note Documentation, if applicable) at the chief executive offices of the Company, accompanied by written notice of Holder’s election to convert, and if such tender is timely made, conversion (if applicable) shall have deemed to have occurred on the Maturity Date (such conversion, the “**Maturity Conversion**”).

(d) Initial Public Offering. If at any time before payment or conversion of the entire Balance, the Company proposes to file a registration statement or prospectus in connection with an Initial Offering, the Company agrees that it shall give Holder ten (10) days advance notice of such registration (the “**IPO Notice**”). After the giving of an IPO Notice, Holder may elect to convert all (but not

less than all) of the Balance then outstanding into Conversion Shares at the Conversion Price, rounded down to the nearest whole number of shares, contingent upon the completion of such Initial Offering, by tendering this Note (or the Lost Note Documentation, if applicable) at the chief executive offices of the Company, accompanied by written notice of Holder's election to convert no later than three (3) days before the anticipated IPO Effective Date for the Initial Offering as stated in such IPO Notice, and if such tender is timely made, conversion (if applicable) shall have deemed to have occurred immediately prior to the IPO Effective Date for the Initial Offering. If Holder does not deliver to the Company such written notice by the time set forth in this Section 7.2(d), then the conversion right under this Note shall terminate upon the IPO Effective Date for the Initial Offering.

7.3 Issuance of Securities upon Conversion. Upon conversion of this Note pursuant to this Section 7 and as a condition precedent to receiving any shares in the capital of the Company or to receiving Holder's share certificate(s), if any, Holder shall be obligated to enter into and deliver to the Company all shareholders agreement(s) with respect to the Company then in effect, including all documents to be executed by investors in the Qualified Financing or other conversion event with respect to the issuance of the Conversion Shares, thereby agreeing to be bound by all obligations and receive all rights thereunder, unless Holder is already a party thereto.

7.4 Termination of Rights. Except for any right to obtain certificates representing the Conversion Shares under Section 8, all rights with respect to this Note shall terminate upon the effective conversion of the entire Balance of the Note as provided in this Section 7. Notwithstanding the foregoing, Holder agrees to surrender this Note to the Company (or Lost Note Documentation where applicable) as soon as practicable after conversion. In any event, Holder shall not be entitled to receive any share certificates representing the Conversion Shares issuable upon conversion of this Note unless and until Holder has surrendered the original of this Note (or Lost Note Documentation where applicable) and entered into any agreements contemplated by this Section 7.

8. CERTIFICATES. Subject to Section 7, as soon as practicable after conversion of this Note pursuant to Section 7, the Company, at its expense, will register such Conversion Shares in the Company's register of shareholders in the name of the respective Holder and, unless the Conversion Shares are uncertificated, will cause to be issued in the name of Holder and to be delivered to Holder, a certificate or certificates for the number of Conversion Shares to which Holder shall be entitled upon such conversion (bearing such legends as may be required by Canadian Securities Laws, the Act or other securities laws in the opinion of legal counsel to the Company, by the Company's Constatng Documents and by any agreement between the Company and Holder), together with any other securities and property to which Holder is entitled upon such conversion under the terms of this Note.

9. ADJUSTMENT PROVISIONS. So long as any of the Balance of this Note remains outstanding and the conversion right under Section 7 has not terminated, the number and character of Conversion Shares issuable upon conversion of this Note upon an Actual Conversion Date and, to the extent set forth in this Section 9, the Conversion Price therefor, are each subject to adjustment upon each occurrence of an adjustment event described in Sections 9.1 through 9.4 occurring between the date this Note is issued and such Actual Conversion Date:

9.1 Adjustment for Share Splits and Share Dividends. The Conversion Price and the number of Conversion Shares shall each be proportionally adjusted to reflect any share dividend, share split, reverse share split or other similar event affecting the number of outstanding Conversion Shares without the payment of consideration to the Company therefor at any time before an Actual Conversion Date.

9.2 Adjustment for Other Dividends and Distributions. If the Company shall make or issue, or shall fix a record date for the determination of eligible holders of its share capital entitled to receive, a dividend or other distribution payable with respect to the Conversion Shares that is payable in securities of the Company (other than issuances with respect to which adjustment is made under Sections 9.1 or 9.3), or in assets (other than cash dividends) (each, a “**Dividend Event**”), and such dividend or other distribution is actually made, then, and in each such case, Holder, upon conversion of an Actual Conversion Amount at any time after such Dividend Event, shall receive, in addition to the Conversion Shares issuable upon such conversion of the Note, the securities or other assets that would have been issuable to Holder had Holder, immediately prior to such Dividend Event, converted such Actual Conversion Amount into Conversion Shares.

9.3 Adjustment for Consolidation or Merger. If the Company shall consolidate with or merge into one or more other corporations or other entities, and pursuant to such consolidation or merger, shares, other securities or other property is issued or paid to holders of Conversion Shares (each, a “**Reorganization Event**”), then, and in each such case, Holder, upon conversion of an Actual Conversion Amount after the consummation of such Reorganization Event, shall be entitled to receive (in lieu of the shares or other securities and property that Holder would have been entitled to receive under the terms of this Note upon such conversion but for such Reorganization Event), the shares or other securities or property that Holder would have been entitled to receive upon the consummation of such Reorganization Event if, immediately prior to such Reorganization Event, Holder had converted such Actual Conversion Amount into Conversion Shares, all subject to further adjustment as provided in this Note, and the successor corporation or other successor entity in such Reorganization Event shall duly execute and deliver to Holder a supplement to this Note acknowledging such corporation’s or other entity’s obligations under this Note; and in each such case, the terms of the Note shall be applicable to the shares or other securities or property receivable upon the conversion of this Note after the consummation of such Reorganization Event.

9.4 Conversion of Shares. In each case not otherwise covered in Section 9.3 where (a) all the outstanding Conversion Shares are converted, pursuant to the terms of the Company’s Constating Documents, into Common Shares or other securities or property, or (b) the Conversion Shares otherwise cease to exist or to be authorized under the Company’s Constating Documents (each a “**Share Event**”), then Holder, upon conversion of this Note at any time after such Share Event, shall receive, in lieu of the number of Conversion Shares that would have been issuable upon conversion of this Note immediately prior to such Share Event, the shares and other securities and property that Holder would have been entitled to receive upon the Share Event, if immediately prior to such Share Event, Holder had converted the Actual Conversion Amount into Conversion Shares.

9.5 Notice of Adjustments. The Company shall promptly give written notice of each adjustment of the Conversion Price or the number or type of Conversion Shares or other securities or property issuable upon conversion of this Note that is required under this Section 9. The notice shall describe the adjustment or readjustment and show in reasonable detail the facts on which the adjustment or readjustment is based.

9.6 No Change Necessary. The form of this Note may, but need not, be changed because of any adjustment in the Conversion Price or in the number or type of Conversion Shares issuable upon its conversion.

9.7 Reservation of Shares. If the number of Conversion Shares or other securities authorized and reserved for issuance upon conversion of this Note shall not be sufficient to effect the conversion of the Balance of this Note, then the Company shall take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued Conversion Shares or other securities issuable upon conversion of this Note as shall be sufficient for such purpose.

10. PROVISIONS RELATING TO SHAREHOLDERS RIGHTS.

10.1 Rights as Investor. Upon conversion of the Balance in connection with the Qualified Financing or Nonqualified Financing, Holder shall be entitled to the rights and be subject to all other obligations of the investors in the Conversion Shares issued in the Qualified Financing or Nonqualified Financing, as applicable.

10.2 No Voting or Other Rights. This Note does not entitle Holder to any voting rights or other rights as a shareholder of the Company, unless and until (and only to the extent that) this Note is actually converted into shares in the capital of the Company in accordance with its terms. In the absence of conversion of this Note into Conversion Shares, no provisions of this Note and no enumeration herein of the rights or privileges of Holder, shall cause Holder to be a shareholder of the Company for any purpose.

10.3 Subordination. This Note will be subordinate in right of payment to all current and future Company indebtedness to banks, leasing or equipment financing institutions and other financial institutions engaged in the business of lending money, which is for money borrowed or purchase or leasing of equipment in the case of lease or other equipment financing, whether or not secured.

11. REPRESENTATIONS AND WARRANTIES OF HOLDER.

In order to induce the Company to enter into the Financing Documents and issue this Note to the original Holder, the original Holder has made representations and warranties to the Company as set forth in the Purchase Agreement.

12. GENERAL PROVISIONS.

12.1 Waivers. The Company and all endorsers of this Note hereby waive notice, presentment, protest and notice of dishonor.

12.2 Attorneys' Fees. If any party is required to engage the services of an attorney for the purpose of enforcing this Note, or any provision thereof, the prevailing party shall be entitled to recover its reasonable expenses and costs in enforcing this Note, including attorneys' fees.

12.3 Transfer. Neither this Note nor any of the rights or obligations of Holder hereunder may be assigned, conveyed or transferred, in whole or in part, without the Company's prior written consent, which the Company may withhold in its sole discretion; *provided, however*, that this Note may be assigned, conveyed or transferred without the prior written consent of the Company to any Affiliate of Holder who executes and delivers an acknowledgement that such transferee agrees to be subject to, and bound by, all the terms and conditions of this Note. Neither this Note nor any of the rights or obligations of the Company hereunder may be assigned, by operation of law or otherwise, in whole or in part, by the Company without the prior written consent of Holder. Subject to the foregoing, the rights and obligations of the Company and Holder under this Note and the other Financing Documents shall be binding upon and benefit their respective permitted successors, assigns, heirs, administrators and transferees.

12.4 Currency. Unless otherwise stated in this Note, all dollar amounts referred to in this Note are stated in United States currency.

12.5 Governing Law. This Note shall be governed by and construed under the laws of the province of Ontario and the federal laws of Canada applicable therein, without reference to principles of conflict of laws or choice of laws.

12.6 Dispute Resolution. The parties (a) hereby irrevocably and unconditionally submit to the jurisdiction of the courts of the province of Ontario for the purpose of any suit, action or other proceeding arising out of or based upon this Note, (b) agree not to commence any suit, action or other proceeding arising out of or based upon this Note except in the courts of the province of Ontario, and (c) hereby waive, and agree not to assert, by way of motion, as a defence, or otherwise, in any such suit, action or proceeding, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Note or its subject matter may not be enforced in or by such court.

12.7 Headings. The headings and captions used in this Note are used only for convenience and are not to be considered in construing or interpreting this Note. In this Note, (a) the meaning of defined terms shall be equally applicable to both the singular and plural forms of the terms defined; and (b) unless otherwise expressly indicated in any particular instance, the words “including,” “includes” and “include” shall be deemed to be followed by the words “without limitation”. All references in this Note to sections, paragraphs, exhibits and schedules shall, unless otherwise provided, refer to sections and paragraphs hereof and exhibits and schedules attached hereto, all of which exhibits and schedules are incorporated herein by this reference.

12.8 Notices. All notices and other communications given or made pursuant to this Note shall be in writing and shall comply with the requirements and deeming provisions of Section 7.6 of the Purchase Agreement.

12.9 Amendments and Waivers. Any term of this Note may be amended and the observance of any term of this Note may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and Holder (subject to the notice requirements under Section 7.9 of the Purchase Agreement).

12.10 Severability. If one or more provisions of this Note are held to be unenforceable under applicable law, then such provision(s) shall be excluded from this Note to the extent they are held to be unenforceable and the remainder of the Note shall be interpreted as if such provision(s) were so excluded and shall be enforceable in accordance with its terms.

12.11 Entire Agreement. This Note and the other Financing Documents constitute the full and entire understanding and agreement of the parties hereto with respect to the subject matter hereof, and supersede any and all prior negotiations, correspondence, agreements, understandings duties or obligations between any of the parties with respect to the subject matter hereof.

12.12 Counterparts. This Note may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via electronic mail (including pdf or any electronic signature complying with applicable law) or other transmission method and any counterpart so delivered is deemed to have the same effect as if the original signature had been delivered to the other parties and is valid and effective for all purposes.

[Signature page follows]

IN WITNESS WHEREOF, the Company has caused this Convertible Promissory Note to be signed in its name as of the date first written above.

THE COMPANY:

TEHAMA INC.

By: _____
Name: Robert White
Title: Chief Financial Officer

AGREED AND ACKNOWLEDGED:

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT C
SCHEDULE OF EXCEPTIONS

Any disclosures made under the heading of one section of this Exhibit may apply to or qualify disclosures made under one or more other sections only if it is readily apparent from reading of the disclosure that such disclosure is applicable to such other sections and subsections. Section headings are provided only for convenience. Unless otherwise defined in this Exhibit, any capitalized terms in this Exhibit shall have the same meanings assigned to such terms in the Amended and Restated Note Purchase Agreement to which this schedule is an exhibit. Nothing in this Schedule of Exceptions constitutes an admission of any liability or obligation of the Company to any third party, nor an admission against the Company's interests.

Nil.

EXHIBIT D
SECURITIES EXEMPTION CERTIFICATE

TO: Tehama Inc. (the “**Company**”)

This certificate incorporates specifically defined terms from applicable securities laws in Canada. If you are unsure as to the meanings of any term, or are unsure as to the applicability of any category below, please contact your Canadian legal advisor before completing this certificate.

In connection with the Convertible Promissory Note financing of the Company (the “**Financing**”), the undersigned (the “**Investor**”) hereby represents, warrants, covenants and certifies to the Company (and acknowledges that the Company and its counsel are relying thereon in determining whether the Investor is eligible to participate in the Financing) that:

The Investor is resident in or is subject to the laws of (*check one*):

- | | | |
|--|---|---|
| <input type="checkbox"/> Alberta | <input type="checkbox"/> Northwest Territories | <input type="checkbox"/> Prince Edward Island |
| <input type="checkbox"/> British Columbia | <input type="checkbox"/> Nova Scotia | <input type="checkbox"/> Quebec |
| <input type="checkbox"/> Manitoba | <input type="checkbox"/> Nunavut | <input type="checkbox"/> Saskatchewan |
| <input type="checkbox"/> Newfoundland and Labrador | <input type="checkbox"/> Ontario | <input type="checkbox"/> Yukon |
| <input type="checkbox"/> New Brunswick | <input checked="" type="checkbox"/> <i>Not resident in Canada</i> | |

The Investor is an “accredited investor” (as defined in National Instrument 45-106 – Prospectus Exemptions) by virtue of satisfying the indicated criterion below this certificate

The Investor further acknowledges and agrees that, upon execution of this certificate by the Investor, this certificate (including, if applicable, Appendix 1 hereto) will be incorporated into and form a part of the representations and warranties of the Investor given in connection with the Financing.

(CHECK THE BOX OF THE APPLICABLE CATEGORY OF ACCREDITED INVESTOR AND PROVIDE ANY OTHER INFORMATION REQUIRED AS NOTED BELOW SUCH CATEGORY)

- | | | |
|--------------------------|-----|---|
| <input type="checkbox"/> | (a) | a Canadian financial institution, or a Schedule III bank; |
| <input type="checkbox"/> | (b) | the Business Development Bank of Canada incorporated under the <i>Business Development Bank of Canada Act</i> (Canada); |
| <input type="checkbox"/> | (c) | a subsidiary of any person referred to in paragraphs (a) or (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary; |
| <input type="checkbox"/> | (d) | a person registered under the securities legislation of a jurisdiction of Canada as an adviser or dealer; |
| | | <i>Jurisdiction(s) registered:</i> _____ |
| | | <i>Category/ies of registration:</i> _____ |

- 2 -

- (e) an individual registered under the securities legislation of a jurisdiction of Canada as a representative of a person referred to in paragraph (d)
- (e.1) an individual formerly registered under the securities legislation of a jurisdiction of Canada, other than an individual formerly registered solely as a representative of a limited market dealer under one or both of the *Securities Act* (Ontario) or the *Securities Act* (Newfoundland and Labrador);
Person with whom Investor is or was registered: _____
Jurisdiction(s) registered: _____
Category/ies of registration: _____
-
- (f) the Government of Canada or a jurisdiction of Canada, or any crown corporation, agency or wholly owned entity of the Government of Canada or a jurisdiction of Canada;
-
- (g) a municipality, public board or commission in Canada and a metropolitan community, school board, the Comité de gestion de la taxe scolaire de l'île de Montréal or an intermunicipal management board in Québec;
-
- (h) any national, federal, state, provincial, territorial or municipal government of or in any foreign jurisdiction, or any agency of that government;
-
- (i) a pension fund that is regulated by either the Office of the Superintendent of Financial Institutions (Canada) or a pension commission or similar regulatory authority of a jurisdiction of Canada;
Jurisdiction(s) registered: _____
Registration number(s): _____
-
- (j) an individual who, either alone or with a spouse, beneficially owns, directly or indirectly, financial assets having an aggregate realizable value that before taxes, but net of any related liabilities, exceeds \$1,000,000;
An Investor under this category must complete Appendix 1 – Form 45-106F9 Risk Acknowledgement Form for Certain Accredited Investors
-
- (j.1) an individual who beneficially owns financial assets having an aggregate realizable value that, before taxes but net of any related liabilities, exceeds \$5,000,000;
-
- (k) an individual whose net income before taxes exceeded \$200,000 in each of the two most recent calendar years or whose net income before taxes combined with that of a spouse exceeded \$300,000 in each of the two most recent calendar years and who, in either case, reasonably expects to exceed that net income level in the current calendar year;
An Investor under this category must complete Appendix 1 – Form 45-106F9 Risk Acknowledgement Form for Certain Accredited Investors
-
- (l) an individual who, either alone or with a spouse, has net assets of at least \$5,000,000;
An Investor under this category must complete Appendix 1 – Form 45-106F9 Risk Acknowledgement Form for Certain Accredited Investors
-

- (m) a person, other than an individual or investment fund, that has net assets of at least \$5,000,000 as shown on its most recently prepared financial statements;

Type of entity: _____

Jurisdiction and date of formation: _____

- (n) an investment fund that distributes or has distributed its securities only to
- (i) a person that is or was an accredited investor at the time of the distribution,
 - (ii) a person that acquires or acquired securities in the circumstances referred to in sections 2.10 [*Minimum amount investment*] and 2.19 [*Additional investment in investment funds*] of NI 45-106, or
 - (iii) a person described in subparagraph (i) or (ii) that acquires or acquired securities under section 2.18 [*Investment fund reinvestment*] of NI 45-106;

- (o) an investment fund that distributes or has distributed securities under a prospectus in a jurisdiction of Canada for which the regulator or, in Québec, the securities regulatory authority, has issued a receipt;

- (p) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or (subject to paragraph (p.1)) under comparable legislation in a jurisdiction of Canada or a foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be;

Jurisdiction(s) registered: _____

Registration number(s): _____

- (p.1) a trust company or trust corporation registered under the laws of Prince Edward Island and not registered under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in another jurisdiction of Canada, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be;

Registration number(s): _____

- (q) a person acting on behalf of a fully managed account managed by that person, if that person is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or a foreign jurisdiction;

Jurisdiction(s) registered or authorized: _____

Category/ies of registration: _____

- (r) a registered charity under the *Income Tax Act* (Canada) that, in regard to the trade, has obtained advice from an eligibility adviser or an adviser registered under the securities legislation of the jurisdiction of the registered charity to give advice on the securities being traded;

Registration number(s) of Investor: _____

Name of eligibility adviser or registered adviser: _____

Jurisdiction(s) registered: _____

Category/ies of registration: _____

- (s) an entity organized in a foreign jurisdiction that is analogous to any of the entities referred to in paragraphs (a) to (d) or paragraph (i) in form and function;

Jurisdiction organized : _____

Type of entity: _____

- (t) a person in respect of which all of the owners of interests, direct, indirect or beneficial, except the voting securities required by law to be owned by directors, are persons that are accredited investors;

- (u) an investment fund that is advised by a person registered as an adviser or a person that is exempt from registration as an adviser;

Name of adviser: _____

Jurisdiction(s) registered: _____

Category/ies of registration (if applicable): _____

Basis of exemption (if applicable): _____

- (v) a person that is recognized or designated by the securities regulatory authority or, except in Ontario and Québec, the regulator as an accredited investor; or

Jurisdiction(s) recognized or designated: _____

- (w) a trust established by an accredited investor for the benefit of the accredited investor's family members of which a majority of the trustees are accredited investors and all of the beneficiaries are the accredited investor's spouse, a former spouse of the accredited investor or a parent, grandparent, brother, sister, child or grandchild of that accredited investor, of that accredited investor's spouse or of that accredited investor's former spouse.

Name(s) of settlor: _____

Name(s) of trustees: _____

Categories of accredited investor: _____

Categories of beneficiaries: _____

For the purposes hereof, the following definitions are included for convenience:

“Canadian financial institution” means (i) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act, or (ii) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;

“entity” means a company, syndicate, partnership, trust or unincorporated organization;

“financial assets” means cash, securities, or any a contract of insurance, a deposit or an evidence of a deposit that is not a security for the purposes of securities legislation;

“fully managed account” means an account of a client for which a person makes the investment decisions if that person has full discretion to trade in securities for the account without requiring the client’s express consent to a transaction;

“investment fund” means a mutual fund or a non-redeemable investment fund, and, for greater certainty in British Columbia, includes an employee venture capital corporation that does not have a restricted constitution, and is registered under Part 2 of the *Employee Investment Act* (British Columbia), R.S.B.C. 1996 c. 112, and whose business objective is making multiple investments and a venture capital corporation registered under Part 1 of the *Small Business Venture Capital Act* (British Columbia), R.S.B.C. 1996 c. 429 whose business objective is making multiple investments;

“mutual fund” means an issuer whose primary purpose is to invest money provided by its security holders and whose securities entitle the holder to receive on demand, or within a specified period after demand, an amount computed by reference to the value of a proportionate interest in the whole or in part of the net assets, including a separate fund or trust account, of the issuer;

“non-redeemable investment fund” means an issuer,

- I. whose primary purpose is to invest money provided by its securityholders,
- II. that does not invest,
 - (1) for the purpose of exercising or seeking to exercise control of an issuer, other than an issuer that is a mutual fund or a non-redeemable investment fund, or
 - (2) for the purpose of being actively involved in the management of any issuer in which it invests, other than an issuer that is a mutual fund or a non-redeemable investment fund, and
- III. that is not a mutual fund;

“related liabilities” means liabilities incurred or assumed for the purpose of financing the acquisition or ownership of financial assets and liabilities that are secured by financial assets;

“Schedule III bank” means an authorized foreign bank named in Schedule III of the Bank Act (Canada);

“spouse” means an individual who (i) is married to another individual and is not living separate and apart within the meaning of the Divorce Act (Canada), from the other individual, (ii) is living with another individual in a marriage-like relationship, including a marriage-like relationship between individuals of the same gender, or (iii) in Alberta, is an individual referred to in subparagraph (i) or (ii), or is an adult interdependent partner within the meaning of the Adult Interdependent Relationships Act (Alberta); and

“subsidiary” means an issuer that is controlled directly or indirectly by another issuer and includes a subsidiary of that subsidiary.

An issuer is considered to be an affiliate of another issuer if one is a subsidiary of the other, or if both are subsidiaries of the same issuer, or if each of them is controlled by the same issuer.

A person (first person) is considered to control another person (second person) if (a) the first person, directly or indirectly, beneficially owns or exercises control or direction over securities of the second person carrying votes which, if exercised, would entitle the first person to elect a majority of the directors of the second person, unless that first person holds the voting securities only to secure an obligation, (b) the second person is a partnership, other than a limited partnership, and the first person holds more than 50% of the interests of the partnership, or (c) the second person is a limited partnership and the general partner of the limited partnership is the first person.

The foregoing representations contained in this certificate are true and accurate as of the date of this certificate and will be true and accurate as of the date and time of the applicable closing date of the Financing (the “Closing”). If any such representations and warranties will cease to be true and accurate at any time prior to the Closing, the Investor will promptly give written notice of such fact to the Company prior to the Closing.

Investor Name _____

Date: _____

By: _____
Signature of Subscriber or Authorized Signatory

2nd Authorized Signatory (if applicable)

Name and Title (if applicable)

Name and Title (if applicable)

APPENDIX 1
to EXHIBIT D

RISK ACKNOWLEDGEMENT FORM (FORM 45-106F9) FOR CERTAIN ACCREDITED INVESTORS

WARNING!

This investment is risky. Do not invest unless you can afford to lose all the money you pay for this investment

Section 1 – TO BE COMPLETED BY THE ISSUER OR SELLING SECURITY HOLDER	
1. About your investment	
Type of Securities: Convertible Promissory Note	Issuer: Tehama Inc. (the “ Issuer ”)
Purchased from: the Issuer	
Sections 2 to 4 – TO BE COMPLETED BY THE PURCHASER	
2. Risk acknowledgement	
This investment is risky. Initial that you understand that:	Your Initials
Risk of loss – You could lose your entire investment of \$ _____	
Liquidity risk – You may not be able to sell your investments quickly – or at all.	
Lack of information – You may receive little or no information about your investment.	
Lack of advice – You will not receive advice from the salesperson about whether this investment is suitable for you unless the salesperson is registered. The salesperson is the person who meets with, or provides information to, you about making this investment. To check whether the salesperson is registered, go to www.aretheyregistered.ca .	
3. Accredited investor status	
You must meet at least one of the following criteria to be able to make this investment. Initial the statement that applies to you. (You may initial more than one statement.) The person identified in section 6 is responsible for ensuring that you meet the definition of accredited investor. That person, or the salesperson identified in section 5, can help you if you have questions about whether you meet these criteria.	Your Initials
<ul style="list-style-type: none"> • Your net income before taxes was more than \$200,000 in each of the 2 most recent calendar years, and you expect it to be more than \$200,000 in the current calendar year. (You can find your net income before taxes on your personal income tax return.) 	
<ul style="list-style-type: none"> • Your net income before taxes combined with your spouse’s was more than \$300,000 in each of the 2 most recent calendar years, and you expect your combined net income before taxes to be more than \$300,000 in the current calendar year. 	

<ul style="list-style-type: none"> • Either alone or with your spouse, you own more than \$1 million in cash and securities, after subtracting any debt related to the cash and securities. 	
<ul style="list-style-type: none"> • Either alone or with your spouse, you have net assets worth more than \$5 million. (Your net assets are your total assets (including real estate) minus your total debt.) 	
4. Your name and signature	
By signing this form, you confirm that you have read this form and you understand the risks of making this investment as identified in this form.	
First and Last Name (please print):	
Signature:	
Date:	
Section 5 – TO BE COMPLETED BY THE SALESPERSON	
5. Salesperson information	
First and Last Name of Salesperson (please print):	
Telephone:	Email:
Name of Firm (if registered):	
Section 6 – TO BE COMPLETED BY THE ISSUER OR SELLING SECURITY HOLDER	
6. For more information about this investment	
For more information about this investment / the Issuer:	
Issuer Name:	Tehama Inc.
Contact Person:	Robert White, CFO
Address:	319 McRae Avenue, Suite 701, Ottawa, Ontario, Canada, K1Z 0B9
Telephone:	1-888-792-5104
Email:	info@tehama.io
Website:	www.tehama.io
For more information about prospectus exemptions, contact your local securities regulator. You can find contact information at www.securities-administrators.ca.	

THIS IS EXHIBIT "H" REFERRED TO IN THE
AFFIDAVIT OF ROB WHITE SWORN BEFORE ME
THIS 20th DAY OF JANUARY, 2023.

DocuSigned by:

02452ECC61C54F6...

A Commissioner for Taking Affidavits, etc.

**BUSINESS SCALE-UP AND PRODUCTIVITY
CONTRIBUTION AGREEMENT**

This Contribution Agreement is made as of August 3, 2021

BETWEEN: **HER MAJESTY THE QUEEN IN RIGHT OF CANADA**
("Her Majesty") hereby represented by the Minister responsible
for Federal Economic Development Agency for Southern Ontario

AND: **TEHAMA INC.** ("Recipient") a corporation incorporated under
the laws of Canada

WHEREAS the Federal Economic Development Agency for Southern Ontario was created to strengthen southern Ontario's economic capacity for innovation, entrepreneurship and collaboration, and promote the development of a strong and diversified southern Ontario economy;

WHEREAS as part of the Regional Economic Growth Through Innovation program, the Minister has established the *Business Scale-up and Productivity* stream to accelerate the growth of firms and assist with the adoption and adaptation of new, innovative technologies that support scale up, productivity, development of and entry into new markets to help companies become globally competitive, and

WHEREAS the Agency (as defined below) seeks to guarantee individuals the right to be free from discrimination based on race, national or ethnic origin, colour, religion, age, sex, sexual orientation, gender identity or expression, marital status, family status, genetic characteristics, and disability, in accordance with section 35 of the *Canadian Human Rights Act*;

WHEREAS the Agency seeks to promote a more representative workforce and commits to correcting disadvantages in employment experienced by women, Indigenous peoples, Black Canadians and other racialized Canadians, in accordance with the *Employment Equity Act*; and

WHEREAS the Minister has agreed to make a repayable contribution to the Recipient in support of the Recipient's Eligible and Supported Costs (as defined herein) of the Project,

NOW THERETOFORE, in accordance with the mutual covenants and agreements herein, Her Majesty as represented by the Minister (as defined herein) and the Recipient agree as follows:

1. Purpose of the Agreement

The purpose of this Agreement is to set out the terms and conditions under which the Minister will provide funding in support of the Project (as defined herein).

2. Interpretation

2.1 **Definitions.** In this Agreement, a capitalized term has the meaning given to it in this section, unless the context indicates otherwise:

Agency means the Federal Economic Development Agency for Southern Ontario.

Agreement means this contribution agreement including all the annexes attached hereto, as such may be amended, restated or supplemented, from time to time.

Cash Flow Projection of the Project means a spreadsheet presentation of the Project's projected total quarterly revenues and expenses for the duration of the Project, and showing all cash investment(s) by Investors, any other sources of cash and cash from the anticipated claims for the Contribution.

Change of Control means a proposed change in the identity of the individual or legal entity or group of individuals or legal entities that owns fifty point one percent (50.1%) or more of the outstanding voting shares of the Recipient.

Completion Date means the Project completion date, March 31, 2023.

Contribution means the contribution to Eligible and Supported Costs in the amount stipulated in Subsection 4.1.

Date of Acceptance means the date on which the duplicate fully executed copy of this Agreement is received by the Minister.

Eligibility Date means November 2, 2020.

Eligible Costs means those costs incurred by the Recipient and which, in the opinion of the Minister, are reasonable and required to carry out the Project.

Eligible and Not-Supported Costs means those Eligible Costs which are not supported by the Contribution and which are identified in Annex 1 – Statement of Work.

Eligible and Supported Costs means those Eligible Costs supported by the Contribution as identified in Annex 1 – Statement of Work and relating to the Project activities described therein and which are in compliance with Annex 2 – Costing Memorandum.

Event of Default means the events of defaults described in Subsection 12.1 hereof.

Fiscal Year means the Government of Canada's fiscal year beginning on April 1st of a year and ending on March 31st of the following year.

Minister means the Minister responsible for the Agency or any one or more of the Minister's representatives.

Parties means the Minister and the Recipient and Party means any one of them.

Project means the project described in Annex 1 – Statement of Work.

Project Intellectual Property includes, without limitation, all technical data, designs, specifications, software, data, drawings, plans, reports, patterns, models, prototypes, demonstration units, practices, inventions, methods and related technology, processes or other information conceived, produced, developed or reduced to practice in carrying out the Project, and all rights therein, including, without limitation, patents, copyrights, industrial designs, trade-marks and any registrations or applications for the same and all other rights of intellectual property therein, including any rights which arise from the above items being treated by the Recipient as trade secrets or confidential information

Southern Ontario includes the following regions: 1 Stormont, Dundas and Glengarry; 2 Prescott and Russell; 6 Ottawa; 7 Leeds and Grenville; 9 Lanark; 10 Frontenac; 11 Lennox and Addington; 12 Hastings; 13 Prince Edward; 14 Northumberland; 15 Peterborough; 16 Kawartha Lakes; 18 Durham; 19 York; 20 Toronto; 21 Peel; 22 Dufferin; 23 Wellington; 24 Halton; 25 Hamilton; 26 Niagara; 28 Haldimand-Norfolk; 29 Brant; 30 Waterloo; 31 Perth; 32 Oxford; 34 Elgin; 36 Chatham-Kent; 37 Essex; 38 Lambton; 39 Middlesex; 40 Huron; 41 Bruce; 42 Grey; 43 Simcoe; 46 Haliburton; and 47 Renfrew.

- 2.2 **Singular/Plural.** Wherever from the context it appears appropriate, each term stated in either the singular or plural shall include the singular and the plural.
- 2.3 **Entire Agreement.** This Agreement comprises the entire agreement between the Parties. No prior document, negotiation, provision, undertaking or agreement in relation to the subject matter of this Agreement has legal effect. No representation or warranty, whether express, implied or otherwise, has been made by the Minister to the Recipient, except as expressly set out in this Agreement.
- 2.4 **Inconsistency.** In case of inconsistency or conflict between a provision contained in the part of the Agreement preceding the signatures and a provision contained in any of the Annexes to this Agreement, the provision contained in the part of the Agreement preceding the signatures will prevail.
- 2.5 **Annexes.** This Agreement contains the following Annexes as described below, which form an integral part of this Agreement:

Annex 1 - Statement of Work
Annex 2 - Costing Guideline Memorandum
Annex 3 - Reporting Requirements
Annex 4 - Federal Visibility Requirements
Annex 5 - Repayment Schedule

3. Duration of Agreement

- 3.1 **Duration of Agreement.** This Agreement comes into force on the Date of Acceptance and will terminate upon the date all amounts due by the Recipient to Her Majesty under this Agreement have been paid in full, unless terminated earlier in accordance with the terms of this Agreement.
- 3.2 **Commencement.** The Recipient agrees to commence the Project, no later than sixty (60) calendar days after the Date of Acceptance, otherwise the Minister may terminate this Agreement at the Minister's sole discretion.

4. The Contribution

- 4.1 The Minister will make a repayable Contribution to the Recipient in respect of the Project in an amount not exceeding the lesser of (a) and (b) as follows:
- (a) Twenty eight percent (28%) of Eligible and Supported Costs of the Project incurred by the Recipient; and
 - (b) Two million seven hundred thousand dollars (\$2,700,000)
- 4.2 The payment of the Contribution per Fiscal Year is set out in Annex 1 – Statement of Work. The Minister will have no obligation to pay any amounts in any other Fiscal Years than those specified in Annex 1 - Statement of Work.
- 4.3 The Minister shall not contribute to any Eligible and Supported Costs incurred prior to the Eligibility Date or after the Completion Date.
- 4.4 The Recipient shall be responsible for all costs of the Project, including cost overruns, if any.
- 4.5 **Holdbacks.** Notwithstanding any other provisions of this Agreement, the Minister may, at the Minister's sole discretion, withhold up to ten percent (10%) of the Contribution amount until:
- (a) the Project is completed to the satisfaction of the Minister;
 - (b) the Recipient has satisfied all the conditions of this Agreement;
 - (c) the final report described in Subsection 6.6(a)(iii) has been submitted to the satisfaction of the Minister;
 - (d) audits and site visit, where required by the Minister, have been completed to the satisfaction of the Minister; and
 - (e) the Minister has approved the final claim described in Subsection 6.6.

5. Other Government Financial Support

- 5.1 The Recipient hereby confirms that for purposes of this Project no federal, provincial, municipal or local government assistance has been requested, received or will be received except as disclosed in Annex 1 – Statement of Work.
- 5.2 The Recipient shall promptly inform the Minister in writing in the event additional other government financial support has been requested or received for the Project, during the term of this Agreement and acknowledges and agrees that an adjustment to the amount of the Contribution and a request for repayment of part or all of the amounts paid to the Recipient may be made as a result thereof. In such event, Annex 5 – Repayment Schedule will be adjusted accordingly and communicated to the Recipient. The amount of repayment requested will constitute a debt due to Her Majesty and will be recovered as such from the Recipient.
- 5.3 In no instance will the total government funding towards the Eligible Costs representing:
- (a) capital costs of the Project be allowed to exceed fifty percent (50%) of the total Eligible Costs representing capital costs; and
 - (b) non-capital costs of the Project be allowed to exceed seventy-five percent (75%) of the total Eligible Costs representing non-capital costs.

6. Claims and Payments

6.1 The Recipient shall maintain accounting records that account for the Contribution paid to the Recipient and the related Project costs in respect of this Agreement, separate and distinct from any other sources of funding.

6.2 **Claims Procedures.** The Recipient shall submit claims for reimbursement of Eligible and Supported Costs incurred, not more frequently than monthly and not less frequently than quarterly, in a form satisfactory to the Minister. Each claim will include the following information:

- (a) an itemized summary by cost category of Eligible and Supported Costs incurred substantially in the form prescribed by the Minister;
- (b) a certification of the claim by a director or officer of the Recipient, confirming the accuracy of the claim and all supporting information provided;
- (c) if applicable, a certification by a director or officer of the Recipient that any environmental mitigation measures that may be set out in this Agreement have been implemented; and
- (d) any other substantiating documentation (including without limitation, any invoice or proof of payment), as may be required by the Minister.

6.3 The Recipient agrees to submit its first claim for Eligible and Supported Costs within:

- (a) thirty (30) calendar days from the date of the last signature to this Agreement; or
 - (b) thirty (30) calendar days from the date of project Commencement,
- whichever is the later.

6.4 The Recipient agrees to submit its last claim for Eligible and Supported Costs in each Fiscal Year on or before March 15th of that year.

6.5 Advance Payments.

No advances will be paid under this Agreement.

6.6 Final Claim Procedures.

- (a) The Recipient shall submit a final claim pertaining to the final reimbursement of any Eligible and Supported Costs previously claimed or not, signed by a director or officer of the Recipient and accompanied by the following, in addition to the requirements set out in Subsection 6.2, in a form satisfactory to the Minister in scope and detail:
 - (i) a final statement of total Project costs;
 - (ii) a statement of the total government assistance (federal, provincial and municipal assistance) received or requested towards the Eligible Costs of the Project;
 - (iii) a final report on the Project, as more fully described in Section 2 of Annex 3 – Reporting Requirements; and
 - (iv) a final certificate executed by a director or officer of the Recipient substantially in the form prescribed by the Minister;
- (b) The Recipient shall submit the final claim for reimbursement of Eligible and Supported Costs to the satisfaction of the Minister no later than three (3) months after the Completion Date or the date the Project is completed to the satisfaction of the Minister, whichever is earlier. The Minister shall have no obligation to pay any claims submitted after this date.

6.7 Payment Procedures.

- (a) The Minister shall review and approve the documentation submitted by the Recipient following the receipt of the Recipient's claim and in the event of any deficiency in the documentation, it will notify the Recipient and the Recipient shall immediately take action to address and rectify the deficiency.
- (b) Subject to the maximum Contribution amounts set forth in Subsection 4.1 and all other conditions contained in this Agreement, the Minister shall pay to the Recipient the Eligible

and Supported Costs set forth in the Recipient's claim, in accordance with the Minister's customary practices.

- (c) The Minister may request at any time that the Recipient provides satisfactory evidence to demonstrate that all Eligible and Supported Costs claimed have been paid.
- (d) The Minister may require, at the Minister's expense, any claim submitted for payment of the Contribution be certified by the Recipient's external auditor or by an auditor approved by the Minister.

6.8 **Overpayment or non-entitlement.** Where, for any reason, the Recipient is not entitled to all or part of the Contribution or the amount paid to the Recipient exceeds the amount to which the Recipient is entitled, the Contribution or the amount in excess, as the case may be, shall constitute a debt due to Her Majesty and shall be recovered as such from the Recipient. The Recipient shall repay Her Majesty within thirty (30) calendar days from the date of the Minister's notice, the amount of the Contribution disbursed or the amount of the overpayment, as the case may be, together with interest as calculated in accordance with Subsection 15.2 of this Agreement.

6.9 **Repayment**

- (a) The Recipient agrees to repay the Contribution to Her Majesty in accordance with the repayment schedule attached hereto as Annex 5 – Repayment Schedule.
- (b) Any overdue amount will bear interest in accordance with Subsection 15.2.
- (c) A Fifty dollars (\$50) administration fee will be charged on every payment for which funds were unavailable in the account identified or used for payment.
- (d) The Recipient may at any time make prepayments on account of repayment instalments and each such prepayment will be applied first to interest owing and secondly to repayment instalments in reverse order of maturity.

7. **Reporting, Monitoring, Audit and Evaluation**

- 7.1 The Recipient agrees to provide the Minister with the reports as described in Annex 3 – Reporting Requirements, to the Minister's satisfaction. This includes, at minimum, an annual report to be submitted by the Recipient no later than April 15th of each year.
- 7.2 Upon request of the Minister and at no cost to the Minister, the Recipient shall promptly elaborate upon any report submitted or provide such additional information as may be requested.
- 7.3 The Minister may request a copy of any report or publication produced as a result of this Agreement or the Project, whether interim or final, as soon as it becomes available.
- 7.4 The Recipient shall at its own expense:
 - (a) preserve and make available for audit and examination by the Minister, proper books, accounts and records of the Project costs, wherever such books, and records may be located, and permit the Minister to conduct such independent audits and evaluations as the Minister's discretion may require;
 - (b) upon reasonable notice and after consultation with the Recipient, permit the Minister, reasonable access to the Project site and/or the Recipient's premises and documents in order to inspect and assess the progress and results of the Project and compliance with the terms of this Agreement;
 - (c) supply promptly, on request, such other reports or data in respect of the Project and its results, as the Minister may require for purposes of this Agreement and for statistical and/or evaluation purposes.
- 7.5 The Minister shall have the right, at the Minister's own expense, and as and when the Minister determines necessary, to perform audits of the Project costs and the Recipient's books, accounts, records, financial statements and claims for reimbursement of Eligible and Supported Costs, and the Recipient's administrative, financial and claim certification processes and procedures, for the purposes of verifying the costs of the Project, validating claims for reimbursement of Eligible and Supported Costs, ensuring compliance with the terms of this Agreement, and confirming amounts repayable to Her Majesty under the provisions of this Agreement.

- 7.6 Any audits performed hereunder will be carried out by auditors selected by the Minister, which may include any of the following: Agency officials, an independent auditing firm, and/or the Recipient's external auditors. The Minister will provide the Recipient with a description of the scope and criteria of the audit and the expected time frames for completion of the audit and public release of the related reports.
- 7.7 The Recipient agrees that the Minister, at the Minister's expense, may engage outside firms or individuals, unrelated to the Government of Canada, with the required expertise to evaluate and monitor the Project and its implementation or review any documents submitted by the Recipient. The Recipient agrees to provide access to any site, meeting or to any document in relation to the Project to such firms or individuals.
- 7.8 **Auditor General of Canada.** The Recipient acknowledges that the Auditor General of Canada may, at the Auditor General's cost, after consultation with the Recipient, conduct an inquiry under the authority of Subsection 7.1(1) of the *Auditor General Act* in relation to any funding agreement (as defined in Subsection 42(4) of the *Financial Administration Act*) with respect to the use of funds received. For purposes of any such inquiry undertaken by the Auditor General, the Recipient shall provide, upon request and in a timely manner, to the Auditor General or anyone acting on behalf of the Auditor General:
- (a) all records held by the Recipient or by agents or contractors of the Recipient, relating to this Agreement and the use of the Contribution; and
 - (b) such further information and explanations as the Auditor General, or anyone acting on behalf of the Auditor General, may request relating to this Agreement and/or the Contribution.

8. Representations and Covenants

8.1 **Representations.** The Recipient represents and warrants that:

- (a) it is a corporation, duly incorporated and validly existing and in good standing under the laws of Canada and has the power and authority to carry on its business, to hold its property and to enter into this Agreement. The Recipient warrants that it shall remain as such for the duration of this Agreement;
- (b) the execution, delivery and performance of this Agreement have been duly and validly authorized by the necessary corporate actions of the Recipient and when executed and delivered by the Recipient, this Agreement constitutes a legal, valid and binding obligation of the Recipient, enforceable against it in accordance with its terms;
- (c) it has acquired appropriate insurance coverage including but not limited to general liability and property damage insurance, at its own expense, in an adequate amount consistent with the scope of the operations and the Project and will maintain such for the duration of the Agreement;
- (d) the signatory to this Agreement, on behalf of the Recipient, has been duly authorized under a borrowing by-law to execute and deliver this Agreement;
- (e) this Agreement constitutes a legally binding obligation of the Recipient, enforceable against it in accordance with its terms, subject as to enforcement of remedies to applicable bankruptcy, insolvency, reorganization and other laws affecting generally the enforcement of the rights of creditors and subject to a court's discretionary authority with respect to the granting of a decree, ordering specific performance or other equitable remedies;
- (f) the execution and delivery of this Agreement and the performance by the Recipient of its obligations hereunder will not, with or without the giving of notice or the passage of time or both:
 - (i) violate the provisions of the Recipient's by-laws, any other corporate governance document subscribed to by the Recipient or any resolution of the Recipient;
 - (ii) violate any judgment, decree, order or award of any court, government agency, regulatory authority or arbitrator; or
 - (iii) conflict with or result in the breach or termination of any material term or provision of, or constitute a default under, or cause any acceleration under, any license, permit, concession, franchise, indenture, mortgage, lease, equipment lease, contract, permit, deed of trust or any other instrument or agreement by which it is bound.

- (g) there are no actions, suits, investigations or other proceedings pending or, to the knowledge of the Recipient, threatened and there is no order, judgment or decree of any court or governmental agency, which could materially and adversely affect the Recipient's ability to carry out the activities contemplated by this Agreement;
- (h) it has obtained or will obtain all necessary licences and permits in relation to the Project, which satisfy the requirements of all regulating bodies of appropriate jurisdiction;
- (i) it owns or holds sufficient rights in any intellectual property required to carry out the Project; and
- (j) the description of the Project in Annex 1 – Statement of work is complete and accurate.

8.2 **Covenants.** The Recipient covenants and agrees that:

- (a) it shall use the Contribution solely and exclusively to support the Eligible and Supported Costs of the Project, and shall carry out the Project in a diligent and professional manner, using qualified personnel;
- (b) it shall obtain the prior written consent of the Minister before making any change to any aspect of the Project or to the management of the Project or the Recipient;
- (c) no Change of Control will occur without the prior written consent of the Minister except where the Recipient is a reporting issuer (publicly traded company) under applicable securities laws in which case the Recipient agrees to provide notice of the Change of Control within 15 business days of the take-over being approved;
- (d) it shall comply with the federal visibility requirements set out in Annex 4 – Federal Visibility Requirements;
- (e) it shall acquire and manage all equipment, services and supplies required for the Project in a manner that ensures the best value for funds expended; and
- (e) it shall not declare or pay any dividends whatsoever, make payments to a parent company or to any of its affiliates, or payout shareholders loans without the prior written consent of the Minister.

8.3 **Renewal of Representations.** It is a condition precedent to any disbursement under this Agreement that the representations and warranties contained in this Agreement are true at the time of payment and that the Recipient is not in default of compliance with any terms of this Agreement.

9. **Official Languages**

The Recipient agrees that any public acknowledgement of the Agency's support for the Project will be expressed in both official languages.

10. **Environmental and Other Requirements**

- 10.1 The Recipient represents and warrants that the Project is not a “designated project” or a “project” under the applicable federal environmental and impact assessment legislation.
- 10.2 The Recipient agrees to comply with all federal, provincial, territorial, municipal and other applicable laws governing the Recipient and the Project, including without limitation, statutes, regulations, by-laws, rules, ordinances and decrees. This includes legal requirements and regulations relating to environmental protection and the successful implementation of and adherence to any mitigation measures, monitoring or follow-up program, which may be prescribed by federal, provincial, territorial, municipal bodies. The Recipient will certify to the Minister that it has done so.
- 10.3 The Recipient will provide the Minister with reasonable access to any Project site, for the purpose of ensuring that the terms and conditions of any environmental approval are met, and that any required conditions, mitigation measures, monitoring or program follow up have been carried out.
- 10.4 If, as a result of changes to the Project or otherwise, the Minister is of the opinion that an environmental or impact assessment or a subsequent determination is required for the Project, the Recipient agrees that construction of the Project or any other physical activity that is carried out in relation to the Project, including site preparation, will not be undertaken or will be suspended and no funds or additional funds will become or will be payable by the Minister to the Recipient for the Project unless and until:

- (a) where the Project is a “designated project” under the applicable federal environmental or impact assessment legislation,
 - (i) a decision pursuant to that legislation is made indicating that no environmental or impact assessment is required for the Project; or
 - (ii) a decision statement in respect of the Project is issued to the Recipient indicating that:
 - 1) the Project is not likely to cause significant adverse environmental effects;
 - 2) the Project is likely to cause significant adverse environmental effects that the Governor in Council decides are justified in the circumstances, which decision statement may contain conditions in respect of the Project; or
 - 3) the adverse effects with respect to the impact assessment of the Project are in the public interest,
- (b) where the Project is a “project” under the applicable federal environmental or impact assessment legislation, a determination that the carrying out of the Project:
 - (i) is not likely to cause significant adverse environmental effects; or
 - (ii) is likely to cause significant adverse environmental effects and the Governor in Council decides that those effects are justified in the circumstances, and
- (c) where relevant the requirements under any applicable agreements between Her Majesty and Indigenous groups, are met and continue to be met.

10.5 **Indigenous consultation.** The Recipient acknowledges that the Minister's obligation to pay the Contribution is conditional upon Her Majesty satisfying any obligation that Her Majesty may have to consult with or to accommodate any Indigenous groups, which may be affected by the terms of this Agreement.

11. **Indemnification and Limitation of Liability**

11.1 The Recipient shall at all times indemnify and save harmless Her Majesty, its officers, officials, employees and agents, from and against all claims and demands, losses, costs, damages, actions, suits or other proceedings (including, without limitation, those relating to injury to persons, damage to or loss or destruction of property, economic loss or infringement of rights) by whomsoever brought or prosecuted, or threatened to be brought or prosecuted, in any manner based upon or occasioned by any injury to persons, damage to or loss or destruction of property, economic loss or infringement of rights, caused by, or arising directly or indirectly from:

- (a) the Project, its operation, conduct or any other aspect thereof;
- (b) the performance or non-performance of this Agreement, or the breach or failure to comply with any term, condition, representation or warranty of this Agreement by the Recipient, its officers, employees and agents, or by a third party or its officers, employees, or agents;
- (c) the design, construction, operation, maintenance and repair of any part of the Project or,
- (d) any omission or other wilful or negligent act or delay of the Recipient or a third party and their respective employees, officers, or agents, except to the extent to which such claims and demands, losses, costs, damages, actions, suits, or other proceedings relate to the negligent act or omission of an officer, official, employee, or agent of Her Majesty, in the performance of his or her duties.

11.2 The Minister shall have no liability under this Agreement, except for payments of the Contribution, in accordance with and subject to the provisions of this Agreement. Without limiting the generality of the foregoing, the Minister shall not be liable for any direct, indirect, special or consequential damages, or damages for loss of revenues or profits of the Recipient.

11.3 Her Majesty, her agents, employees and servants will not be held liable in the event the Recipient enters into loan, a capital or operating lease or other long-term obligation in relation to the Project for which the Contribution is provided.

12. Default and Remedies

12.1 **Event of Default.** The Minister may declare that an Event of Default has occurred if:

- (a) the Recipient has failed or neglected to pay Her Majesty any amount due in accordance with this Agreement;
- (b) the Project is not meeting its objectives, or milestones as set out in Annex 1 – Statement of Work, is not completed to the Minister’s satisfaction by the Completion Date or the Project is abandoned in whole or in part;
- (c) the Recipient makes a materially false or misleading statement concerning support by Her Majesty in any internal and/or public communication, other than in good faith;
- (d) the Recipient becomes bankrupt or insolvent, goes into receivership, or takes the benefit of any statute, from time to time in force, relating to bankrupt or insolvent debtors;
- (e) an order is made or the Recipient has passed a resolution for the winding up of the Recipient, or the Recipient is dissolved;
- (f) the Recipient has, in the opinion of the Minister, ceased to carry on business or has sold, disposed or transferred all or substantially all of its assets;
- (g) the Project is carried out at locations, other than those mentioned in Annex 1 - Statement of Work;
- (h) the Recipient has submitted false or misleading information, or has made a false or misleading representation to the Agency, the Minister, in this Agreement or in its application for the Contribution;
- (i) the Recipient has not, in the opinion of the Minister, met or satisfied a term or condition of this Agreement;
- (j) the Recipient has not met or satisfied a term or condition under any other contribution agreement or agreement of any kind with Her Majesty;
- (k) the Recipient is not eligible or is otherwise not entitled to the Contribution; or,
- (l) the Recipient has not complied with the monitoring, audit and evaluation requirements, specified in this Agreement.

12.2 **Notice of Breach and Rectification Period.** Except in the case of default under Subsection 12.1 (d) (e) and (f), the Minister will not declare that an Event of Default has occurred unless the Minister has given prior written notice to the Recipient of the occurrence, which in the Minister’s opinion constitutes an Event of Default. The Recipient shall, within such period of time as the Minister may specify in the notice, either correct the condition or event or demonstrate, to the satisfaction of the Minister, that it has taken such steps as are necessary to correct the condition, failing which the Minister may declare that an Event of Default has occurred. During the period of time specified in the notice, the Minister may suspend payment of any claim submitted before or after the date of the notice.

12.3 **Remedies.** If the Minister declares that an Event of Default has occurred, the Minister may immediately exercise any one or more of the following remedies, in addition to any remedy available at law:

- (a) terminate the Agreement, including any obligation by the Minister to make any payment under this Agreement, including any obligation to pay an amount owing prior to such termination;
- (b) suspend any obligation by the Minister to make any payment under this Agreement, including any obligation to pay an amount owing prior to such suspension; and
- (c) require the Recipient to repay forthwith to Her Majesty all or part of the Contribution, and that amount is a debt due to Her Majesty and may be recovered as such.

12.4 The Recipient acknowledges the policy objectives served by the Minister’s agreement to make the Contribution, that the Contribution comes from the public monies, and that the amount of damages sustained by Her Majesty in an Event of Default is difficult to ascertain and therefore, that it is fair

and reasonable that the Minister be entitled to exercise any or all of the remedies, provided for in this Agreement and to do so in the manner provided for in this Agreement, if an Event of Default occurs.

13. Project Assets and Intellectual Property

- 13.1 The Recipient shall retain title to, and ownership of any assets (including any Project Intellectual Property), the cost of which has been contributed to by the Minister under this Agreement and shall not sell, assign, transfer, encumber, pledge, grant a security or otherwise dispose of same, without the prior written consent of the Minister. As a condition of such consent, the Minister may require the Recipient to repay Her Majesty the whole or any part of the Contribution paid to the Recipient hereunder.
- 13.2 Notwithstanding Subsection 13.1, after Project completion, any assets (other than any Project Intellectual Property) with a residual value of \$10,000 or less may be sold, assigned, transferred or otherwise disposed of without the Minister's consent.
- 13.3 Title to any Project Intellectual Property shall vest exclusively in the Recipient. The Recipient shall take appropriate steps to protect the Project Intellectual Property and shall, upon written request, provide information to the Minister in that regard. The Recipient shall not agree to (i) any exclusive and/or irrevocable licenses of the Project Intellectual Property, or (ii) the sublicensing of the Project Intellectual Property in any license agreement except where the Recipient will be entitled to receive royalties directly or indirectly from such sublicense.
- 13.4 Her Majesty will not have an ownership interest in the Project Intellectual Property nor will Her Majesty acquire new rights in any background intellectual property by virtue solely of having provided the Contribution. Rights attributed to Her Majesty in any other way including under the *Public Servants Inventions Act* are not in any way affected by this Agreement.

14. Miscellaneous

- 14.1 The Recipient represents and warrants that no member of the House of Commons or Senate of Canada shall be admitted to any share or part of this Agreement or to any benefit arising from it, that are not otherwise available to the general public.
- 14.2 The Recipient confirms that no current or former public servant or public office holder, to whom the *Values and Ethics Code for the Public Service*, the *Values and Ethics Code for the Public Sector*, the *Policy on Conflict of Interest and Post-Employment* or the *Conflict of Interest Act* applies, shall derive direct benefit from the Agreement, including any employment, payments or gifts, unless the provision or receipt of such benefits is in compliance with such codes and the legislation. Where the Recipient employs or has a major shareholder, who is either a current or former (in the last twelve (12) months) public office holder or public servant in the federal government, the Recipient shall demonstrate compliance with these codes and the legislation.
- 14.3 The Recipient represents and warrants that:
- (a) it has not paid, nor agreed to pay to any person, either directly or indirectly, a commission, fee or other consideration that is contingent upon the execution of this Agreement, or upon the person arranging a meeting with a public office holder;
 - (b) it will not pay, nor agree to pay to any person, either directly or indirectly, any commission, fee or other consideration that is contingent upon the person arranging a meeting with a public office holder;
 - (c) the Recipient or any persons who are or have been engaged by the Recipient to communicate or arrange meetings with public office holders, regarding the Project or this Agreement, are in full compliance with all requirements of the *Lobbying Act*; and
 - (d) any persons who may be engaged by the Recipient to communicate or arrange meetings with public office holders, regarding the Project or this Agreement, will at all times be in full compliance with the requirements of the *Lobbying Act*.
- 14.4 The Recipient acknowledges that the representations and warranties in this section are fundamental terms of this Agreement. In the event of breach of these, the Minister may exercise the remedies set out in Subsection 12.3.

15. General

- 15.1 **Debt due to Canada.** Any amount owed to Her Majesty under this Agreement shall constitute a debt due to Her Majesty and shall be recoverable as such. Unless otherwise specified herein, the Recipient agrees to make payment of any such debt forthwith on demand.
- 15.2 **Interest.** Debts due to Her Majesty will accrue interest in accordance with the *Interest and Administrative Charges Regulations*, in effect on the due date, compounded monthly on overdue balances payable, from the date on which the payment is due, until payment in full is received by Her Majesty. Any such amount is a debt due to Her Majesty and is recoverable as such.
- 15.3 **Set-Off.** Without limiting the scope of set-off rights provided in the *Financial Administration Act*, the Minister may set off against the Contribution, any amounts owed by the Recipient to Her Majesty under legislation or contribution agreements and the Recipient shall declare to the Minister all amounts outstanding in that regard, when making any claim under this Agreement.
- 15.4 **No Assignment of Agreement.** Neither this Agreement nor any part thereof shall be assigned by the Recipient, without the prior written consent of the Minister.
- 15.5 **Annual Appropriation.** Payment by the Minister of amounts due under this Agreement shall be conditional on there being a legislated appropriation for the Fiscal Year in which the payment is to be made. The Minister shall have the right to terminate or reduce the Contribution, in the event that the amount of the appropriation is reduced or denied by Parliament. In the event that any portion of the Contribution has been paid to the Recipient and the legislated appropriation for the Fiscal Year in which such payment is made is not obtained, the Minister shall have the right to recover the amount so paid from the Recipient.
- 15.6 **Successors and Assigns.** This Agreement is binding upon the Recipient, its successors and permitted assigns.
- 15.7 **Confidentiality.** Subject to the *Access to Information Act (Canada)*, the *Privacy Act*, the *Library and Archives Act of Canada* and Annex 4 – Federal Visibility Requirements, the Parties shall keep confidential and shall not disclose the contents of this Agreement or the transactions contemplated hereby, without the consent of all Parties.
- 15.8 **International Disputes.** Notwithstanding Subsection 15.7 of this Agreement, the Recipient waives any confidentiality rights to the extent such rights would impede Her Majesty from fulfilling its notification obligations to a world trade panel for the purposes of the conduct of a dispute, in which Her Majesty is a party or a third party intervener. The Minister is authorized to disclose the contents of this Agreement and any documents pertaining thereto, whether predating or subsequent to this Agreement, or of the transactions contemplated herein, where in the opinion of the Minister, such disclosure is necessary to the defence of Her Majesty's interests in the course of a trade remedy investigation conducted by a foreign investigative authority, and is protected from public dissemination by the foreign investigative authority. The Minister shall notify the Recipient of such disclosure.
- 15.9 **Governing Law.** This Agreement shall be subject to and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.
- 15.10 **Dispute Resolution.** If a dispute arises concerning the application or interpretation of this Agreement, the Parties shall attempt to resolve the matter through good faith negotiation, and may, if necessary and the Parties consent in writing, resolve the matter through mediation or by arbitration, by a mutually acceptable mediator or arbitration in accordance with the Commercial Arbitration Code set out in the schedule to the *Commercial Arbitration Act (Canada)*, and all regulations made pursuant to that Act.
- 15.11 **No Amendment.** No amendment to this Agreement shall be effective unless it is made in writing and signed by the Parties hereto.
- 15.12 **No Agency.** No provision of this Agreement or action by the Parties will establish or be deemed to establish any partnership, joint venture, principal-agent or employer-employee relationship in any way, or for any purpose, between Her Majesty and the Recipient, or between Her Majesty and a third party. The Recipient is not in any way authorized to make a promise, agreement or contract and to incur any liability on behalf of Her Majesty, nor shall the Recipient make a promise, agreement or contract and incur any liability on behalf of Her Majesty, and shall be solely responsible for any and all payments and deductions, required by the applicable laws.
- 15.13 **No Waiver.** Any tolerance or indulgence demonstrated by one Party to the other, or any partial or limited exercise of rights conferred on a Party, shall not constitute a waiver of rights, and unless expressly waived in writing the Parties shall be entitled to exercise any right and to seek any remedy,

available under this Agreement or otherwise at law. Either Party may, by notice in writing, waive any of its rights under this Agreement.

- 15.14 **Public Dissemination.** All reports and other information that the Minister collects, manages or has a right to receive or produce in accordance with this Agreement, or that the Recipient collects, creates, manages and shares with the Minister, shall be deemed to be “Canada Information”. The Minister shall have the right, subject to the provisions of the *Access to Information Act*, to release to the public, table before Parliament, or publish by any means, any Canada Information, including such excerpts or summaries of the Canada Information as the Minister may, from time to time, decide to make.
- 15.15 **No conflict of interest.** The Recipient and its consultants and any of their respective advisors, partners, directors, officers, shareholders, employees, agents and volunteers shall not engage in any activity where such activity creates a real, apparent or potential conflict of interest in the sole opinion of the Minister, with the carrying out of the Project. For greater certainty, and without limiting the generality of the foregoing, a conflict of interest includes a situation where anyone associated with the Recipient owns or has an interest in an organization that is carrying out work related to the Project.
- 15.16 **Disclose potential conflict of interest.** The Recipient shall disclose to the Minister without delay any actual or potential situation that may be reasonably interpreted as either a conflict of interest or a potential conflict of interest.
- 15.17 **Severability.** If for any reason a provision of this Agreement that is not a fundamental term of the agreement between the Parties is found to be or becomes invalid or unenforceable, whether in whole or in part, such provision or part thereof declared invalid or unenforceable shall be deemed to be severable and shall be deleted from this Agreement and all remaining terms and conditions of this Agreement will continue to be valid and enforceable.
- 15.18 **Business Information.** Notwithstanding anything else contained in this Agreement, the Minister shall be given the right to the use of any of the Recipient’s publicly available business information about the Project (e.g. brochures, awareness, packages, etc.).
- 15.19 **Tax.** The Recipient acknowledges that financial assistance from government programs may have tax implications for its organization and that advice should be obtained from a qualified tax professional.

16. Notice

- 16.1 Any notice, information or document required under this Agreement shall be effectively given, if delivered or sent by letter or email (postage or other charges prepaid). Any notice that is delivered shall be deemed to have been received on delivery; any notice sent by email shall be deemed to have been received when sent, any notice that is mailed shall be deemed to have been received eight (8) calendar days after being mailed.
- 16.2 All notices must be sent to the following addresses:

To the Minister

Federal Economic Development Agency for
Southern Ontario
101 – 139 Northfield Drive West
Waterloo ON N2L 5A6
**Attention: Business Scale-up and
Productivity**

Or to such other address, as is designated by
the Agency in writing.

To the Recipient

Tehama Inc.
319 McRae Avenue, 7th floor
Ottawa, Ontario K1Z 0B9
Attention: Paul Vallée, CEO

With a copy to: Karen Chase

- 16.3 Each of the Parties may change the address, which they have stipulated in this Agreement by notifying in writing the other party of the new address, and such change shall be deemed to take effect fifteen (15) calendar days after receipt of such notice.

17. Special Conditions

- 17.1 **Conditions Precedent.** As a condition precedent to the first disbursement of the Contribution:
- (a) the Recipient agrees to provide the Minister an officer’s certificate executed by an officer of the Recipient in the form prescribed by the Minister which includes certified copies of the

Recipient's constating documents, by-laws and resolution authorising the entering into of this Agreement;

- (b) the Recipient agrees to provide certificates of insurance and such other evidence of insurance as the Minister may request;
- (c) the Recipient agrees to provide the Minister with a direct deposit authorization in the form prescribed by the Minister;
- (d) Intentionally omitted.
- (e) the Recipient agrees to provide the Minister, such documents or evidence, to the Minister's satisfaction, confirming that the Project financing has been secured.

17.2 Omitted intentionally.

17.3 Omitted intentionally.

17.4 **Cash Flow Projection.** The Recipient represents and warrants that the Cash Flow Projection of the Project provided to the Minister and dated November 4, 2020 accurately reflects the projected cash flow of the Project and agrees and covenants that it shall promptly notify the Minister of any material changes as determined by the Minister to such projected cash flow and obtain the Minister's prior written consent to such changes.

17.5 Notwithstanding clause 13.1, the Minister hereby consents to allow the Recipient at any time and from time to time, to pledge, mortgage, grant a security interest or otherwise encumber any one or more of the project assets as security in order to obtain or refinance bank financing for this Project and to existing financing of the Recipient that encumbers after acquired property, including the Project.

18. Acceptance

The Recipient agrees that unless the Minister receives a duly executed duplicate copy of this Agreement within fifteen (15) calendar days of the date of execution by the Minister, this Agreement is revocable at the discretion of the Minister.

IN WITNESS WHEREOF the Parties hereto have executed this Agreement through authorized representatives.

Project No.: **815996**

HER MAJESTY THE QUEEN IN RIGHT OF CANADA

Per:  Digitally signed by Anzolin, Susan
 DN: C=CA, O=GC,
 OU=FEDDEVONT, CN="Anzolin,
 Susan"
 Reason: I am approving this
 document
 Location: your signing location
 here
 Date: 2021.08.04-18:43:13-0400' Date: _____
 Fossil PhantomPDF Version:
 10.1.4
 Susan Anzolin
 Director General, Innovation and Business Development
 Federal Economic Development Agency
 for Southern Ontario

TEHAMA INC.

Per:  Date: 2021/08/04
 Paul Vallée, CEO

I have authority to bind the corporation.

Annex 1**BUSINESS SCALE-UP AND PRODUCTIVITY****THE PROJECT - STATEMENT OF WORK**

Project Location: 319 McRae Avenue, 7th floor Ottawa, Ontario K1Z 0B9
 Project Start Date: November 2, 2020.
 Project Completion Date: March 31, 2023.

Project Description/Purpose/Objective

This purpose of the project is to support the scale-up of Tehama's operations through enhancements to its technology platform, a Virtual Desktop-as-a-Service (DaaS) platform, to sustain its early-mover advantage in order to expand its market with enterprise clients. This project will contribute to making Tehama's platform cyber secure and easier to scale-up globally.

Key project activities include late stage product development, marketing and business development activities (establishing key strategic channel partnerships to support global expansion and hiring and training new staff). The project will also involve implementation of Marketing Strategy which will cement the recipient's position as the leading service delivery platform globally.

Project costs consist of 100% labour cost.

Statement on Diversity and Inclusion

The Agency and the Recipient recognize and acknowledge their shared commitment to support a more diverse and inclusive Southern Ontario and Canadian economy. Throughout the duration of the Project, the Recipient agrees to engage with the Agency on their approach(es) to fostering diversity and inclusion within their organization. Examples could include:

Collecting data and preparing reports on the Recipient's workforce and participant (defined as collaborators, businesses supported, etc.) demographic composition (on a disaggregated basis) including baseline information;

Developing and implementing a workplace diversity plan that could include efforts such as increasing senior leadership and workforce participation of underrepresented groups, providing skills development training programs for members of underrepresented groups as defined in the *Employment Equity Act*, or other initiatives;

Identifying ways to leverage the supply chains and procurement opportunities within southern Ontario to access goods and services from businesses that are predominantly owned, operated and controlled by underrepresented groups as defined in the *Employment Equity Act* and consistent with the Government of Canada's Indigenous procurement practices, and

Undertaking actions to accelerate equity activities within their organizations consistent with the 50-30 Challenge.

Project Milestones	Estimated Completion Date
Milestone 1: Enhance DaaS platform to offer more automated and streamlined solutions to users. Win 5 new enterprise clients, and sign up 2 global system integrators, and 5 resellers.	2021-03-31
Milestone 2: Make Virtual Room more scalable. Expand compliance certification for Protected B, FedRamp, PCI, and HIPAA to support expansion in Public Sector in Canada & USA. Expand team to support growth.	2022-03-31
Milestone 3: Support new languages and locations. Add additional \$15M ARR via enterprise clients, add 20 new global partners, and expand the marketing team to accelerate growth.	2023-03-31

Expected Results of the Project

Measurement	At Project End
Total cash leverage	\$8,475,200
Number of partnerships/collaborations	2
Number of new products, services and processes commercialized	5
Sales from new products, services and processes commercialized	\$7,800,000
Number of new intellectual properties (IP) created or licensed	100

Sales	At Project Start	At Project End
Canadian sales	\$145,790	\$600,000
Sales outside Canada	\$2,660,000	\$10,000,000

Jobs	Number of full-time equivalents ¹				Total
	Created		Maintained ²		
	Permanent ³	Temporary ⁴	Permanent	Temporary	
Forecasted Jobs by Project Completion	38				38

¹Full-time equivalent (FTE) is equivalent to one employee working full time or more than one person part-time, such that the total working time is the equivalent of one person working full-time. Generally, full-time positions will involve between 35 and 40 hours in a regular workweek. A FTE calculation is the total hours worked in a week divided by the regular workweek. FTEs do not include positions created as a result of subcontracts to undertake work on the project (e.g. construction, suppliers, etc.).

²Maintained refers to employment that existed prior to the project, but which would not have continued, or would have been unlikely to continue, if the project had not been funded.

³Permanent job is a position without a fixed end date.

⁴Temporary job is defined as a temporary or contract position with a fixed end date.

Project Costs & Financing

COSTS	Eligible & Supported ^{1,2}		Eligible & Not Supported	Ineligible	Total	
CAPITAL COSTS						
Facility construction/renovations ⁵	\$ 0	0.0%	\$ 0	\$ 0	\$ 0	0.0%
Equipment purchases/installation	\$ 0	0.0%	\$ 0	\$ 0	\$ 0	0.0%
Other Capital Costs	\$ 0	0.0%	\$ 0	\$ 0	\$ 0	0.0%
NON-CAPITAL COSTS						
Labour (employees)	\$ 9,642,858	100.0%	\$ 209,142	\$ 0	\$ 9,852,000	88.2%
Expertise (consulting, contract)	\$ 0	0.0%	\$ 1,250,000	\$ 0	\$ 1,250,000	11.1%
Other Non-Capital Costs	\$ 0	0.0%	\$ 73,200	\$ 0	\$ 73,200	0.7%
TOTAL	\$ 9,642,858	100.0%	\$ 1,532,342	\$ 0	\$ 11,175,200	100.0%

FINANCING	Eligible & Supported		Eligible & Not Supported	Ineligible	Total	
FedDev Ontario	\$ 2,700,000	28.0%			\$ 2,700,000	24.2%
Other Federal	\$ 0	0.0%	\$ 0	\$ 0	\$ 0	0.0%
Provincial	\$ 0	0.0%	\$ 0	\$ 0	\$ 0	0.0%
Municipal	\$ 0	0.0%	\$ 0	\$ 0	\$ 0	0.0%
Applicant Equity / Financing	\$ 6,942,858	72.0%	\$ 1,532,342	\$ 0	\$ 8,475,200	75.8%
TOTAL	\$ 9,642,858	100.0%	\$ 1,532,342	\$ 0	\$ 11,175,200	100.0%

CONTRIBUTION ALL LOCATIONS BY FISCAL YEAR ³	Eligible & Supported Project Costs	FedDev Ontario Contribution per Fiscal Year (\$, reimbursement %)	
2021-22	\$3,522,126	986,195	28.00%
2022-23	\$6,120,732	1,713,805	28.00%
TOTAL	\$9,642,858	2,700,000	28.00%

STACKING CALCULATION	Eligible Capital Costs	Eligible Non-Capital Costs
Total Eligible Costs ⁴	\$ 0	\$ 11,175,200
Total Government Contributions	\$ 0	\$ 2,700,000
Stacking %	0%	24.2%
Stacking Limit	50.0%	75.0%

Notes:

- 1) Eligible and Supported Costs include the amount of the harmonized sales tax (HST), net of any refund or eligible credits due from the Canada Revenue Agency.
- 2) The Recipient shall not redirect funding amount between cost categories without the prior written consent of the Minister.
- 3) FedDev Ontario's contribution allocations by Fiscal Year shall not be reallocated without the prior written consent of the Minister. The Minister has no obligation to pay any amounts in any other Fiscal Years than those specified above.
- 4) Eligible Costs is the sum of Eligible and Supported Costs and Eligible and Not-Supported costs.
- 5) Labour costs include, but are not limited to, internal labour wages directly attributable to the project and for project management.

Annex 2**BUSINESS SCALE-UP AND PRODUCTIVITY****COSTING GUIDELINE MEMORANDUM****1.0 General Conditions**

- 1.1 Costs are Eligible and Supported Costs for the purposes of this Agreement only if they are, in the opinion of the Minister,
- (a) directly related to the intent of the Project,
 - (b) reasonable,
 - (c) appear in Annex 1 - Statement of Work,
 - (d) incurred in respect of activities, which are incremental to the usual activities of the Recipient, and
 - (e) incurred between the Eligibility Date and the Completion Date,
- 1.2 Costs submitted for reimbursement must be net of any refund or eligible tax credits (including HST).
- 1.3 Costs incurred by way of the exercise of an option to purchase or hire are eligible, only if the exercise of the option is at the sole discretion of the Recipient and the option has been exercised and the costs incurred between the Eligibility Date and the Completion Date.
- 1.4 The costs of all goods and services acquired from an entity which, in the opinion of the Minister, is not at arm's length from the Recipient, shall be valued at the cost which, in the opinion of the Minister, represents the fair market value of such goods or services, which cost shall not include any mark up for profit or return on investment.
- 1.5 No cost described in Subsection 1.4 above shall be eligible for inclusion in Eligible and Supported Costs, unless the Recipient causes the supplying entity to maintain proper books, accounts and records of the costs related to the Project, and to provide the Minister access to such books, accounts and records.

2.0 Eligible Costs

Where consistent with the approved Eligible and Supported Costs, as defined in Annex 1 - Statement of Work, the following criteria will be used in determining eligibility of costs:

2.1 Travel Costs - Transportation

Eligible and Supported Costs incurred for travel are those, which are deemed necessary to the performance of the Project. To be eligible, travel costs must be clearly documented as to the purpose of each trip. Travel expenses, at economy rates, shall be charged at actual costs, but only to the extent that they are considered reasonable by the Minister.

Necessary return airfare, train fare or bus fare at economy rates for participating personnel, where a personal automobile is to be used, kilometre (mileage) allowance will be based on current Treasury Board of Canada Travel Directives. Eligible and Supported Costs shall be limited to the cost that would have been incurred and paid had normal public transportation at economy rates been used.

Food and accommodation costs are eligible only if deemed necessary to the performance of the Project in the opinion of the Minister. If eligible, food and accommodation allowances will be based on current Treasury Board of Canada Travel Directives.

Costs that are, in the opinion of the Minister, entertainment or hospitality costs are not eligible.

2.2 Audit of Project Costs Claimed

If expressly approved in writing by the Minister, Eligible and Supported Costs may include the cost of professional accountants certifying the accuracy of any costs claimed.

2.3 Consultants

The direct costs of studies and/or services carried out by a private contractor or consultant are eligible.

Where a particular contractor or consultant has been specified in the Agreement, and the Recipient wishes to proceed with the Project using another contractor or consultant, prior consultation with the Minister is advised to ensure eligibility.

The Minister shall not contribute to the cost of the services of any consultant that is not, in the opinion of the Minister, at arm's length from the Recipient.

2.4 **Calculation of Direct Labour**

Labour and benefit costs claimed by the Recipient as direct Eligible and Supported Costs toward the Project will include only that time worked directly on the Project at the payroll rate and excludes indirect time, non-project related time, holidays, vacation, bonuses, paid sickness, etc., except as noted below. Paid overtime, where considered reasonable in the opinion of the Minister, may be claimed. Time off in lieu of payment is not eligible. Time claimed will normally be expressed in hours.

The payroll rate is the actual gross pay rate for each employee (normal periodic remuneration before deductions). The payroll rate excludes all premiums (e.g. overtime, payment in lieu of vacation), shift differentials and any reimbursement or benefit conferred in lieu of salaries or wages except those noted below.

Claims relating to the employer's portion of WSIB, statutory benefits (CPP, EI and vacation) and discretionary benefits (i.e., dental, extended health, disability and life insurance, pension plans, holiday and paid leave) negotiated as part of collective agreements or other salary and benefit packages shall be limited to the lesser of:

- (a) actual cost and
- (b) twenty percent (20%) of the payroll rate of each employee.

Benefits such as car allowances and other benefits beyond those listed above are not eligible.

2.5 **Sales Taxes**

Eligible and Supported Costs include the amount of the harmonized sales tax (HST), net of any refund or eligible credits due from the Canada Revenue Agency.

In order to have the HST approved as an Eligible and Supported Cost on future claims, the Recipient will be required to provide documentation verifying the organization's status under the relevant tax legislation.

3.0 **Ineligible Costs**

For greater certainty, any costs that do not qualify as Eligible and Supported Costs in accordance with section 1.0 of this Annex, shall be ineligible for inclusion in the Eligible Costs. By way of example only, ineligible costs include, but are not limited to, the following:

- (a) costs of land, building or vehicle purchase;
- (b) refinancing;
- (c) costs of intangible assets such as goodwill, whether capitalized or expensed;
- (d) depreciation or amortization expenses;
- (e) interest on invested capital, bonds, debentures, or mortgages;
- (f) bond discount;
- (g) losses on investments, bad debts and any other debts;
- (h) fines or penalties;
- (i) costs related to litigation;
- (j) non-incremental wages;
- (k) fees for administrators, including payments to any member or officer of the Recipient's Board of Directors;
- (l) opportunity costs;
- (m) hospitality and entertainment costs;
- (n) costs of individual membership in a professional body (e.g. professional designations); and
- (o) lobbyist fees.

Annex 3**BUSINESS SCALE-UP AND PRODUCTIVITY****REPORTING REQUIREMENTS**

1. **Reports.** The Recipient shall submit to the Minister a report on the Project, substantially in the form prescribed by the Minister and satisfactory to the Minister in scope and detail, in order to allow the Minister to assess the progress of the Project. Reports will be submitted according to the reporting schedule provided by the Minister. The Minister may reassess the reporting frequency from time to time at the Minister's sole discretion and notify the Recipient of any changes.
2. **Annual report.** The Recipient shall submit to the Minister an annual report on the Project no later than April 15 of each year, substantially in the form and substance prescribed by the Minister. The Recipient will include information on their diversity and inclusion approach including baseline information, and report on progress with respect to diversity and inclusion initiatives.
3. **Final Report.** In accordance with Subsection 6.6, the Recipient shall submit to the Minister a final report on the project, substantially in the form prescribed by the Minister and satisfactory to the Minister in scope and detail, in order to allow the Minister to assess the outcome of the Project.
4. **Financial Statements and Insurance.** The Recipient shall submit to the Minister a copy of the Recipient's insurance policy and financial statements accompanied by an externally prepared audit report or review report (as determined by the Minister) that has been issued by a licensed public accountant. These documents will be submitted within one hundred and eighty (180) calendar days of the Recipient's fiscal year end or within such longer period, as may be authorized in writing by the Minister.

Annex 4**BUSINESS SCALE-UP AND PRODUCTIVITY****FEDERAL VISIBILITY REQUIREMENTS**

1. The Recipient agrees that its name, the amount of the Contribution and a description of the general nature of the activities supported under this Agreement may be made publicly available by the Minister for reasons of transparency and proactive disclosure.
2. In order to promote the support received from the Minister, and to raise awareness of the Agency's ongoing work and impact across Southern Ontario, the Recipient agrees to, at the request of the Agency:
 - Participate in and assist with the coordination of a public announcement of the Project in the form of an event and/or news release, as determined by the Minister. The Recipient shall maintain the confidentiality of this Agreement until the public announcement takes place;
 - Highlight project achievements and milestones in the form of public events and/or news releases;
 - Celebrate completion of the Project in the form of a public event and/or news release; and/or
 - Participate in and assist with activities and projects intended to demonstrate the Agency's impact across Southern Ontario, including, but not limited to: photo opportunities, site visits, success stories (in written and/or video formats), and promotion across available traditional and digital media platforms.

All public events requested by the Recipient are at the discretion of the Minister and will be supported by the Agency's Communications Branch. A minimum notice of fifteen (15) business days must be given to the Minister for any public event.

For the activities listed above, the Minister may require access to the Recipient's work site(s), but only insofar as trade secrets or sensitive material, such as intellectual property or proofs of concept that may exist under or be in the patent process, are not divulged.

3. The Recipient agrees to include the appropriate "Government of Canada" wordmark and/or Agency funding acknowledgement in all publications and activities that describe or promote the products and services funded in whole or in part by this Agreement, including, but not limited to, web sites, social media, digital and print media. All official government identifiers will be provided to the Recipient by the Agency and must be approved by the Agency prior to publication. The Recipient will provide the Agency with no less than ten (10) business days for the approval of all materials prior to its release. The Recipient will acknowledge the support received from Her Majesty in all communication and promotional activities until twelve (12) months following the Project Completion Date.

The Minister may, by notice in writing given to the Recipient, require that recognition of the support provided by the Minister not be made in any public communication of the Recipient.

Visibility requirements may be exempted in circumstances where public acknowledgement of Ministerial support is detrimental to the Recipient and/or the Project. These cases must be made known to the Minister.

Annex 5

BUSINESS SCALE-UP AND PRODUCTIVITY**REPAYMENT SCHEDULE****Recipient Name:** Tehama Inc.**Project Number:** 815996

Payment #	Date of payment	Payment Amount	Total Paid	Total Outstanding
0				\$2,700,000.00
1	April 15, 2024	\$37,500	\$37,500.00	\$2,662,500.00
2	May 15, 2024	\$37,500	\$75,000.00	\$2,625,000.00
3	June 15, 2024	\$37,500	\$112,500.00	\$2,587,500.00
4	July 15, 2024	\$37,500	\$150,000.00	\$2,550,000.00
5	August 15, 2024	\$37,500	\$187,500.00	\$2,512,500.00
6	September 15, 2024	\$37,500	\$225,000.00	\$2,475,000.00
7	October 15, 2024	\$37,500	\$262,500.00	\$2,437,500.00
8	November 15, 2024	\$37,500	\$300,000.00	\$2,400,000.00
9	December 15, 2024	\$37,500	\$337,500.00	\$2,362,500.00
10	January 15, 2025	\$37,500	\$375,000.00	\$2,325,000.00
11	February 15, 2025	\$37,500	\$412,500.00	\$2,287,500.00
12	March 15, 2025	\$37,500	\$450,000.00	\$2,250,000.00
13	April 15, 2025	\$37,500	\$487,500.00	\$2,212,500.00
14	May 15, 2025	\$37,500	\$525,000.00	\$2,175,000.00
15	June 15, 2025	\$37,500	\$562,500.00	\$2,137,500.00
16	July 15, 2025	\$37,500	\$600,000.00	\$2,100,000.00
17	August 15, 2025	\$37,500	\$637,500.00	\$2,062,500.00
18	September 15, 2025	\$37,500	\$675,000.00	\$2,025,000.00
19	October 15, 2025	\$37,500	\$712,500.00	\$1,987,500.00
20	November 15, 2025	\$37,500	\$750,000.00	\$1,950,000.00
21	December 15, 2025	\$37,500	\$787,500.00	\$1,912,500.00
22	January 15, 2026	\$37,500	\$825,000.00	\$1,875,000.00
23	February 15, 2026	\$37,500	\$862,500.00	\$1,837,500.00
24	March 15, 2026	\$37,500	\$900,000.00	\$1,800,000.00
25	April 15, 2026	\$37,500	\$937,500.00	\$1,762,500.00
26	May 15, 2026	\$37,500	\$975,000.00	\$1,725,000.00
27	June 15, 2026	\$37,500	\$1,012,500.00	\$1,687,500.00
28	July 15, 2026	\$37,500	\$1,050,000.00	\$1,650,000.00
29	August 15, 2026	\$37,500	\$1,087,500.00	\$1,612,500.00
30	September 15, 2026	\$37,500	\$1,125,000.00	\$1,575,000.00
31	October 15, 2026	\$37,500	\$1,162,500.00	\$1,537,500.00
32	November 15, 2026	\$37,500	\$1,200,000.00	\$1,500,000.00
33	December 15, 2026	\$37,500	\$1,237,500.00	\$1,462,500.00
34	January 15, 2027	\$37,500	\$1,275,000.00	\$1,425,000.00
35	February 15, 2027	\$37,500	\$1,312,500.00	\$1,387,500.00
36	March 15, 2027	\$37,500	\$1,350,000.00	\$1,350,000.00
37	April 15, 2027	\$37,500	\$1,387,500.00	\$1,312,500.00
38	May 15, 2027	\$37,500	\$1,425,000.00	\$1,275,000.00
39	June 15, 2027	\$37,500	\$1,462,500.00	\$1,237,500.00
40	July 15, 2027	\$37,500	\$1,500,000.00	\$1,200,000.00
41	August 15, 2027	\$37,500	\$1,537,500.00	\$1,162,500.00
42	September 15, 2027	\$37,500	\$1,575,000.00	\$1,125,000.00
43	October 15, 2027	\$37,500	\$1,612,500.00	\$1,087,500.00
44	November 15, 2027	\$37,500	\$1,650,000.00	\$1,050,000.00
45	December 15, 2027	\$37,500	\$1,687,500.00	\$1,012,500.00
46	January 15, 2028	\$37,500	\$1,725,000.00	\$975,000.00
47	February 15, 2028	\$37,500	\$1,762,500.00	\$937,500.00

48	March 15, 2028	\$37,500	\$1,800,000.00	\$900,000.00
49	April 15, 2028	\$37,500	\$1,837,500.00	\$862,500.00
50	May 15, 2028	\$37,500	\$1,875,000.00	\$825,000.00
51	June 15, 2028	\$37,500	\$1,912,500.00	\$787,500.00
52	July 15, 2028	\$37,500	\$1,950,000.00	\$750,000.00
53	August 15, 2028	\$37,500	\$1,987,500.00	\$712,500.00
54	September 15, 2028	\$37,500	\$2,025,000.00	\$675,000.00
55	October 15, 2028	\$37,500	\$2,062,500.00	\$637,500.00
56	November 15, 2028	\$37,500	\$2,100,000.00	\$600,000.00
57	December 15, 2028	\$37,500	\$2,137,500.00	\$562,500.00
58	January 15, 2029	\$37,500	\$2,175,000.00	\$525,000.00
59	February 15, 2029	\$37,500	\$2,212,500.00	\$487,500.00
60	March 15, 2029	\$37,500	\$2,250,000.00	\$450,000.00
61	April 15, 2029	\$37,500	\$2,287,500.00	\$412,500.00
62	May 15, 2029	\$37,500	\$2,325,000.00	\$375,000.00
63	June 15, 2029	\$37,500	\$2,362,500.00	\$337,500.00
64	July 15, 2029	\$37,500	\$2,400,000.00	\$300,000.00
65	August 15, 2029	\$37,500	\$2,437,500.00	\$262,500.00
66	September 15, 2029	\$37,500	\$2,475,000.00	\$225,000.00
67	October 15, 2029	\$37,500	\$2,512,500.00	\$187,500.00
68	November 15, 2029	\$37,500	\$2,550,000.00	\$150,000.00
69	December 15, 2029	\$37,500	\$2,587,500.00	\$112,500.00
70	January 15, 2030	\$37,500	\$2,625,000.00	\$75,000.00
71	February 15, 2030	\$37,500	\$2,662,500.00	\$37,500.00
72	March 15, 2030	\$37,500	\$2,700,000.00	\$0.00
Totals		\$2,700,000.00		

THIS IS EXHIBIT "I" REFERRED TO IN THE
AFFIDAVIT OF ROB WHITE SWORN BEFORE ME
THIS 20th DAY OF JANUARY, 2023.

DocuSigned by:

02452ECC61C54F6...

A Commissioner for Taking Affidavits, etc.



REPLY TO: HARVEY G. CHAITON
 FILE NO.: 75131
 DIRECT: 416-218-1129
 EMAIL: harveychaitons.com

December 14, 2022

PRIVATE & CONFIDENTIAL

VIA REGULAR MAIL, REGISTERED MAIL AND EMAIL

Tehama Inc.
 319 McRae Avenue, Suite 701
 Ottawa ON K1Z 0B9

Attention: Rob White and Paul Vallée

Re: *Indebtedness of Tehama Inc. (the "Borrower") to Canadian Imperial Bank of Commerce ("CIBC" or the "Bank")*

Dear Sirs,

We are the lawyers for CIBC.

Pursuant to a letter of credit agreement dated April 21, 2021, as amended (the "**Credit Agreement**"), CIBC made available to the Borrower a demand operating credit facility in the maximum amount of US\$1.5 million (the "**Operating Facility**"), a term loan in the amount of US\$3.0 million (the "**Term Loan**"), and a demand VISA credit facility in the maximum amount of US\$150,000 (the "**VISA Facility**") (collectively, the "**Credit Facilities**"). Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to such terms in the Credit Agreement.

As set out in Bank's letter to the Company dated December 12, 2022, the Operating Facility was terminated effective as of that date.

We are advised by CIBC that the Borrower is indebted to it under the Credit Facilities in the aggregate amount of CDN\$3,053,930.77 for principal, interest, and legal expenses (incurred to October 31, 2022), as of December 14, 2022, which is broken down as follows:

Term Loan Principal	CDN\$3,020,833.33
Term Loan Accrued Interest	\$8,052.80
VISA Facility	\$19,105.22
Legal Expenses Incurred to October 31, 2022	\$5,939.42
TOTAL	CDN\$3,053,930.77

Interest continues to accrue at the rates provided for under the Credit Agreement.

The Borrower's indebtedness to the Bank is secured by, *inter alia*, a General Security Agreement executed by the Borrower in favour of CIBC (collectively, the "**Security**").

We are advised by CIBC that the Company's cash balance has significantly decreased over the past two (2) months and based on the Company's most recent reporting, it will nearly run out of cash by the end of December 2022.

Additionally, on December 12, 2022, the Company's chief financial officer confirmed that the US\$1.0 million equity investment from the Company's chief executive officer ("**CEO Equity Investment**") will not be proceeding in spite of earlier indications that the Company's chief executive officer was committed to funding the CEO Equity Investment as soon as possible. Moreover, the US\$7.0 million equity investment from third party investors that was targeted to close September 22, 2022 has not taken place.



Also, the Company is required to ensure, at all times, that Liquidity is greater than trailing 4-month EBITDA burn. The Bank has calculated that the Company was in breach of this covenant as of December 2, 2022, if not earlier.

Under the Credit Agreement, upon the occurrence of an Event of Default, the Bank is entitled to declare all amounts to be immediately due and payable. An Event of Default includes if in the reasonable opinion of CIBC there has occurred any event which has had a Material Adverse Effect. Material Adverse Effect is defined to mean a material adverse effect on the business, property, condition (financial or otherwise) or prospects of the Company or a material adverse effect on the ability of the Borrower to perform its obligations under the Credit Agreement and the Security.

In CIBC's opinion, a Material Adverse Effect and an Event of Default have occurred as a result of the Company's financial situation described above.

On behalf of CIBC, we hereby declare the outstanding balance of the Credit Facilities to be immediately due and payable. Unless payment of the amounts set out above, together with additional interest accrued and fees and costs incurred to the date of payment are paid forthwith, the Bank shall take such steps as they deem necessary to recover payment of the Borrower's indebtedness to it, without further demand upon or notice to you.

Enclosed please find CIBC's Notice of Intention to Enforce Security, which is served upon the Borrower pursuant to section 244(1) of the *Bankruptcy and Insolvency Act* (Canada).

Yours truly,
CHAITONS LLP

A handwritten signature in black ink, appearing to read "Harvey Chaiton", written in a cursive style.

Harvey G. Chaiton
LAWYER
Encl.

Cc: CIBC

NOTICE OF INTENTION TO ENFORCE A SECURITY
(given pursuant to section 244 of the *Bankruptcy and Insolvency Act*)

To: **Tehama Inc.**, an insolvent person

Take notice that:

1. **Canadian Imperial Bank of Commerce**, a secured creditor, intends to enforce its security on all of the present and after-acquired property of Tehama Inc.
2. The security that is to be enforced includes, *inter alia*, a General Security Agreement granted in favour of the secured creditor (collectively, the "**Security**").
3. The total amounts of indebtedness secured by the Security as at the close of business on December 14, 2022 is CDN\$3,053,930.77 for principal, interest, and legal expenses (incurred to October 31, 2022).
4. The secured creditor will not have the right to enforce the Security until after the expiry of the 10-day period following the sending of this notice, unless the insolvent person consents to an earlier enforcement.

DATED at Toronto, this 14th day of December, 2022.

**CANADIAN IMPERIAL BANK OF
COMMERCE,**
by its lawyers, Chaitons LLP



Per: _____
Harvey Chaiton

THIS IS EXHIBIT "J" REFERRED TO IN THE
AFFIDAVIT OF ROB WHITE SWORN BEFORE ME
THIS 20th DAY OF JANUARY, 2023.

DocuSigned by:

02452ECC61C54F6...

A Commissioner for Taking Affidavits, etc.

COMMITMENT LETTER

January 19, 2023

Tehama Inc.
319 McRae Avenue, 7th Floor
Ottawa, Ontario K1Z 0B9

Attention: Rob White

Tehama Inc. (the “**Borrower**”) intends to apply for protection pursuant to the *Companies’ Creditors Arrangement Act* (Canada) (the “**CCAA**”).

The Borrower has requested that 14667913 Canada Inc. (the “**Lender**”) provide it with funding in order to assist with restructuring efforts while the Borrower is in a CCAA proceeding for the benefit of its stakeholders (the “**CCAA Proceedings**”).

The Lender hereby offers its commitment to provide the Borrower with an aggregate of up to \$500,000 of secured financing subject to and in accordance with the terms set out herein (the “**DIP Commitment**”).

SUMMARY OF TERMS FOR DIP FACILITY

1. Borrower: Tehama Inc.
2. Lender: 14667913 Canada Inc.
3. Maximum DIP Facility: **\$500,000** (the “**DIP Facility**”).
4. Purpose: The DIP Facility shall be available to fund: (i) working capital needs of the Borrower; (ii) professional fees and expenses incurred by the Borrower and Deloitte Restructuring Inc., as monitor in the CCAA Proceedings (in such capacity, the “**Monitor**”) in respect of the CCAA Proceedings, in each case in accordance with the cash flow projections approved by the Monitor and the Lender (the “**Cash Flow Projections**”); (iii) the DIP Fees and Expenses (as defined below); and (iv) such other costs and expenses of the Borrower as may be agreed to by the Lender, in writing.

The amount and purpose of the DIP Facility may be amended by the Borrower and the Lender in writing.
5. Availability Period: Unless otherwise agreed to by the Lender and the Borrower in writing, the term of the DIP Facility shall expire, and the Borrower shall repay all obligations owing to the Lender under this DIP Commitment, on the earliest of (the “**Maturity Date**”):
 - (a) April 20, 2023;

- 2 -

- (b) the closing of a sale or investment transaction resulting from the SISF, which transaction has been approved by an order of the Court;
 - (c) the implementation of a plan of compromise or arrangement within the CCAA Proceedings, which has been approved by the requisite majority of the Borrower's creditors, and by an order of the Court;
 - (d) the date on which the stay of proceedings terminates and/or the CCAA Proceedings are terminated for any reason, including if the CCAA Proceedings are converted into a proceeding under the *Bankruptcy and Insolvency Act*; and
 - (e) the occurrence of an Event of Default (as defined herein), subject to a cure period of five (5) business days, beginning on the date of the occurrence of such Event of Default.
6. Advances: Advances under the DIP Facility shall be made in minimum tranches of \$50,000 as requested by the Borrower.
7. Repayment: The aggregate principal amount owing under the DIP Facility plus all accrued and unpaid Interest, DIP Fees and Expenses, shall become immediately due and payable on the Maturity Date. The DIP Facility may be prepaid at any time, without penalty, (provided all accrued and unpaid Interest, DIP Fees and Expenses are paid in full). If the Borrower chooses to prepay any amount owing under the DIP Facility, any such payment shall be applied: (i) first, to all accrued and unpaid Interest; (ii) second, to the DIP Fees and Expenses; and (iii) third, to any principal amount outstanding under the DIP Facility.
8. Interest: Interest shall accrue on this indebtedness at a rate of 5% per annum on the outstanding indebtedness.
9. DIP Security: All sums at any time owing to the Lender in respect of the DIP Facility shall be secured by a fixed and specific charge on all of the current and future assets, undertakings and properties of every nature and kind whatsoever, and wheresoever situate, and all proceeds thereof (the "**Property**"), of the Borrower pursuant to a court ordered charge in the CCAA Proceedings ranking subordinate only to the administration charge and directors' charge to be granted in the CCAA Proceedings (the "**DIP Lender's Charge**").
10. Costs and Expenses The Borrower shall pay: (i) all legal expenses incurred by the DIP Lender in connection with the preparation, negotiation and performance of this DIP Commitment; and (ii) all of the DIP Lender's costs of realization or enforcement on a full indemnity basis in each case in connection with or otherwise related to the DIP Facility, the DIP Lender's Charge, this DIP Commitment or the CCAA Proceedings (collectively, the "**DIP Fees and Expenses**").
11. Funding Conditions: Advances under the DIP Facility will be available to the Borrower, subject to all other terms and conditions of this DIP Commitment, after the Court

issues an order approving this DIP Commitment and the terms of this DIP Facility (in form and substance acceptable to the Lender in its sole and absolute discretion) (the “**DIP Order**”).

Provided, however, that the Lender shall not be obligated to provide any Advances whatsoever if the Initial Order or the DIP Order has been vacated, stayed or otherwise caused to become ineffective or is amended in a manner not acceptable to the Lender (such consent not to be unreasonably withheld where any such amendment does not pertain to the DIP Facility).

12. The DIP Order:

The DIP Order shall be in form and substance satisfactory to the Lender and shall, without limitation, include:

- (a) provisions approving this DIP Commitment and the DIP Facility created herein;
- (b) provisions granting to the Lender the DIP Lender’s Charge;
- (c) provisions authorizing the Lender to effect registrations, filings and recordings wherever in its discretion it deems appropriate regarding the DIP Lender’s Charge;
- (d) provisions providing that the DIP Lender’s Charge shall be valid and effective to secure all of the obligations of the Borrower to the Lender without the necessity of the making of any registrations or filings and whether or not any other documents have been executed by the Borrower;
- (e) provisions declaring that the granting of the DIP Lender’s Charge and all other documents executed and delivered to the DIP Lender as contemplated herein, including, without limitation, all actions taken to perfect, record and register the DIP Lender’s Charge, do not constitute conduct meriting an oppression remedy, settlements, fraudulent preferences, fraudulent conveyances or other challengeable or reviewable transactions under any applicable federal or provincial legislation; and
- (f) provisions restricting the granting of any additional liens or encumbrances on the assets of the Borrower other than as permitted herein and in the Initial Order.

13. Stalking Horse Option:

The Lender shall have the option, without obligation, to act as a stalking horse bidder in a sale and investment solicitation process to be implemented by the Borrower (the “**SISP**”). As soon as practicable after the date hereof, if the Lender exercises the option, the Lender and the Borrower shall negotiate in good faith with a view to entering into a stalking horse purchase agreement (the “**Purchase Agreement**”) for the purchase and sale of substantially all of the assets of the Borrower (other than assets the Lender elects to exclude) free and clear of claims and encumbrances (the “**Transaction**”). For greater certainty, the Lender shall have the option to credit bid the indebtedness the Lender acquired by way of an assignment of debt and security between the Lender and Canadian Imperial Bank of Commerce (“**CIBC**”) dated January 11, 2023 (being, all

indebtedness or amounts previously owing by the Borrower to CIBC).

14. Covenants:

During the Availability Period, the Borrower:

- (a) will, promptly on the receipt by the Borrower of the same, give the DIP Lender a copy of any Notice of Motion or Application to vary, supplement, revoke, terminate or discharge the Initial Order, including (without limitation) any application to the Court for the granting of new security that will or may have priority over the DIP Lender's Charge or otherwise for the variation of the priority of the DIP Lender's Charge;
- (b) will not, without the prior written consent of the DIP Lender, incur any borrowings or other secured indebtedness, obligations or liabilities, other than pursuant to the DIP Facility, or create or grant any security (other than the DIP Lender's Charge) over any of the Borrower's property, whether ranking in priority to or subordinate to the DIP Lender's Charge; and
- (c) subject to the "Costs and Expenses" provision of this DIP Commitment, will pay upon request by the DIP Lender all documented DIP Fees and Expenses, provided, however, that if any DIP Fees and Expenses incurred after the date of this DIP Commitment are not paid by the Borrower, the DIP Lender may in its sole discretion, acting reasonably, pay all such DIP Fees and Expenses whereupon such amounts shall be added to and form part of the indebtedness secured by the DIP Lender's Charge.

15. Events of Default:

The DIP Facility shall be subject to the following events of default (each, an "**Event of Default**"):

- (a) the Borrower's failure to pay any amount due hereunder when due and payable;
- (b) any covenant, condition precedent, payment obligation, or other term or condition of this DIP Commitment is not complied with or fulfilled to the satisfaction of the Lender;
- (c) the Initial Order is not obtained in form and substance satisfactory to the Lender on or before January 20, 2023;
- (d) the issuance of any Court order lifting or terminating (in whole or in part) the stay of proceedings in the CCAA Proceedings, or discontinuing, dismissing or otherwise terminating the CCAA Proceeding;
- (e) the issuance of any Court order staying, reversing, vacating or modifying the terms of the Initial Order, the DIP Facility or the DIP Lender's Charge, in each case without the Lender's consent;
- (f) the issuance of any Court order (in the CCAA Proceedings or otherwise) which is adverse or potentially adverse to the interests of the Lender, in its sole discretion;
- (g) the service or filing of a notice of appeal, application for leave to appeal, or an appeal in respect of the Initial Order if the notice of

- 5 -

appeal, application for leave to appeal or appeal is not being actively defended by the Borrower or if the appeal is actually granted;

- (h) the occurrence of an event that will, in the opinion of the Lender, materially impair the Borrower's financial condition, operations or ability to perform under this DIP Commitment or any order of the Court;
- (i) the failure by the Borrower to comply with the Initial Order;
- (j) the occurrence of any material adverse change in: (i) the business, operations, or financial condition of the Borrower; (ii) the Property; (iii) the DIP Lender's Charge, including its relative priority; (iv) the ability of the Borrower to perform their obligations to the Lender or to any person under any material contract; (v) the Lender's ability to enforce any of its rights or remedies against the Borrower's Property or for the obligations of the Borrower to be satisfied from the realization thereof;
- (k) the acceptance of any offer resulting from the SISP (other than the Purchase Agreement), or the filing of a motion seeking approval of the Court to accept any such offer, unless the total indebtedness owing by the Borrower under the DIP Facility is to be paid in full in cash or other immediately available funds upon completion of the transaction resulting from such offer no later than April 20, 2023;
- (l) the sale, transfer, assignment, conveyance or lease of substantially all of the business or assets of the Borrower, except pursuant to a transaction resulting from the SISP (or the Purchase Agreement) or as may be otherwise approved by the Lender in writing; and
- (m) the filing of any plan of reorganization, arrangement or liquidation to which the Lender does not consent.

16. Further Assurances: The Borrower will, at their own expense and promptly on demand by the DIP Lender at any time, do such acts and things and execute and deliver such deeds and documents as the DIP Lender may request to give effect to any other provisions set out hereunder.
17. Assignment: Neither the DIP Lender nor the Borrower shall be permitted to assign the benefit of any of the provisions set out herein.
18. Governing Law: The DIP Commitment and the DIP Facility and the provisions set out herein shall be governed and construed in all respects in accordance with the laws of Ontario and the laws of Canada applicable therein.
19. Acceptance: The DIP Facility shall not become available to the Borrower until and unless the Borrower returns a copy of this DIP Commitment to the DIP Lender (by electronic transmission or personal delivery), countersigned by the Borrower pursuant to the authority granted to the Borrower by the DIP Order.

DATED this 19th day of January, 2023.

14667913 CANADA INC.

By: 

Name: Robert White

Title: Director

By:

Name:

Title:

ACCEPTANCE

TO: 14667913 CANADA INC.

The Borrower accepts and agrees to comply with and cause its subsidiaries to comply with the provisions of the DIP Commitment set out above.

DATED this 19th day of January, 2023.

TEHAMA INC.

By: 
Name: Robert white
Title: CFO & COO

THIS IS EXHIBIT "K" REFERRED TO IN THE
AFFIDAVIT OF ROB WHITE SWORN BEFORE ME
THIS 20h DAY OF JANUARY, 2023.

DocuSigned by:

02452ECC61C54F6...

A Commissioner for Taking Affidavits, etc.

Court File No.: •

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,
R.S.C. 1985, c. C-36 AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT WITH
RESPECT TO TEHAMA INC.

CONSENT

DELOITTE RESTRUCTURING INC. hereby consents to act as Court-appointed Monitor of the Applicant, Tehama Inc. pursuant to the *Companies' Creditors Arrangement Act*, RSC, 1985, c. C-36, as amended, in respect of these proceedings and pursuant to the terms of the form of draft order filed.

DATED at Toronto, Ontario this 19th of January, 2023.

DELOITTE RESTRUCTURING INC.



Per: _____
Name: Philip J. Reynolds
Title: Senior Vice-President

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED.
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF TEHAMA INC.

Court File No.:

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceedings commenced at Toronto, Ontario

MONITOR'S CONSENT

DENTONS CANADA LLP

77 King Street West, Suite 400
Toronto-Dominion Centre
Toronto, ON M5K 0A1

Robert Kennedy (LSO # 474070)

Tel: 416-367-6756

Fax: 416-863-4592

robert.kennedy@dentons.com

Chase Irwin (LSO # 60743F)

Tel: 1-613-783-9642

chase.irwin@dentons.com

Mark A. Freake (LSO # 63656H)

Tel: 416-863-4456

mark.freake@dentons.com

Lawyers for the Applicant

THIS IS EXHIBIT "L" REFERRED TO IN THE
AFFIDAVIT OF ROB WHITE SWORN BEFORE ME
THIS 20th DAY OF JANUARY, 2023.

DocuSigned by:

02452ECC61C54F6...

A Commissioner for Taking Affidavits, etc.

PREPARED BY MANAGEMENT

Tehama Inc.
For the Consolidated 13-week period ending April 21, 2023
(Unaudited, CAD\$)

Prepared by Management

		Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9	Week 10	Week 11	Week 12	Week 13	Total
Week Ended	Notes	27-Jan-23 Projected	3-Feb-23 Projected	10-Feb-23 Projected	17-Feb-23 Projected	24-Feb-23 Projected	3-Mar-23 Projected	10-Mar-23 Projected	17-Mar-23 Projected	24-Mar-23 Projected	31-Mar-23 Projected	7-Apr-23 Projected	14-Apr-23 Projected	21-Apr-23 Projected	Projected
Revenue															
Receivables	1	-	227,610	-	-	-	209,033	-	-	-	-	209,033	-	-	645,675
Other revenues	2	-	110,000	-	-	400,000	-	-	-	-	-	-	-	-	510,000
Total Revenue		-	337,610	-	-	400,000	209,033	-	-	-	-	209,033	-	-	1,155,675
Payments															
Salaries and wages	3	(113,846)	-	(115,694)	-	(113,846)	-	(115,694)	-	(113,846)	-	(115,694)	-	(113,846)	(802,467)
Rent	4	(110,000)	-	-	-	-	-	-	-	-	-	-	-	-	(110,000)
Insurance	5	-	-	(1,206)	-	-	-	(1,206)	-	-	-	(1,206)	-	-	(3,618)
Vendor payments	6	(250,000)	(160,970)	-	-	16,950	(160,970)	-	-	-	16,950	(160,970)	-	-	(699,011)
Other operating expenses	7	(19,000)	-	-	-	(19,000)	-	-	-	(19,000)	-	-	-	-	(57,000)
Total Payments		(492,846)	(160,970)	(116,900)	-	(115,896)	(160,970)	(116,900)	-	(132,846)	16,950	(277,871)	-	(113,846)	(1,672,097)
Net Cash Flow From Operations		(492,846)	176,640	(116,900)	-	284,104	48,062	(116,900)	-	(132,846)	16,950	(68,838)	-	(113,846)	(516,421)
Professional fees	8	(190,000)	-	-	-	(125,000)	-	-	-	(125,000)	-	-	-	(125,000)	(565,000)
DIP Advances	9	284,044	-	-	-	-	-	-	-	107,841	-	51,888	-	238,846	682,620
Net Cash Flow		(398,802)	176,640	(116,900)	-	159,104	48,062	(116,900)	-	(150,005)	16,950	(16,950)	-	-	(398,802)
Opening Cash balance (deficit)		398,802	-	176,640	59,739	59,739	218,843	266,905	150,005	150,005	-	16,950	-	-	398,802
Net Cash Flow		(398,802)	176,640	(116,900)	-	159,104	48,062	(116,900)	-	(150,005)	16,950	(16,950)	-	-	(398,802)
Closing Cash balance (deficit)		-	176,640	59,739	59,739	218,843	266,905	150,005	150,005	-	16,950	-	-	-	-
Cumulative DIP advances		284,044	284,044	284,044	284,044	284,044	284,044	284,044	284,044	391,885	391,885	443,774	443,774	682,620	

General Notes

Tehama Inc. ("Tehama"), headquartered in Ontario Canada with a satellite office in the United States, provides a next generation desktop as a service ("Daas") platform, which enables customers to utilize cloud-based virtual offices, rooms, and desktops anywhere in the world, facilitating secure, virtual workspaces. The Tehama 13-week cash flow (the "Tehama CF") was prepared by Management based on a potential CCAA filing date of January 19, 2023. The Tehama CF converts all USD transactions based on the Bank of Canada's January 2023 monthly average exchange rate of CAD\$1.34 = USD\$1.00.

Specific notes and assumptions:

- Receivable collections are based on a review of the current aged receivables and corresponding historical collection terms.
- Tehama has filed its claims with the Canada Revenue Agency ("CRA") for its commodity tax credits and available Scientific Research and Experimental Development ("SRED") tax credits and anticipates receiving a commodity tax refund of approximately \$110,000 the week ending February 3, 2023 and a SRED refund of approximately \$400,000 the week ending February 24, 2023.
- Tehama currently employs 24 key personnel (15 full-time and 9 part-time staff) to maintain the day-to-day operations of the company. Prior to the date of this report approximately 32 employees were laid off with recall dates ranging from February 2023 to August 2023, in accordance with the applicable labour laws. Tehama uses a third party payroll service provider, ADP.
- Tehama entered into a six year and 10-month lease, with a related party, for office premises commencing September 1, 2019 for approximately \$110,000 per month.
- Tehama holds one (1) insurance policy through Lloyd's Underwriters from commercial general liability, automobile liability, employer liability and errors & omissions and Cyber liability expiring in July 2023. All premiums are current and are paid monthly. Director and office liability coverage is held at the parent company level for all subsidiary companies.
- Vendor payments comprise of direct costs to maintain operations during the 13-week period ending April 21, 2023. Week 1 of the Tehama CF includes a vendor deposit in the amount of \$250,000 to secure the continuation of critical services.
- Operating expenses comprise of general office and administrative costs incurred to maintain day-to-day operations, including, but not limited to, office expenses, bank fees, payroll fees, and proposed credit card expenses.
- Professional fees have been forecast based on projected costs by professional services firms related to the restructuring. Actual expenses will be dependent on a number of unknown factors, including the timing of a restructuring plan to be put forward to the creditors and the number of Court applications which are
- The Tehama CF reflects a proposed DIP requirement totaling approximately \$683,000 (excluding costs and expenses) for the 13-week cash flow period ending April 21, 2023.

Court File No.

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF TEHAMA INC

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceedings commenced at Toronto, Ontario

AFFIDAVIT OF ROB WHITE

DENTONS CANADA LLP
77 King Street West, Suite 400
Toronto-Dominion Centre
Toronto, ON M5K 0A1

Robert Kennedy (LSO # 474070)
Tel: 416-367-6756
Fax: 416-863-4592
robert.kennedy@dentons.com

Chase Irwin (LSO # 60743F)
Tel: 1-613-783-9642
chase.irwin@dentons.com

Mark A. Freake (LSO # 63656H)
Tel: 416-863-4456
mark.freake@dentons.com

Lawyers for the Applicant

Tab 3

Court File No. CV-23-00693280-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE)	FRIDAY, THE 20 th
)	
JUSTICE KIMMEL)	DAY OF JANUARY, 2023

IN THE MATTER OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF TEHAMA INC. (the "**Applicant**")

INITIAL ORDER

THIS APPLICATION, made by the Applicant, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") was heard this day at 330 University Avenue, Toronto, Ontario, by judicial video conference via Zoom.

ON READING the affidavit of Rob White sworn January 20, 2023 and the Exhibits thereto (the "**White Affidavit**"), and the Pre-Filing Report of Deloitte Restructuring Inc. ("**Deloitte**") as the proposed monitor dated January 20, 2023, and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for the Applicant, counsel for Deloitte, and such other counsel that were present, no one appearing for any other party although duly served as appears from the affidavit of service of Amanda Campbell sworn January 20, 2023 and on reading the consent of Deloitte to act as the monitor (in such capacity, the "**Monitor**"),

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

2. **THIS COURT ORDERS AND DECLARES** that the Applicant is a company to which the CCAA applies.

POSSESSION OF PROPERTY AND OPERATIONS

3. **THIS COURT ORDERS** that the Applicant shall remain in possession and control of its respective current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the “**Property**”). Subject to further Order of this Court, the Applicant shall continue to carry on business in a manner consistent with the preservation of its business (the “**Business**”) and Property. The Applicant is authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively “**Assistants**”) currently retained or employed by them, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

4. **THIS COURT ORDERS** that the Applicant shall be entitled to continue to utilize the central cash management system currently in place, as described in the White Affidavit, or replace it with another substantially similar central cash management system (the “**Cash Management System**”), and that any present or future bank providing the Cash Management System shall: (i) not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicant of funds transferred, paid, collected or otherwise dealt with in the Cash Management System; (ii) be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicant, pursuant to the terms of the documentation applicable to the

Cash Management System; and (iii) be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

5. **THIS COURT ORDERS** that the Applicant shall be entitled but not required to pay the following expenses whether incurred prior to, on, or after the date of this Order:

- (a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and employee expenses payable prior to, on, or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;
- (b) with the consent of the Monitor, amounts owing for goods or services actually provided to the Applicant prior to the date of this Order if, in the opinion of the Applicant and the Monitor, such third party is critical to the Business and ongoing operations of the Applicant; and
- (c) the fees and disbursements of any Assistants retained or employed by the Applicant in respect of these proceedings, at their standard rates and charges.

6. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, the Applicant shall be entitled but not required to pay all reasonable expenses incurred by the Applicant in carrying on the Business in the ordinary course after the date of this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors' and officers' insurance), maintenance and security services; and
- (b) payment for goods or services actually supplied to the Applicant on or following the date of this Order.

7. **THIS COURT ORDERS** that the Applicant shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;
- (b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Applicant in connection with the sale of goods and services by the Applicant, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order, and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicant.

8. **THIS COURT ORDERS** that until a real property lease is disclaimed in accordance with the CCAA, the Applicant shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the applicable Applicant and the landlord from time to time ("**Rent**"), for the period commencing from and including the date of this Order, twice-monthly in equal payments on the first and fifteenth day of each month, in the amounts set out in the applicable lease. On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

9. **THIS COURT ORDERS** that, except as specifically permitted herein, the Applicant is hereby directed, until further Order of this Court: (i) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicant to any of its creditors as of this date; (ii) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of the Property; and (iii) to not grant credit or incur liabilities except in the ordinary course of the Business.

RESTRUCTURING

10. **THIS COURT ORDERS** that the Applicant shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the Definitive Documents (as hereinafter defined), have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of its business or operations, and to dispose of redundant or non-material assets not exceeding \$100,000 in any one transaction or \$250,000 in the aggregate,

all of the foregoing to permit the Applicant to proceed with an orderly restructuring of the Business.

11. **THIS COURT ORDERS** that the Applicant shall provide each of the relevant landlords with notice of the Applicant's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Applicant's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicant, or by further Order of this Court upon application by the Applicant on at least two (2) days' notice to such landlord and any such secured creditors. If the Applicant disclaims the lease governing such leased premises in accordance with Section 32 of the CCAA, the Applicant shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer of the lease shall be without prejudice to the Applicant's claim to the fixtures in dispute.

12. **THIS COURT ORDERS** that if a notice of disclaimer is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicant and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicant in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE APPLICANT OR THE PROPERTY

13. **THIS COURT ORDERS** that until and including January 30, 2023, or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**", and collectively, "**Proceedings**") shall be commenced or continued against or in respect of the Applicant or the Monitor, or their respective employees and representatives acting in such capacities, or affecting the Business or the Property, except with the written consent of the Applicant and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicant or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

14. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of the Applicant or the Monitor, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicant and the Monitor, or leave of this Court, provided that nothing in this Order shall: (i) empower the Applicant to carry on any business which the Applicant is not lawfully entitled to carry on; (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA; (iii) prevent the filing of any registration to preserve or perfect a security interest; or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

15. **THIS COURT ORDERS** that during the Stay Period, no Person shall accelerate, suspend, discontinue, fail to honour, alter, interfere with, repudiate, rescind, terminate or cease to perform any right, renewal right, contract, agreement, lease, sublease, licence or permit in favour of or held by the Applicant, except with the written consent of the Applicant and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

16. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements or arrangements with the Applicant or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication, cloud and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Business of the Applicant, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with, suspending or terminating the supply of such goods or services as may be required by the Applicant, and that the Applicant shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Applicant in accordance with the normal payment practices of such Applicant or such other practices as may be agreed upon by the supplier or service provider and the Applicant and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

17. **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicant. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

18. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by Subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicant with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicant whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicant, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicant or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

19. **THIS COURT ORDERS** that the Applicant shall indemnify its directors and officers against obligations and liabilities that they may incur as a director or officer of the Applicant after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

20. **THIS COURT ORDERS** that the directors and officers of the Applicant shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which charge shall not exceed an aggregate amount of \$225,000, unless permitted by further Order of this Court, as security for the indemnity provided in paragraph 19 of this Order. The Directors' Charge shall have the priority set out in paragraphs 37 and 39 herein.

21. **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary: (i) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge; and (ii) the Applicant directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 19 of this Order.

APPOINTMENT OF MONITOR

22. **THIS COURT ORDERS** that Deloitte is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicant with the powers and obligations set out in the CCAA or set forth herein and that the Applicant and its shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicant pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

23. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Applicant's receipts and disbursements;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (c) assist the Applicant, to the extent required by the Applicant, in its dissemination, to the DIP Lender (as defined herein) and its counsel, from time to time, of financial and other information as agreed to between the Applicant and the DIP Lender, which may be used in these proceedings including reporting on a basis to be agreed with the DIP Lender;
- (d) advise the Applicant in its preparation of the Applicant's cash flow statements and reporting required by the DIP Lender;
- (e) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicant, to the extent that is necessary to adequately assess the Applicant's business and financial affairs or to perform its duties arising under this Order;

- (f) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and
- (g) perform such other duties as are required by this Order or by this Court from time to time.

24. **THIS COURT ORDERS** that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

25. **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, “**Possession**”) of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the “**Environmental Legislation**”), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor’s duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

26. **THIS COURT ORDERS** that the Monitor shall provide any creditor of the Applicant, including, without limitation, the DIP Lender, with information provided by the Applicant in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the

Monitor has been advised by the Applicant is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicant may agree.

27. **THIS COURT ORDERS** that, in addition to the rights and protections afforded to the Monitor under the CCAA or as an officer of this Court, neither the Monitor nor its employees and representatives acting in such capacities shall incur any liability or obligation as a result of the Monitor's appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded to the Monitor by the CCAA or any applicable legislation.

28. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and counsel to the Applicant shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Applicant as part of the costs of these proceedings. The Applicant is hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicant on a weekly basis or pursuant to such other arrangements agreed to between the Applicant and such parties.

29. **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

30. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, if any, and the Applicant's counsel shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of \$200,000, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 37 and 39 hereof.

DIP FINANCING

31. **THIS COURT ORDERS** that the Applicant is hereby authorized and empowered to obtain and borrow under a credit facility from 14667913 Canada Inc. (the "**DIP Lender**") in

order to finance the Applicant's working capital requirements, the cost of these proceedings and other general corporate purposes and capital expenditures, provided that the principal borrowings under such credit facility shall not exceed \$300,000, plus accrued and unpaid interest, fees and reimbursable expenses, unless permitted by further Order of this Court.

32. **THIS COURT ORDERS** that such credit facility shall be on the terms and subject to the conditions set forth in the commitment letter between the Applicant and the DIP Lender dated as of January 19, 2023 (the "**Commitment Letter**"), filed and attached as Exhibit "J" to the White Affidavit.

33. **THIS COURT ORDERS** that the Applicant is hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "**Definitive Documents**"), as are contemplated by the Commitment Letter or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Applicant is hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the Commitment Letter and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

34. **THIS COURT ORDERS** that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the "**DIP Lender's Charge**") on the Property, which DIP Lender's Charge shall not secure an obligation that exists before this Order is made. The DIP Lender's Charge shall have the priority set out in paragraphs 37 and 39 hereof.

35. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order:

- (a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge or any of the Definitive Documents;
- (b) upon the occurrence of an event of default under the Definitive Documents or the DIP Lender's Charge, the DIP Lender, upon seven (7) days' notice to the Applicant and the Monitor, may exercise any and all of its rights and remedies against the Applicant

or the Property under or pursuant to the Commitment Letter, Definitive Documents and the DIP Lender's Charge, including without limitation, to cease making advances to the Applicant and set off and/or consolidate any amounts owing by the DIP Lender to the Applicant against the obligations of the Applicant to the DIP Lender under the Commitment Letter, the Definitive Documents or the DIP Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicant and for the appointment of a trustee in bankruptcy of the Applicant; and

- (c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicant or the Property.

36. **THIS COURT ORDERS AND DECLARES** that the DIP Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicant under the CCAA, or any proposal filed by the Applicant under the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended (the "**BIA**"), with respect to any advances made under the Definitive Documents.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

37. **THIS COURT ORDERS** that the priorities of the Directors' Charge, the Administration Charge and the DIP Lender's Charge (collectively, the "**Charges**"), as among them, shall be as follows:

First – Administration Charge (to the maximum amount of \$200,000);

Second – Directors' Charge (to the maximum amount of \$225,000); and

Third – DIP Lender's Charge in the amount of \$300,000.

38. **THIS COURT ORDERS** that the filing, registration or perfection of the Charges shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the

Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

39. **THIS COURT ORDERS** that each of the Charges shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, and claims of secured creditors, statutory or otherwise (collectively, “**Encumbrances**”) in favour of any Person.

40. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicant shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges, unless the Applicant also obtains the prior written consent of the Monitor, the DIP Lender and the beneficiaries of the Charges, or further Order of this Court.

41. **THIS COURT ORDERS** that the Charges, the Commitment Letter and the Definitive Documents shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the “**Chargees**”) and/or the DIP Lender thereunder shall not otherwise be limited or impaired in any way by: (o) the pendency of these proceedings and the declarations of insolvency made herein; (ii) any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; (iii) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (iv) the provisions of any federal or provincial statutes; or (v) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an “**Agreement**”) which binds the Applicant, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the Commitment Letter or the Definitive Documents shall create or be deemed to constitute a breach by the Applicant of any Agreement to which such Applicant is a party;

- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Applicant entering into the Commitment Letter, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and
- (c) the payments made by the Applicant pursuant to this Order, the Commitment Letter or the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

42. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the applicable Applicant's interest in such real property leases.

43. **THIS COURT ORDERS AND DECLARES** that if any of the provisions of this Order in connection with the Commitment Letter, the Definitive Documents or the DIP Lender's Charge shall subsequently be stayed, modified, varied, amended, reversed or vacated in whole or in part (collectively, a "**Variation**") whether by subsequent order of this Court, on or pending an appeal from this Order, such Variation shall not in any way impair, limit or lessen the priority, protections, rights or remedies of the DIP Lender whether under this Order (as made prior to the Variation), under the Commitment Letter and the Definitive Documents, with respect to any advances made prior to the DIP Lender being given notice of the Variation and the DIP Lender shall be entitled to rely on this Order as issued (including, without limitation, the DIP Lender's Charge) for all advances so made.

SERVICE AND NOTICE

44. **THIS COURT ORDERS** that the Monitor shall: (i) without delay, publish in the *Globe and Mail* a notice containing the information prescribed under the CCAA; and (ii) within five (5) days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicant of more than \$1,000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly

available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

45. **THIS COURT ORDERS** that the Guide Concerning Commercial List E-Service (the “**Protocol**”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <https://www.ontariocourts.ca/scj/practice/practice-directions/toronto/eservice-commercial/>) shall be valid and effective service. Subject to Rule 17.05, this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 13 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL: www.insolvencies.deloitte.ca/en-ca/Tehama.

46. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Applicant and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery, facsimile or other electronic transmission to the Applicant’s creditors or other interested parties at their respective addresses as last shown on the records of the Applicant and that any such service or distribution by courier, personal delivery, facsimile or other electronic transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

47. **THIS COURT ORDERS** that the Applicant or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

48. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicant, the Business or the Property.

49. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicant, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicant and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicant and the Monitor and their respective agents in carrying out the terms of this Order.

50. **THIS COURT ORDERS** that each of the Applicant and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

51. **THIS COURT ORDERS THIS COURT ORDERS** that any interested party that wishes to amend or vary this Order shall be entitled to appear or bring a motion before this Court on January 30, 2023 at 12:30 p.m. (Eastern Standard Time) (the “**Comeback Date**”), and any such interested party shall give not less than two (2) business days’ notice to the service list in these proceedings and any other party or parties likely to be affected by the Order sought in advance of the Comeback Date; provided, however, that the Chargees shall be entitled to rely on this Order as granted and on the Charges and priorities set forth in paragraphs 37 and 39 hereof with respect to any fees, expenses and disbursements incurred, as applicable, until the date this Order may be amended, varied or stayed.

52. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. (Eastern Standard Time) on the date of this Order without the need for entry or filing.

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF TEHAMA INC

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceedings commenced at Toronto, Ontario

INITIAL ORDER

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Tab 4

Revised: January 21, 2014

Court File No. CV-23-00693280-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE)	WEEKDAY <u>FRIDAY</u> , THE # <u>20th</u>
)	
JUSTICE _____ <u>KIMMEL</u>)	DAY OF MONTH <u>JANUARY</u> ,
		20YR <u>2023</u>

IN THE MATTER OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF ~~[APPLICANT'S NAME]~~TEHAMA INC.
(the "Applicant")

INITIAL ORDER

THIS APPLICATION, made by the Applicant, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") was heard this day at 330 University Avenue, Toronto, Ontario, by judicial video conference via Zoom.

ON READING the affidavit of ~~[NAME]~~Rob White sworn ~~[DATE]~~January 20, 2023 and the Exhibits thereto (the "White Affidavit"), and the Pre-Filing Report of Deloitte Restructuring Inc. ("Deloitte") as the proposed monitor dated January 20, 2023, and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for ~~[NAMES]~~the Applicant, counsel for Deloitte, and such other counsel that were present, no one appearing for ~~[NAME]~~[†]any other party although

[†]~~Include names of secured creditors or other persons who must be served before certain relief in this model Order may be granted. See, for example, CCAA Sections 11.2(1), 11.3(1), 11.4(1), 11.51(1), 11.52(1), 32(1), 32(3), 33(2) and 36(2).~~

duly served as appears from the affidavit of service of ~~[NAME]~~ Amanda Campbell sworn ~~[DATE]~~ January 20, 2023 and on reading the consent of ~~[MONITOR'S NAME]~~ Deloitte to act as the monitor (in such capacity, the "Monitor"),

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and validated² so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

2. **THIS COURT ORDERS AND DECLARES** that the Applicant is a company to which the CCAA applies.

~~PLAN OF ARRANGEMENT~~

~~3. THIS COURT ORDERS that the Applicant shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "Plan").~~

POSSESSION OF PROPERTY AND OPERATIONS

3. ~~4.~~ **THIS COURT ORDERS** that the Applicant shall remain in possession and control of its respective current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "Property"). Subject to further Order of this Court, the Applicant shall continue to carry on business in a manner consistent with the preservation of its business (the "Business") and Property. The Applicant is authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "Assistants")

² ~~If service is effected in a manner other than as authorized by the Ontario Rules of Civil Procedure, an order validating irregular service is required pursuant to Rule 16.08 of the Rules of Civil Procedure and may be granted in appropriate circumstances.~~

currently retained or employed by ~~it~~them, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

4. ~~5.~~ **THIS COURT ORDERS** that the Applicant shall be entitled to continue to utilize the central cash management system³ currently in place, as described in the White Affidavit ~~of [NAME] sworn [DATE]~~, or replace it with another substantially similar central cash management system (the “Cash Management System”), and that any present or future bank providing the Cash Management System shall: (i) not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicant of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, ~~shall~~; (ii) be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicant, pursuant to the terms of the documentation applicable to the Cash Management System; and ~~shall~~ (iii) be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System. }

5. ~~6.~~ **THIS COURT ORDERS** that the Applicant shall be entitled but not required to pay the following expenses whether incurred prior to, on, or after the date of this Order:

- (a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and employee expenses payable prior to, on, or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;

³ ~~This provision should only be utilized where necessary, in view of the fact that central cash management systems often operate in a manner that consolidates the cash of applicant companies. Specific attention should be paid to cross border and inter company transfers of cash.~~

(b) with the consent of the Monitor, amounts owing for goods or services actually provided to the Applicant prior to the date of this Order if, in the opinion of the Applicant and the Monitor, such third party is critical to the Business and ongoing operations of the Applicant; and

(c) ~~(b)~~ the fees and disbursements of any Assistants retained or employed by the Applicant in respect of these proceedings, at their standard rates and charges.

6. ~~7.~~ **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, the Applicant shall be entitled but not required to pay all reasonable expenses incurred by the Applicant in carrying on the Business in the ordinary course after the date of this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors' and officers' insurance), maintenance and security services; and
- (b) payment for goods or services actually supplied to the Applicant on or following the date of this Order.

7. ~~8.~~ **THIS COURT ORDERS** that the Applicant shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;
- (b) all goods and services or other applicable sales taxes (collectively, "Sales Taxes") required to be remitted by the Applicant in connection with the sale of goods and services by the Applicant, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior

to the date of this Order but not required to be remitted until on or after the date of this Order, and

- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicant.

8. ~~9.~~ **THIS COURT ORDERS** that until a real property lease is disclaimed ~~for resiliated~~⁴ in accordance with the CCAA, the Applicant shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise may be negotiated between the applicable Applicant and the landlord from time to time ("Rent"), for the period commencing from and including the date of this Order, twice-monthly in equal payments on the first and fifteenth day of each month, in ~~advance (but not in arrears)~~ the amounts set out in the applicable lease. On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

9. ~~10.~~ **THIS COURT ORDERS** that, except as specifically permitted herein, the Applicant is hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicant to any of its creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of ~~its~~ the Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

⁴ ~~The term "resiliate" should remain if there are leased premises in the Province of Quebec, but can otherwise be removed.~~

RESTRUCTURING

10. ~~11.~~ **THIS COURT ORDERS** that the Applicant shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the Definitive Documents (as hereinafter defined), have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of its business or operations, ~~and to dispose of redundant or non-material assets not exceeding \$•100,000 in any one transaction or \$•250,000 in the aggregate~~⁵
- ~~(b) — [terminate the employment of such of its employees or temporarily lay-off such of its employees as it deems appropriate]; and~~
- ~~(c) — pursue all avenues of refinancing of its Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,~~

all of the foregoing to permit the Applicant to proceed with an orderly restructuring of the Business ~~(the "Restructuring")~~.

11. ~~12.~~ **THIS COURT ORDERS** that the Applicant shall provide each of the relevant landlords with notice of the Applicant's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Applicant's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicant, or by further Order of this Court upon application by the Applicant on at least two (2) days' notice to such landlord and any such secured creditors. If the Applicant disclaims ~~for resiliates~~ the lease governing such leased premises in accordance with Section 32 of the CCAA, ~~it~~ the Applicant

⁵ ~~Section 36 of the amended CCAA does not seem to contemplate a pre-approved power to sell (see subsection 36(3)) and moreover requires notice (subsection 36(2)) and evidence (subsection 36(7)) that may not have occurred or be available at the initial CCAA hearing.~~

shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer ~~for resiliation~~ of the lease shall be without prejudice to the Applicant's claim to the fixtures in dispute.

12. ~~13.~~ **THIS COURT ORDERS** that if a notice of disclaimer ~~for resiliation~~ is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer ~~for resiliation~~, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicant and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer ~~for resiliation~~, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicant in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE APPLICANT OR THE PROPERTY

13. ~~14.~~ **THIS COURT ORDERS** that until and including ~~{DATE—MAX.~~ January 30 ~~DAYS}~~, 2023, or such later date as this Court may order (the "Stay Period"), no proceeding or enforcement process in any court or tribunal (each, a "Proceeding", and collectively, "Proceedings") shall be commenced or continued against or in respect of the Applicant or the Monitor, or their respective employees and representatives acting in such capacities, or affecting the Business or the Property, except with the written consent of the Applicant and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicant or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

14. ~~15.~~ **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "Persons" and each being a "Person") against or in respect of the Applicant or the Monitor, or affecting the Business or the Property, are hereby stayed and

suspended except with the written consent of the Applicant and the Monitor, or leave of this Court, provided that nothing in this Order shall: (i) empower the Applicant to carry on any business which the Applicant is not lawfully entitled to carry on; (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA; (iii) prevent the filing of any registration to preserve or perfect a security interest; or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

15. ~~16.~~ **THIS COURT ORDERS** that during the Stay Period, no Person shall accelerate, suspend, discontinue, fail to honour, alter, interfere with, repudiate, rescind, terminate or cease to perform any right, renewal right, contract, agreement, lease, sublease, licence or permit in favour of or held by the Applicant, except with the written consent of the Applicant and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

16. ~~17.~~ **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements or arrangements with the Applicant or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, communication, cloud and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the Business ~~or of~~ the Applicant, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with, suspending or terminating the supply of such goods or services as may be required by the Applicant, and that the Applicant shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Applicant in accordance with the normal payment practices of ~~the~~such Applicant or such other practices as may be agreed upon by the supplier or service provider and ~~each of~~ the Applicant and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

17. ~~18.~~ **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of ~~lease~~leased or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicant. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.⁶

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

18. ~~19.~~ **THIS COURT ORDERS** that during the Stay Period, and except as permitted by ~~subsection~~Subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicant with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicant whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the Applicant, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicant or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

19. ~~20.~~ **THIS COURT ORDERS** that the Applicant shall indemnify its directors and officers against obligations and liabilities that they may incur as ~~directors~~a director or ~~officers~~officer of the Applicant after the commencement of the within proceedings,⁷ except to the

⁶ ~~This non-derogation provision has acquired more significance due to the recent amendments to the CCAA, since a number of actions or steps cannot be stayed, or the stay is subject to certain limits and restrictions. See, for example, CCAA Sections 11.01, 11.04, 11.06, 11.07, 11.08, 11.1(2) and 11.5(1).~~

⁷ ~~The broad indemnity language from Section 11.51 of the CCAA has been imported into this paragraph. The granting of the indemnity (whether or not secured by a Directors' Charge), and the scope of the indemnity, are discretionary matters that should be addressed with the Court.~~

extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

20. ~~21.~~ **THIS COURT ORDERS** that the directors and officers of the Applicant shall be entitled to the benefit of and are hereby granted a charge (the "Directors' Charge")⁸ on the Property, which charge shall not exceed an aggregate amount of \$~~225,000~~, unless permitted by further Order of this Court, as security for the indemnity provided in paragraph ~~20~~19 of this Order. The Directors' Charge shall have the priority set out in paragraphs ~~38~~37 and ~~40~~39 herein.

21. ~~22.~~ **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary; (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge; and (b) the Applicant's directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph ~~20~~19 of this Order.

APPOINTMENT OF MONITOR

22. ~~23.~~ **THIS COURT ORDERS** that ~~[MONITOR'S NAME]~~Deloitte is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicant with the powers and obligations set out in the CCAA or set forth herein and that the Applicant and its shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicant pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

⁸ ~~Section 11.51(3) provides that the Court may not make this security/charging order if in the Court's opinion the Applicant could obtain adequate indemnification insurance for the director or officer at a reasonable cost.~~

23. ~~24.~~ **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Applicant's receipts and disbursements;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (c) assist the Applicant, to the extent required by the Applicant, in its dissemination, to the DIP Lender (as defined herein) and its counsel ~~on a [TIME INTERVAL] basis,~~ from time to time, of financial and other information as agreed to between the Applicant and the DIP Lender, which may be used in these proceedings including reporting on a basis to be agreed with the DIP Lender;
- (d) advise the Applicant in its preparation of the Applicant's cash flow statements and reporting required by the DIP Lender, ~~which information shall be reviewed with the Monitor and delivered to the DIP Lender and its counsel on a periodic basis, but not less than [TIME INTERVAL], or as otherwise agreed to by the DIP Lender;~~
- ~~(e) advise the Applicant in its development of the Plan and any amendments to the Plan;~~
- ~~(f) assist the Applicant, to the extent required by the Applicant, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;~~
- (e) ~~(g)~~ have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicant, to the extent that is necessary to adequately assess the Applicant's business and financial affairs or to perform its duties arising under this Order;
- (f) ~~(h)~~ be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and

(g) ~~(h)~~ perform such other duties as are required by this Order or by this Court from time to time.

24. ~~25.~~ **THIS COURT ORDERS** that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

25. ~~26.~~ **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "Environmental Legislation"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

26. ~~27.~~ **THIS COURT ORDERS** that ~~that~~ the Monitor shall provide any creditor of the Applicant ~~and~~, including, without limitation, the DIP Lender, with information provided by the Applicant in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicant is confidential, the Monitor shall not provide such

information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicant may agree.

27. ~~28.~~ **THIS COURT ORDERS** that, in addition to the rights and protections afforded to the Monitor under the CCAA or as an officer of this Court, neither the Monitor nor its employees and representatives acting in such capacities shall incur ~~no~~any liability or obligation as a result of ~~its~~the Monitor's appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded to the Monitor by the CCAA or any applicable legislation.

28. ~~29.~~ **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and counsel to the Applicant shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, by the Applicant as part of the costs of these proceedings. The Applicant is hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor and counsel for the Applicant on a ~~[TIME INTERVAL]~~weekly basis ~~and, in addition, the Applicant is hereby authorized to pay to the Monitor, counsel to the Monitor, and counsel to~~ or pursuant to such other arrangements agreed to between the Applicant, ~~retainers in the amount[s] of \$●[, respectively,] to be held by them as security for payment of their respective fees and disbursements outstanding from time to time~~ and such parties.

29. ~~30.~~ **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

30. ~~31.~~ **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, if any, and the Applicant's counsel shall be entitled to the benefit of and are hereby granted a charge (the "Administration Charge") on the Property, which charge shall not exceed an aggregate amount of \$●200,000, as security for their professional fees and disbursements incurred at the standard rates and charges of the Monitor and such counsel, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs ~~{38}~~37 and ~~{40}~~39 hereof.

DIP FINANCING

31. ~~32.~~ **THIS COURT ORDERS** that the Applicant is hereby authorized and empowered to obtain and borrow under a credit facility from ~~[DIP LENDER'S NAME]~~ 14667913 Canada Inc. (the "DIP Lender") in order to finance the Applicant's working capital requirements, the cost of these proceedings and other general corporate purposes and capital expenditures, provided that the principal borrowings under such credit facility shall not exceed \$~~●~~ 300,000, plus accrued and unpaid interest, fees and reimbursable expenses, unless permitted by further Order of this Court.

32. ~~33.~~ **THIS COURT ORDERS** ~~THAT~~ that such credit facility shall be on the terms and subject to the conditions set forth in the commitment letter between the Applicant and the DIP Lender dated as of ~~[DATE]~~ January 19, 2023 (the "Commitment Letter"), filed and attached as Exhibit "J" to the White Affidavit.

33. ~~34.~~ **THIS COURT ORDERS** that the Applicant is hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "Definitive Documents"), as are contemplated by the Commitment Letter or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Applicant is hereby authorized and directed to pay and perform all of ~~its~~ their indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the Commitment Letter and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

34. ~~35.~~ **THIS COURT ORDERS** that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the "DIP Lender's Charge") on the Property, which DIP Lender's Charge shall not secure an obligation that exists before this Order is made. The DIP Lender's Charge shall have the priority set out in paragraphs ~~{38}~~ 37 and ~~{40}~~ 39 hereof.

35. ~~36.~~ **THIS COURT ORDERS** that, notwithstanding any other provision of this Order:

- (a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge or any of the Definitive Documents;
- (b) upon the occurrence of an event of default under the Definitive Documents or the DIP Lender's Charge, the DIP Lender, upon ~~seven~~ seven (7) days' notice to the Applicant and the Monitor, may exercise any and all of its rights and remedies against the Applicant or the Property under or pursuant to the Commitment Letter, Definitive Documents and the DIP Lender's Charge, including without limitation, to cease making advances to the Applicant and set off and/or consolidate any amounts owing by the DIP Lender to the Applicant against the obligations of the Applicant to the DIP Lender under the Commitment Letter, the Definitive Documents or the DIP Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicant and for the appointment of a trustee in bankruptcy of the Applicant; and
- (c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicant or the Property.

36. ~~37.~~ **THIS COURT ORDERS AND DECLARES** that the DIP Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicant under the CCAA, or any proposal filed by the Applicant under the *Bankruptcy and Insolvency Act of Canada*, R.S.C. 1985, c. B-3, as amended (the "BIA"), with respect to any advances made under the Definitive Documents.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

37. ~~38.~~ **THIS COURT ORDERS** that the priorities of the Directors' Charge, the Administration Charge and the DIP Lender's Charge (collectively, the "Charges"), as among them, shall be as follows⁹: _____

~~⁹The ranking of these Charges is for illustration purposes only, and is not meant to be determinative. This ranking may be subject to negotiation, and should be tailored to the circumstances of the case before the Court. Similarly,~~

-16-

First – Administration Charge (to the maximum amount of \$~~●~~200,000);

Second – ~~DIP Lender~~Directors's Charge (to the maximum amount of \$225,000);
and

Third – ~~Directors~~DIP Lender's Charge (~~to~~in the ~~maximum~~ amount of
\$~~●~~300,000).

38. ~~39.~~ **THIS COURT ORDERS** that the filing, registration or perfection of the ~~Directors' Charge, the Administration Charge or the DIP Lender's Charge (collectively, the "Charges")~~ shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

39. ~~40.~~ **THIS COURT ORDERS** that each of the ~~Directors' Charge, the Administration Charge and the DIP Lender's Charge (all as constituted and defined herein)~~Charges shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, and claims of secured creditors, statutory or otherwise (collectively, "Encumbrances") in favour of any Person.

40. ~~41.~~ **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicant shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the ~~Directors' Charge, the Administration Charge or the DIP Lender's Charge~~Charges, unless the Applicant also obtains the prior written consent of the Monitor, the DIP Lender and the beneficiaries of the ~~Directors' Charge and the Administration Charge~~Charges, or further Order of this Court.

~~may be subject to negotiation, and should be tailored to the circumstances of the case before the Court. Similarly, the quantum and caps applicable to the Charges should be considered in each case. Please also note that the CCAA now permits Charges in favour of critical suppliers and others, which should also be incorporated into this Order (and the rankings, above), where appropriate.~~

41. ~~42.~~ **THIS COURT ORDERS** that the ~~Directors' Charge, the Administration Charge~~Charges, the Commitment Letter, and the Definitive Documents ~~and the DIP Lender's Charge~~ shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "Charges") and/or the DIP Lender thereunder shall not otherwise be limited or impaired in any way by: ~~(a)~~ the pendency of these proceedings and the declarations of insolvency made herein; ~~(b)~~ any application(s) for bankruptcy order(s) issued pursuant to the BIA, or any bankruptcy order made pursuant to such applications; ~~(c)~~ the filing of any assignments for the general benefit of creditors made pursuant to the BIA; ~~(d)~~ the provisions of any federal or provincial statutes; or ~~(e)~~ any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "Agreement") which binds the Applicant, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the Commitment Letter or the Definitive Documents shall create or be deemed to constitute a breach by the Applicant of any Agreement to which ~~it~~such Applicant is a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Applicant entering into the Commitment Letter, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and
- (c) the payments made by the Applicant pursuant to this Order, the Commitment Letter or the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

42. ~~43.~~ **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the applicable Applicant's interest in such real property leases.

43. **THIS COURT ORDERS AND DECLARES** that if any of the provisions of this Order in connection with the Commitment Letter, the Definitive Documents or the DIP Lender's Charge shall subsequently be stayed, modified, varied, amended, reversed or vacated in whole or in part (collectively, a "**Variation**") whether by subsequent order of this Court, on or pending an appeal from this Order, such Variation shall not in any way impair, limit or lessen the priority, protections, rights or remedies of the DIP Lender whether under this Order (as made prior to the Variation), under the Commitment Letter and the Definitive Documents, with respect to any advances made prior to the DIP Lender being given notice of the Variation and the DIP Lender shall be entitled to rely on this Order as issued (including, without limitation, the DIP Lender's Charge) for all advances so made.

SERVICE AND NOTICE

44. **THIS COURT ORDERS** that the Monitor shall: (i) without delay, publish in ~~[newspapers specified by the Court]~~ the *Globe and Mail* a notice containing the information prescribed under the CCAA; and (ii) within five (5) days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, in the prescribed manner, a notice to every known creditor who has a claim against the Applicant of more than \$~~1000~~1,000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

45. **THIS COURT ORDERS** that the ~~E-Service Protocol of the~~ Guide Concerning Commercial List E-Service (the "**Protocol**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at ~~<http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>~~ <https://www.ontariocourts.ca/scj/practice/practice-directions/toronto/eservice-commercial/>) shall be valid and effective service. Subject to Rule 17.05, this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph ~~21~~13 of the Protocol, service of documents in

accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL:

~~www~~  www.insolvencies.deloitte.ca/en-ca/Tehama.

46. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Applicant and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery ~~or~~, facsimile or other electronic transmission to the Applicant's 's' creditors or other interested parties at their respective addresses as last shown on the records of the Applicant and that any such service or distribution by courier, personal delivery ~~or~~, facsimile or other electronic transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

GENERAL

47. **THIS COURT ORDERS** that the Applicant or the Monitor may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

48. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicant, the Business or the Property.

49. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicant, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicant and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicant and the Monitor and their respective agents in carrying out the terms of this Order.

50. **THIS COURT ORDERS** that each of the Applicant and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

51. **THIS COURT ORDERS** **THIS COURT ORDERS** that any interested party ~~(including the Applicant and the Monitor) may apply to this Court to vary or~~ that wishes to amend or vary this Order ~~on~~ shall be entitled to appear or bring a motion before this Court on January 30, 2023 at 12:30 p.m. (Eastern Standard Time) (the "Comeback Date"), and any such interested party shall give not less than ~~seventwo~~ (72) business days' notice to the service list in these proceedings and any other party or parties likely to be affected by the ~~order~~ Order sought ~~or upon such other notice, if any, as~~ in advance of the Comeback Date; provided, however, that the Charges shall be entitled to rely on this Order as granted and on the Charges and priorities set forth in paragraphs 37 and 39 hereof with respect to any fees, expenses and disbursements incurred, as applicable, until the date this Court Order may order be amended, varied or stayed.

52. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. (Eastern Standard/Daylight Time) on the date of this Order without the need for entry or filing.

Court File No. CV-23-00693280-00CL

IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF TEHAMA INC

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced at Toronto, Ontario

INITIAL ORDER

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**APPLICATION RECORD
(returnable January 20, 2023)**

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