

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

BETWEEN:

HSBC BANK CANADA

Applicant

- and -

**INNOVATIVE STEAM TECHNOLOGIES INC. and
IST BOILER COMPONENTS INC.**

Respondents

**APPLICATION RECORD
(Volume 1 of 2)**

April 30, 2018

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INDEX

INDEX

Document	Tab
VOLUME 1	
Notice of Application issued April 30, 2018	1
Affidavit of John Borch sworn April 27, 2018	2
Exhibit “A”: Corporate Profile Report of Innovative Steam Technologies Inc. dated April 24, 2018	A
Exhibit “B”: Corporate Organization Chart	B
Exhibit “C”: Corporate Profile Report of IST Boiler Components Inc. dated April 24, 2018	C
Exhibit “D”: Facility Letter dated April 10, 2015	D
Exhibit “E”: Letter from the Bank to the Respondents dated March 9, 2016	E
Exhibit “F”: Facility Letter dated March 28, 2016	F
Exhibit “G”: Borrower’s Indebtedness to the Bank as at April 27, 2018	G
Exhibit “H”: 246 Security Documents	H
VOLUME 2	
Exhibit “I”: Pre-Amalco Security Documents	I
Exhibit “J”: Certified OPPSA Search for the Borrower as at April 23, 2018	J
Exhibit “K”: Borrower Security Agreements	K
Exhibit “L”: Guarantee dated April 10, 2015	L
Exhibit “M”: Guarantor Security Agreements dated April 10, 2015	M
Exhibit “N”: Certified OPPSA Search for the Guarantor as at April 23, 2018	N
Exhibit “O”: Certified BCPPSA Search for the Guarantor as at April 24, 2018	O
Exhibit “P”: Certified APPSA Search for the Guarantor as at April 24, 2018	P
Exhibit “Q”: Deloitte Engagement Letter dated September 27, 2017	Q

Document	Tab
Exhibit "R": First Standstill Agreement dated January 26, 2018	R
Exhibit "S": First Standstill Extension Agreement dated March 1, 2018	S
Exhibit "T": Second Standstill Agreement dated March 9, 2018	T
Exhibit "U": Third Standstill Agreement dated March 22, 2018	U
Exhibit "V": Receiver Consent	V
Exhibit "W": Demand Letters and Notices of Intention to Enforce Security dated April 17, 2018	W
Exhibit "X": March 2018 Financial Statements	X
Consent of Deloitte Restructuring Inc. to Act as Receiver of Innovative Steam Technologies Inc. and IST Boiler Components Inc. dated April 30, 2018	3
Draft Order	4
Blackline to Model Order	5

TAB 1

Court File No. CV-18-59687E-002

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

BETWEEN:

HSBC BANK CANADA

Applicant

- and -

INNOVATIVE STEAM TECHNOLOGIES INC. and
IST BOILER COMPONENTS INC.

Respondents



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 on Tuesday, May 1, 2018 at 9:30 a.m. at 330 University Avenue, Toronto, Ontario.

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.

April 30, 2018

Issued By: _____

Local Registrar
330 University Avenue
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Notasha Brown
Registrar

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Capital Partners (Collector) V, LP*

APPLICATION

1. The Applicant, HSBC Bank Canada (the “**Bank**”), makes application for an order, *inter alia*:
 - (a) appointing Deloitte Restructuring Inc. (“**Deloitte**”) as receiver and manager (in such capacity, the “**Receiver**”) of all of the assets, undertakings and properties of each of the Respondents (as defined herein) acquired for, or used in relation to a business carried on by the Respondents including all proceeds thereof (collectively, the “**Property**”) pursuant to Subsection 243(1) of the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”) and Section 101 of the *Courts of Justice Act* (“**CJA**”);
 - (b) granting the Receiver and counsel to the Receiver a charge on the Property (the “**Receiver’s Charge**”) as security for their fees and disbursements, and declaring that the Receiver’s Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any person, but subject to Sections 14.06(7), 81.4(4), and 81.6(2) of the BIA;
 - (c) granting a charge on the Property as security for the payment of monies borrowed by the Receiver, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any person, but subordinate in priority to the Receiver’s Charge and the charges as set out in Sections 14.06(7), 81.4(4), and 81.6(2) of the BIA;
 - (d) granting judgment to the Bank, in the amount of the Loans (defined below), plus interest and costs; and
 - (e) such further and other relief as counsel may advise and this Honourable Court may permit.

THE GROUNDS FOR THE APPLICATION ARE:

Background

1. The Respondents are related companies, incorporated pursuant to the laws of the Province of Ontario and the Province of Alberta.
2. They are suppliers of heat recovery steam generators for medium size steam generators.
3. The Respondents do not own any real property and operate out of the following three leased locations:
 - (a) 549 Conestoga Boulevard, Cambridge, Ontario;
 - (b) 1 Natura Way, Suite 100, City of Cambridge, Ontario; and
 - (c) Suite 100, 6425 River Road, Delta, British Columbia.

Indebtedness and Security

4. Pursuant to an amended and restated facility letter dated May 28, 2016 (the “**2016 Facility Letter**”), as further amended or supplemented, issued by the Bank in favour of Innovative Steam Technologies Inc. (the “**Borrower**”) and IST Boiler Components Inc. (the “**Guarantor**” and together with the Borrower, the “**Respondents**”), the Respondents are indebted to the Bank.
5. As security for their obligations to the Bank, each of the Borrower and the Guarantor executed and delivered various security agreements (the “**Security Agreements**”) to the Bank, pursuant to which they granted a security interest over all of their present and after-acquired property;
6. As of the close of business on April 27, 2018, the Borrower and the Guarantor were indebted to the Bank in the total amount of CAD\$13,122,309.32 and USD\$2,998,840 (together, the “**Loans**”);
7. On April 2, 2015 the Bank registered financing statements pursuant to the *Personal Property Security Act* (Ontario) (“**OPPSA**”) against each of the Respondents over all

collateral classifications, except “consumer goods”. Financing change statements pursuant to the OPPSA were subsequently filed in order to reflect an intercorporate amalgamation.

8. On April 2, 2015, the Bank registered a financing statement pursuant to the *Personal Property Security Act* (British Columbia) (the “**BCPPSA**”) against the Guarantor’s present and after-acquired personal property.
9. On April 6, 2015 the Bank registered financing statements pursuant to the *Personal Property Security Act* (Alberta) (“**APPSA**” and collectively with the OPPSA and BCPPA, the “**PPSA**”) against the Guarantor’s present and after-acquired personal property.
10. There are no PPSA registrations in priority to the Bank’s registrations against either of the Respondents. The only other PPSA registrations against the Respondents are in respect of Fulcrum Capital Partners (Collector) V, LP (“**Fulcrum**”), an entity which owns 94% of the Borrower (which, in turn, owns 100% of the Guarantor) and the Fulcrum registrations are subordinate to the PPSA registrations in favour of the Bank.

Default and Demand

11. Prior to the execution of the 2016 Facility Letter, the predecessor of the Borrower (being 2460623 Ontario Inc.) entered into a facility letter dated April 19, 2015 (the “**2015 Facility Letter**”) with the Bank. On or about March 9, 2016, the Bank issued a letter to the Borrower and the Guarantor advising them that as of September 30, 2015, the Borrower was in breach of certain covenants detailed in the 2015 Facility Letter and that the Bank would forbear from taking any enforcement steps as a result of such breach, provided that the 2016 Facility Letter was executed. The 2016 Facility Letter was executed on May 28, 2016.
12. During the nine-month period ending September 2017, the Respondents defaulted on the terms of the 2016 Facility Letter by failing to observe certain financial covenants prescribed therein.
13. As a result of the default, the Bank, the Borrower and the Guarantor entered into a Standstill Agreement dated January 26, 2018 (the “**Standstill Agreement**”), which

provided for a standstill period (the “**Standstill Period**”) until February 28, 2018. The Standstill Period was subsequently amended and extended pursuant to three separate Standstill Extension Agreements dated March 1, 2018, March 9, 2018 and March 22, 2018 (the “**Third Standstill Agreement**”).

14. Pursuant to the Third Standstill Agreement, the Respondents agreed to deliver a number of items and to meet with the Bank and Fulcrum, together with their respective legal advisors, on April 12, 2018 (the “**April 12 Meeting**”). Prior to that date, the Respondents communicated to the Bank that they would not be able to comply with a majority of the covenants agreed to in the Third Standstill Agreement and that their shareholder, Fulcrum, was not interested in providing any additional funding. As such, the April 12 Meeting was cancelled.
15. As the Respondents were not able to comply with most of their covenants pursuant to the Third Standstill Agreement, the Standstill Period expired at the close of business on April 16, 2018. By letters dated April 17, 2018 (the “**Demand Letters**”), the Bank demanded repayment of the indebtedness owing to it by the Respondents. The Demand Letters were accompanied by Notices of Intention to Enforce Security (the “**NITES**”) addressed to each of the Respondents pursuant to subsection 244(1) of the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”).
16. Pursuant to the Third Standstill Agreement, each of the Respondents provided to the Bank consents to a Receivership Order, with such order to be in the form of the Commercial List User’s Committee standard form (the “**Receivership Consents**”).
17. The 10-day notice period referred to in the NITES has passed and the Loans remain outstanding.

Appointment of the Receiver

18. The Respondents are insolvent. They have insufficient cash from operations to meet their obligations as they fall due.

19. The Respondents do not have the asset base to obtain any further credit under the 2016 Facility Letter and they currently have no revolving credit line or other credit facilities to fund their working capital requirements.
20. The Respondents cannot maintain their operations during this time without continued financial support from a third party. Fulcrum has confirmed that it will not provide such support.
21. The Respondents have previously executed the Receivership Consents.
22. The Bank is under no obligation to advance additional funds to the Borrowers and is not prepared to fund the Respondents' ongoing business operations outside of a receivership.
23. Pursuant to the Security Agreements, the Bank is entitled to enforce its security interest in and to the Property by appointing a receiver.
24. There are stakeholders whose interests will be best served by the appointment of a Receiver.
25. Deloitte is a licensed trustee in bankruptcy and has consented to act as Court-appointed receiver with respect to the Property.

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

1. The Affidavit of John Borch, sworn April 27, 2018, and the exhibits referred to therein;
2. The Consent of Deloitte to act as the Receiver; and
3. Such further and other material as counsel may advise and this Honourable Court may permit.

April 30, 2018

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Lawyers for HSBC Bank Canada

HSBC BANK CANADA

- and -

Court File No: **CV-18-39687E-001**
INNOVATIVE STEAM TECHNOLOGIES INC. and
IST BOILER COMPONENTS INC.

Applicant

Respondents

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

PROCEEDING COMMENCED AT TORONTO

NOTICE OF APPLICATION

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Lawyers for HSBC Bank Canada

TAB 2

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

BETWEEN:

HSBC BANK CANADA

Applicant

- and -

**INNOVATIVE STEAM TECHNOLOGIES INC. and
IST BOILER COMPONENTS INC.**

Respondents

**AFFIDAVIT OF JOHN BORCH
(Sworn April 27, 2018)**

I, John Borch, of the City of Markham, in the Province of Ontario, **MAKE OATH AND SAY AS FOLLOWS:**

1. I am Assistant Vice President, Loan Management Unit, HSBC Bank Canada (the "**Bank**").
2. As such, I have personal knowledge of the matters to which I hereinafter depose. Where I do not have personal knowledge of the matters set out herein, I have stated the source of my information and, in all such cases, believe it to be true.
3. I swear this affidavit in support of the Bank's Application for an order appointing Deloitte Restructuring Inc. ("**Deloitte**") as receiver and manager of all of the assets, undertakings and properties (the "**Property**") of each of the Respondents.

DESCRIPTION OF THE RESPONDENTS

4. Innovative Steam Technologies Inc. (the "**Borrower**") is the parent company and is the main operating company. It is an Ontario corporation and holds 100% of the shares of IST Boiler Components Inc. (the "**Guarantor**"). The Borrower's registered office address is located at 549 Conestoga Boulevard, Cambridge, Ontario. A copy of the Borrower's corporate profile report, dated April 24, 2018, is attached as Exhibit "**A**" to this Affidavit.

5. Attached hereto as Exhibit “B” is a corporate organization chart that, to the best of my knowledge, is current.
6. The Guarantor is incorporated under the laws of the Province of Alberta. The Guarantor’s registered office address is located at 1600, 520 – 3rd Avenue SW, Calgary Alberta. A copy of the Guarantor’s corporate profile report, dated April 24, 2018, is attached as Exhibit “C” to this Affidavit.
7. Fulcrum Capital Partners (Collector) V, LP (“Fulcrum”) is the majority shareholder of the Borrower, which is in turn the sole shareholder of the Guarantor.
8. The Respondents are suppliers of heat recovery steam generators for medium size steam generators and are involved in the following businesses:
 - (a) Once through steam generators to capture and utilize steam for the Power Generation Industry;
 - (b) Enhanced Oil Recovery steam generators; and
 - (c) Boiler repair components.
9. The Respondents operate out of leased manufacturing facilities located at:
 - (a) 549 Conestoga Boulevard, Cambridge, Ontario – the Borrower leases approximately 96,495 square feet from Skyline Commercial Real Estate Holdings Inc., pursuant to a lease dated July 20, 2015;
 - (b) 1 NaturaWay, Suite 100, City of Cambridge, Ontario – the Borrower leases approximately 61,918 square feet from 1 NaturaWay Limited Partnership, pursuant to a lease dated May 23, 2013; and
 - (c) Suite 100, 6425 River Road, Delta, British Columbia – the Guarantor leases offices and warehouse space from Husby Forest Products Ltd, pursuant to a lease dated May 26, 2014.

10. I am informed by Deloitte that the Respondents have approximately 76 employees with 8 employed by the Guarantor and 68 employed by the Borrower. The Guarantor's employees are unionized pursuant to a collective bargaining agreement between the Guarantor and International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers & Helpers Lodge 359 dated May 19, 2017.

THE LOANS

11. On April 10, 2015, the Bank issued a facility letter dated of even date (the "**2015 Facility Letter**") in favour of 2460623 Ontario Inc. ("**246**"). On April 10, 2015, 246 amalgamated with Innovative Steam Technologies Inc. ("**Pre-Amalco**") with the resultant entity continuing as the Borrower. The 2015 Facility Letter is attached hereto as Exhibit "**D**".

12. On March 9, 2016, the Bank issued a letter to the Respondents (the "**March 2016 Letter**") advising them that as of September 30, 2015, the Borrower was in breach of certain financial covenants pursuant to the 2015 Facility Letter and that the Bank would forbear from taking any enforcement steps as a result of such breach, provided that, among other things, that the Respondents agreed to replace the 2015 Facility Letter with the 2016 Facility Letter (as defined below). A copy of the March 2016 Letter is attached hereto as Exhibit "**E**".

13. On March 28, 2016, the Respondents and the Bank executed the amended and restated facility letter dated March 28, 2016 (the "**2016 Facility Letter**"). The 2016 Facility Letter continued the credit facilities previously provided pursuant to the 2015 Facility Letter. A copy of the 2016 Facility Letter is attached hereto as Exhibit "**F**",

14. The balances of the Borrower's credit facilities with the Bank, as of the close of business on April 27, 2018 are set out in Exhibit "**G**" attached hereto. The Borrower's total indebtedness, as of April 27, 2018, was CAD\$13,122,309.32 and US\$2,998,840 (together, the "**Loans**").

15. As of today's date, the Loans have not been repaid and remain due and owing.

SECURITY DOCUMENTS

246 Documents

16. The obligations of 246 (as predecessor-in interest to the Borrower) to the Bank pursuant to the 2015 Facility Letter, were secured by, *inter alia*, by the following security agreements each dated April 10, 2015 (collectively, the “**246 Security Documents**”):

- (a) Assignment of Share Purchase Agreement executed by 246 in favour of the Bank;
- (b) General Security Agreement executed by 246 in favour of the Bank;
- (c) General Assignment of Book Debts executed by 246 in favour of the Bank;
- (d) Security over Cash, Credit Balances and Deposit Instruments executed by 246 in favour of the Bank;
- (e) Trade Financing General Agreement executed by 246 in favour of the Bank;
- (f) Indemnity regarding Letters of Guarantee executed by 2460323 in favour of the Bank;
- (g) Assignment of all Risk Insurance executed by 246 in favour of the Bank, together with the related Certificate of Insurance;
- (h) Agreement for Foreign Exchange Contracts executed by 246 in favour of the Bank;
- (i) Depository Bills Agreement (Banker's Acceptances) executed by 246 in favour of the Bank;
- (j) Power of Attorney re: Depository Bills Agreement executed by 246 in favour of the Bank; and
- (k) MasterCard Indemnity Agreement executed by 246 in favour of the Bank.

Copies of the 246 Security Documents are attached hereto as “Exhibit **H**”.

17. On April 2, 2015, the Bank registered a financing statement pursuant to the *Personal Property Security Act* (Ontario) (“**OPPSA**”) against 246 in respect of all collateral classifications except “consumer goods” for a period of 5 years (the “**246 Registration**”). Pursuant to financing change statements, registered on April 7, 2015 and April 10, 2015, the 246 Registration was renewed for one additional year and an amendment was filed in order to reflect the amalgamation of 246 with Pre-Amalco yielding the resultant Borrower.

Pre-Amalco

18. Pre-Amalco provided an unlimited guarantee dated April 10, 2015 of the obligations 246 pursuant to the 2015 Facility Letter (the “**Pre-Amalco Guarantee**”).

19. The obligations of Pre-Amalco (as predecessor-in-interest to the Borrower) to the Bank were secured by, *inter alia*, the following security agreements, each dated April 10, 2015 (collectively with the Pre-Amalco Guarantee, the “**Pre-Amalco Security Agreements**”), pursuant to which Pre-Amalco granted a security interest over all of its present and after-acquired property:

- (a) General Security Agreement executed by Pre-Amalco in favour of the Bank;
- (b) Security over Cash, Credit Balances and Deposit Instruments executed by Pre-Amalco in favour of the Bank;
- (c) Intellectual Property Security Agreement executed by Pre-Amalco in favour of the Bank;
- (d) Assignment of all Risk Insurance executed by Pre-Amalco in favour of the Bank and Certificate of Insurance; and
- (e) Negative Pledge Agreement executed by Pre-Amalco in favour of the Bank.

Copies of the Pre-Amalco Security Agreements are attached hereto as Exhibit “I”.

20. On April 2, 2015 the Bank registered a OPPSA financing statement against Pre-Amalco in respect of all collateral classifications except “consumer goods” for a period of 5 years (the “**Pre-Amalco Registration**”). Pursuant to financing change statements, registered on each of

April 7, 2015 and April 10, 2015, the Pre-Amalco Registration was renewed for an additional year and an amendment was filed to reflect the amalgamation of 246 and Pre-Amalco yielding the resultant Borrower. The certified OPPSA search for the Borrower (which includes the Pre-Amalco Registration and 246 Registration) with a currency date of April 23, 2018 is attached hereto as Exhibit “J”.

21. Following the amalgamation of 246 and Pre-Amalco, the Borrower executed the following security agreements, each dated April 10, 2015 (collectively, the “**Borrower Security Agreements**”):

- (a) Assumption and Confirmation Agreement executed by the Borrower in favour of the Bank;
- (b) Pledge of Securities executed by the Borrower in favour of the Bank; and
- (c) Copy of share certificate with respect to shares of the Guarantor, together with power of attorney executed in blank by the Borrower.

Copies of the Borrower Security Agreements are attached hereto as Exhibit “K”.

GUARANTOR

22. The Guarantor guaranteed the obligations of the Borrower (including Borrower’s predecessors 246 and Pre-Amalco) to the Bank pursuant to a Guarantee dated April 10, 2015 (the “**Guarantee**”). A copy of the Guarantee is attached hereto as Exhibit “L”.

23. As security for its obligations pursuant to the Guarantee, the Guarantor executed the following security documents all dated April 10, 2015 (the “**Guarantor Security Agreements**”, collectively with the 246 Security Agreements, the Pre-Amalco Security Agreements and the Borrower Security Agreements, the “**Security Agreements**”):

- (a) General Security Agreement executed by Boiler in favour of the Bank;
- (b) Security over Cash, Credit Balances and Deposit Instruments executed by Boiler in favour of the Bank; and

- (c) Assignment of all Risk Insurance executed by Boiler in favour of the Bank and a Certificate of Insurance.

Copies of the Guarantee and the Guarantor Security Agreements are attached hereto as Exhibit “M”.

24. On April 2, 2015 the Bank registered an OPPSA financing statement against Guarantor in respect of all collateral classifications except “consumer goods” for a period of 5 years (the “**Guarantor Registration**”). Pursuant to a financing change statement registered on April 7, 2015, the Guarantor Registration was renewed for one year. A copy of the certified OPPSA search results for Guarantor, with a file currency date of April 23, 2018, is attached hereto as Exhibit “N”.

25. On April 2, 2015, the Bank registered a financing statement pursuant to the *Personal Property Security Act* (British Columbia) (“**BCPPSA**”), in respect of the Guarantor for a period of five years. A copy of the certified BCPPSA search with a file currency date of April 24, 2018 is attached hereto as Exhibit “O”.

26. On April 6, 2015, the Bank registered a financing statement pursuant to the *Personal Property Security Act* (Alberta) (“**APPSA**”, and together with the OPPSA and PPSA, the “**PPSA**”) in respect of the Guarantor for a period of six years. A copy of the certified APPSA search with a file currency date of April 24, 2018, is attached hereto as Exhibit “P”.

OTHER SECURED CREDITORS

Fulcrum

27. The only other party to register a security interest in respect of the Respondents in any of Ontario, British Columbia or Alberta is Fulcrum. Fulcrum’s PPSA registrations are subordinate to the Bank’s registrations in each jurisdiction both from a statutory PPSA perspective but also pursuant to an Intercreditor Agreement dated April 2, 2015 between Fulcrum, the Bank, 246 Pre-Amalco and the Guarantor, pursuant to which all indebtedness of the Respondents to Fulcrum and all security held by Fulcrum in respect of such indebtedness is subordinated to the indebtedness of the Respondents to the Bank and the security held by the Bank in respect of such indebtedness.

DEFAULT AND FORBEARANCE

28. During the nine-month period ending September 2017, the Respondents defaulted on the terms of the 2016 Facility Agreement by failing to observe certain financial covenants prescribed therein.

29. Following the default, Deloitte was appointed as the Bank's consultant on September 27, 2017 pursuant to an Engagement Letter dated September 27, 2017 (the "**Deloitte Engagement Letter**"). The Respondents consented to Deloitte's appointment as the Bank's consultant and executed the Deloitte Engagement Letter in respect thereof. A copy of the Deloitte Engagement Letter is attached hereto as Exhibit "**Q**".

30. As a result of the default, the Bank, the Borrower and the Guarantor entered into a Standstill Agreement, dated January 26, 2018 (the "**First Standstill Agreement**"). A copy of the First Standstill Agreement is attached hereto as Exhibit "**R**".

31. The purpose of the First Standstill Agreement was to grant time to the Respondents to (a) continue negotiating material new contracts with four of its major customers (the "**New Contracts**"); and to (b)(i) advise the Bank of the status, value and timing of the New Contracts by February 28, 2018, or (ii) failing that, provide the Bank with a business plan (the "**Business Plan**") in substance satisfactory to the Bank, acting reasonably, by February 28, 2018, which Business Plan would provide that the Bank would be repaid in full within a reasonable time frame. In addition, pursuant to the terms of the First Standstill Agreement, the Respondents re-affirmed their agreement to the engagement by the Bank of Deloitte pursuant to the Deloitte Engagement Letter. The Standstill Period pursuant to the First Standstill Agreement expired on February 28, 2018.

32. In addition, certain reporting requirements and covenants set out in the 2016 Facility Letter were augmented pursuant to the First Standstill Agreement inclusive of the provision of cash flow projections ("**Cash Flow Projections**") relating to the period January 20, 2018 to March 3, 2018. The Respondents failed to provide the appropriate advice regarding the New Contracts and also failed to provide the Business Plan by February 28, 2018.

33. As such, on March 1, 2018 the Bank agreed to the First Standstill Extension Agreement extending the Standstill Period to March 7, 2018, on the basis that:

- (a) the Business Plan would be provided to the Bank by March 7, 2018,
- (b) the Respondents would remain in material compliance with the Cash Flow Projections relating to the period January 20, 2018 to March 10, 2018; and
- (c) the Bank, the Respondents, Fulcrum and their respective counsel were to meet on March 8, 2018.

The March 8, 2018 meeting unfolded without counsel and resulted in the parties agreeing, in principle, upon further standstill terms that were eventually memorialized in the Second Standstill Agreement (as hereafter defined). A copy of the First Standstill Extension Agreement is attached hereto as Exhibit “S”.

34. On March 9, 2018 the Bank entered into a second Standstill Extension Agreement (the “**Second Standstill Agreement**”) in which it agreed to extend the Standstill Period to March 16, 2018 as long as the Respondents (a) maintained material compliance with their Cash Flow Projections relating to the period March 3, 2018 to March 17, 2018, (b) agreed to the engagement of a qualified appraiser by Deloitte to conduct a forced liquidation sale of the Respondents’ assets, and (c) agreed to a meeting with the Bank, Fulcrum and respective counsel for March 14, 2018. A copy of the Second Standstill Agreement is attached hereto as Exhibit “T”.

35. The March 14, 2018, the meeting unfolded without counsel and resulted in the Bank and Respondents agreeing, in principle, to the terms of a further Standstill Extension Agreement (the “**Third Standstill Agreement**”) dated March 22, 2018 (and final) extending the Standstill Period to April 16, 2018 on the terms laid out therein. A copy of the Third Standstill Agreement is attached hereto as Exhibit “U”.

36. The most salient points of the Third Standstill Agreement were the delivery by the Respondents of each of the following:

- (a) a copy of a Notice to Proceed from Siemens (a major customer of the Respondents) in respect of New Shore 1 (in the approximate amount of CDN\$17,700,000), to be obtained and delivered to the Bank by April 16, 2018;

- (b) an EDC Performance Security Guarantee in favour of the Bank in the amount of CDN\$3,540,000, to be obtained by April 16, 2018;
- (c) a copy of all letters of intent/expressions of interest regarding the IST Boiler divestiture process to be undertaken to be delivered to the Bank by April 12, 2018;
- (d) a guarantee or guarantees in favour of the Bank of a minimum of 60% of the authorized amount (i.e. CAD\$6,500,000) of the Operating Facility (as such term is defined in the 2016 Facility Letter) by April 16, 2018; and
- (e) the Respondents' consents to appointment of a Receiver (the "**Receiver Consents**").

37. In addition, pursuant to the Third Standstill Agreement the Respondents agreed to:

- (a) make the regularly scheduled CAD\$450,000 payment on account of the Term Loan (as defined in the 2016 Facility Letter) by April 10, 2018 (the "**Term Debt Payment**");
- (b) remain in material compliance with their Cash Flow Projections relating to the period March 3, 2018 to April 14, 2018; and
- (c) meet with the Bank and Fulcrum, together with their respective legal advisors, on April 12, 2018 (the "**April 12 Meeting**").

38. Other than delivering the Receiver Consents and making the Term Debt Payment, the Respondents did not fulfill their obligations as outlined in the Third Standstill Agreement. Since the principals of the Respondents communicated to the Bank that the Respondents would not be able to fulfil any of the remaining covenants in the Third Standstill Agreement, the April 12 Meeting was cancelled. As such, the Standstill Period lapsed on April 16, 2018. Copies of the Receiver Consents are attached hereto as Exhibit "V".

39. The Borrowers acknowledged, pursuant to the First Standstill Agreement and each subsequent amendment, that they continued to be in default of the terms of the 2016 Facility Letter.

DEMANDS AND NITES

40. Due to the continuing defaults under the 2016 Facility Letter, the First Standstill Agreement, and each subsequent amendment including, the Respondents' inability to satisfy the covenants agreed to therein, after the ultimate expiry of the Standstill Period, by letters, dated April 17, 2018 (the "**Demand Letters**"), the Bank demanded repayment of the Loans.

41. The Demand Letters were accompanied by Notices of Intention to Enforce Security (the "**NITES**") addressed to each of the Respondents pursuant to subsection 244(1) of the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**"). Copies of the Demand Letters and NITES are attached hereto as Exhibit "**W**".

42. The ten (10) day notice period prescribed by subsection 244(1) of the BIA expires today.

FINANCIAL POSITION OF THE RESPONDENTS

43. Based on current financial information and information provided to the Bank by the Respondents, the prospect of the Respondents achieving positive cash flow is bleak. I am informed by Deloitte that the following are examples of facts which illustrate the Respondents' poor prospects for recovery or of becoming financially viable companies in the foreseeable future:

- (a) for the three-month period ended March 31, 2018, the Respondents suffered a loss of approximately \$1.7 million as illustrated in their unaudited interim financial reports. Attached hereto as Exhibit "**X**", is the March 2018 Financial Statements provided to Deloitte by Christopher Ritchie, the Respondents' Vice-President of Finance and Administration, on April 17, 2018;
- (b) as of March 31, 2018, the Respondents' reported working capital deficit is approximately \$139,000. However, excluding recoverable income taxes in the amount of approximately \$4.6 million, which can only be applied to reduce future corporate income tax, the immediate working capital deficit is in excess of \$4 million;

- (c) as of March 31, 2018, the Respondents reported a deficit of assets to liabilities (i.e. total equity) of \$11.2 million. The reported assets include intangible assets and goodwill of \$9.5 million; and
- (d) despite several extensions of the Standstill Period, the Respondents have been unable to restructure their operations to reduce their costs and financial burden.

44. The inability to contract new long-term projects from major customers and obtain further financial support from its shareholders is catastrophic for the Respondents, particularly in light of the Respondents' considerable debt obligations. Deloitte has informed me that the Respondents do not have the working capital resources to pay the following debts immediately due and becoming due:

- (a) as of March 31, 2018, the Respondents have approximately \$6.7 million owing as accounts payable, of which approximately \$3.9 million was aged over 90 days (separate and apart from the approximately \$13.0 million currently owing to the Bank). I am further informed by Deloitte that two critical suppliers are withholding shipment of products until payment of outstanding invoices is made;
- (b) the Respondents' payroll obligations are approximately \$257,000 bi-weekly for salary employees and \$44,000 weekly for hourly employees. Monthly benefits payments are approximately \$80,000;
- (c) the Respondents' have engaged contractors for sales efforts and to complete servicing work on certain contracts. Monthly payments to contractors are approximately \$471,000 or over \$120,000 per week; and
- (d) the Respondents' total rent obligation is approximately \$126,000 per month, with the next payment due on May 1, 2018. Monthly utilities payments are approximately \$47,000.

45. Given the Respondents' considerable current and ongoing debt obligations, the business cannot continue in operation without a further erosion of HSBC's position, the Respondents'

enterprise value and any possibility of an *en bloc* sale of the assets and undertakings of the Respondents.

46. Based on the most recent 13-week cash flow forecast provided by Christopher Ritchie on April 13, 2018, the Respondents require additional equity or borrowings of approximately \$1.5 million during the next 3 weeks simply to meet their ongoing payroll, fixed costs and minimum supplier payments to obtain continued supply. The Borrower's availability under its current facility, net of cash balances, with the Bank is less than \$400,000.

47. Fulcrum has repeatedly informed me that they are unwilling to inject any further equity into the Respondents.

APPOINTMENT OF RECEIVER

48. The Respondents are unable to pay their debts as they become due, and their assets are materially less than their liabilities.

49. Pursuant to the Security Agreements, the Bank is entitled to appoint a receiver in respect of the Property of each of the Respondents.

50. The Respondents are insolvent. They have insufficient cash from their operations to meet their obligations as they fall due. They currently have no access to revolving credit line or other credit facilities to fund their working capital requirements.

51. The Respondents cannot maintain their operations during this time without continued financial support from a third party. The Bank is under no obligation to advance additional funds to the Borrowers and it is not prepared to fund the Respondents' ongoing business operations outside of a receivership.

52. Fulcrum has confirmed to the Bank that it will not provide the Respondents with any additional financial support.

53. A Receiver is required at this juncture to minimize future cash outflow from the continued operation of the Respondents in the ordinary course, and to immediately commence a summary

process to offer the assets and undertakings of the Respondents for sale on a going concern and/or liquidation basis to maximize recoveries to creditors.

54. The Respondents have executed the Receiver Consents.

55. The ten (10) day notice period set out in the NITES and Demand Letters expires today.

56. The Applicant proposes that Deloitte be appointed as receiver and manager of the Borrower and the Guarantor. Deloitte is a licensed trustee in bankruptcy and has consented to act as receiver should the Court so appoint it. A copy of Deloitte's Consent to Act is attached to the Application Record herein.

57. This Affidavit is made in support of the within application, and for no other or improper purpose.

SWORN before me in the City of Toronto,
in the Province of Ontario, this 27th day of
April, 2018.



A Notary Public, etc.



JOHN BORCH

TAB A

THIS IS EXHIBIT "A" REFERRED TO IN THE
AFFIDAVIT OF JOHN BORCH SWORN BEFORE
ME THIS 27th DAY OF APRIL, 2018.

A handwritten signature in blue ink, appearing to read "Dino", is written above a horizontal line.

A Commissioner for Taking Affidavits, etc.

Request ID: 021561938
Transaction ID: 67849950
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2018/04/24
Time Report Produced: 15:31:43
Page: 1

CORPORATION PROFILE REPORT

Ontario Corp Number	Corporation Name	Amalgamation Date
1934194	INNOVATIVE STEAM TECHNOLOGIES INC.	2015/04/10
		Jurisdiction
		ONTARIO
Corporation Type	Corporation Status	Former Jurisdiction
ONTARIO BUSINESS CORP.	ACTIVE	NOT APPLICABLE
Registered Office Address		Date Amalgamated
549 CONESTOGA BOULEVARD		NOT APPLICABLE
		Amalgamation Ind.
		A
		New Amal. Number
		NOT APPLICABLE
		Notice Date
		NOT APPLICABLE
		Letter Date
		NOT APPLICABLE
Mailing Address		Revival Date
549 CONESTOGA BOULEVARD		NOT APPLICABLE
		Continuation Date
		NOT APPLICABLE
		Transferred Out Date
		NOT APPLICABLE
		Cancel/Inactive Date
		NOT APPLICABLE
		EP Licence Eff.Date
		NOT APPLICABLE
		EP Licence Term.Date
		NOT APPLICABLE
	Number of Directors	Date Commenced
	Minimum	in Ontario
	00001	NOT APPLICABLE
	Maximum	Date Ceased
	00010	in Ontario
		NOT APPLICABLE
Activity Classification		
NOT AVAILABLE		

Request ID: 021561938
Transaction ID: 67849950
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2018/04/24
Time Report Produced: 15:31:43
Page: 2

CORPORATION PROFILE REPORT

Ontario Corp Number

1934194

Corporation Name

INNOVATIVE STEAM TECHNOLOGIES INC.

Corporate Name History

INNOVATIVE STEAM TECHNOLOGIES INC.

Effective Date

2015/04/10

Current Business Name(s) Exist:

NO

Expired Business Name(s) Exist:

NO

Amalgamating Corporations

Corporation Name

2460623 ONTARIO INC.

INNOVATIVE STEAM TECHNOLOGIES INC.

Corporate Number

2460623

2014848

Request ID: 021561938
Transaction ID: 67849950
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2018/04/24
Time Report Produced: 15:31:43
Page: 3

CORPORATION PROFILE REPORT

Ontario Corp Number

1934194

Corporation Name

INNOVATIVE STEAM TECHNOLOGIES INC.

Administrator:
Name (Individual / Corporation)

GREG
COLLINGS

Address

79 WELLINGTON STREET WEST

Suite # 3510
TORONTO
ONTARIO
CANADA M5K 1K7

Date Began

2015/04/10

First Director

NOT APPLICABLE

Designation

DIRECTOR

Officer Type

Resident Canadian

Y

Administrator:
Name (Individual / Corporation)

GREG
COLLINGS

Address

79 WELLINGTON STREET WEST

Suite # 3510
TORONTO
ONTARIO
CANADA M5K 1K7

Date Began

2015/04/10

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

SECRETARY

Resident Canadian

Y

Request ID: 021561938
Transaction ID: 67849950
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2018/04/24
Time Report Produced: 15:31:43
Page: 4

CORPORATION PROFILE REPORT

Ontario Corp Number

1934194

Corporation Name

INNOVATIVE STEAM TECHNOLOGIES INC.

Administrator:
Name (Individual / Corporation)

ROBERT
DAUTOVICH

Address

549 CONESTOGA BOULEVARD

CAMBRIDGE
ONTARIO
CANADA N1R 7P5

Date Began

2015/04/10

First Director

NOT APPLICABLE

Designation

DIRECTOR

Officer Type

Resident Canadian

Y

Administrator:
Name (Individual / Corporation)

ROBERT
DAUTOVICH

Address

549 CONESTOGA BOULEVARD

CAMBRIDGE
ONTARIO
CANADA N1R 7P5

Date Began

2015/04/10

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

PRESIDENT

Resident Canadian

Y

Request ID: 021561938
Transaction ID: 67849950
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2018/04/24
Time Report Produced: 15:31:43
Page: 5

CORPORATION PROFILE REPORT

Ontario Corp Number

1934194

Corporation Name

INNOVATIVE STEAM TECHNOLOGIES INC.

**Administrator:
Name (Individual / Corporation)**

PAUL
ELDRIDGE

Address

79 WELLINGTON STREET WEST

Suite # 3510
TORONTO
ONTARIO
CANADA M5K 1K7

Date Began

2015/04/10

First Director

NOT APPLICABLE

Designation

DIRECTOR

Officer Type

Resident Canadian

Y

**Administrator:
Name (Individual / Corporation)**

CALEB
LAWRENCE

Address

549 CONESTOGA BOULEVARD

CAMBRIDGE
ONTARIO
CANADA N1R 7P5

Date Began

2015/04/10

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

OTHER

Resident Canadian

Request ID: 021561938
Transaction ID: 67849950
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2018/04/24
Time Report Produced: 15:31:43
Page: 6

CORPORATION PROFILE REPORT

Ontario Corp Number

1934194

Corporation Name

INNOVATIVE STEAM TECHNOLOGIES INC.

**Administrator:
Name (Individual / Corporation)**

JIM
MCARTHUR

Address

549 CONESTOGA BOULEVARD

CAMBRIDGE
ONTARIO
CANADA N1R 7P5

Date Began

2015/04/10

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

VICE-PRESIDENT

Resident Canadian

**Administrator:
Name (Individual / Corporation)**

CHRIS
RITCHIE

Address

549 CONESTOGA BOULEVARD

CAMBRIDGE
ONTARIO
CANADA N1R 7P5

Date Began

2015/04/10

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

VICE-PRESIDENT

Resident Canadian

Request ID: 021561938
Transaction ID: 67849950
Category ID: UN/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2018/04/24
Time Report Produced: 15:31:43
Page: 7

CORPORATION PROFILE REPORT

Ontario Corp Number

Corporation Name

1934194

INNOVATIVE STEAM TECHNOLOGIES INC.

Last Document Recorded

Act/Code	Description	Form	Date
CIA	CHANGE NOTICE	1	2015/04/22 (ELECTRONIC FILING)

THIS REPORT SETS OUT THE MOST RECENT INFORMATION FILED BY THE CORPORATION ON OR AFTER JUNE 27, 1992, AND RECORDED IN THE ONTARIO BUSINESS INFORMATION SYSTEM AS AT THE DATE AND TIME OF PRINTING. ALL PERSONS WHO ARE RECORDED AS CURRENT DIRECTORS OR OFFICERS ARE INCLUDED IN THE LIST OF ADMINISTRATORS.

PLEASE NOTE THAT WHEN THE SAME INDIVIDUAL HOLDS MULTIPLE 'OTHER UNTITLED' OFFICER POSITIONS, AS INDICATED ON A FORM 1 UNDER THE *CORPORATIONS INFORMATION ACT*, ONLY ONE OF THESE 'OTHER UNTITLED' POSITIONS HELD BY THAT INDIVIDUAL WILL BE REFLECTED ON THIS REPORT.

ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

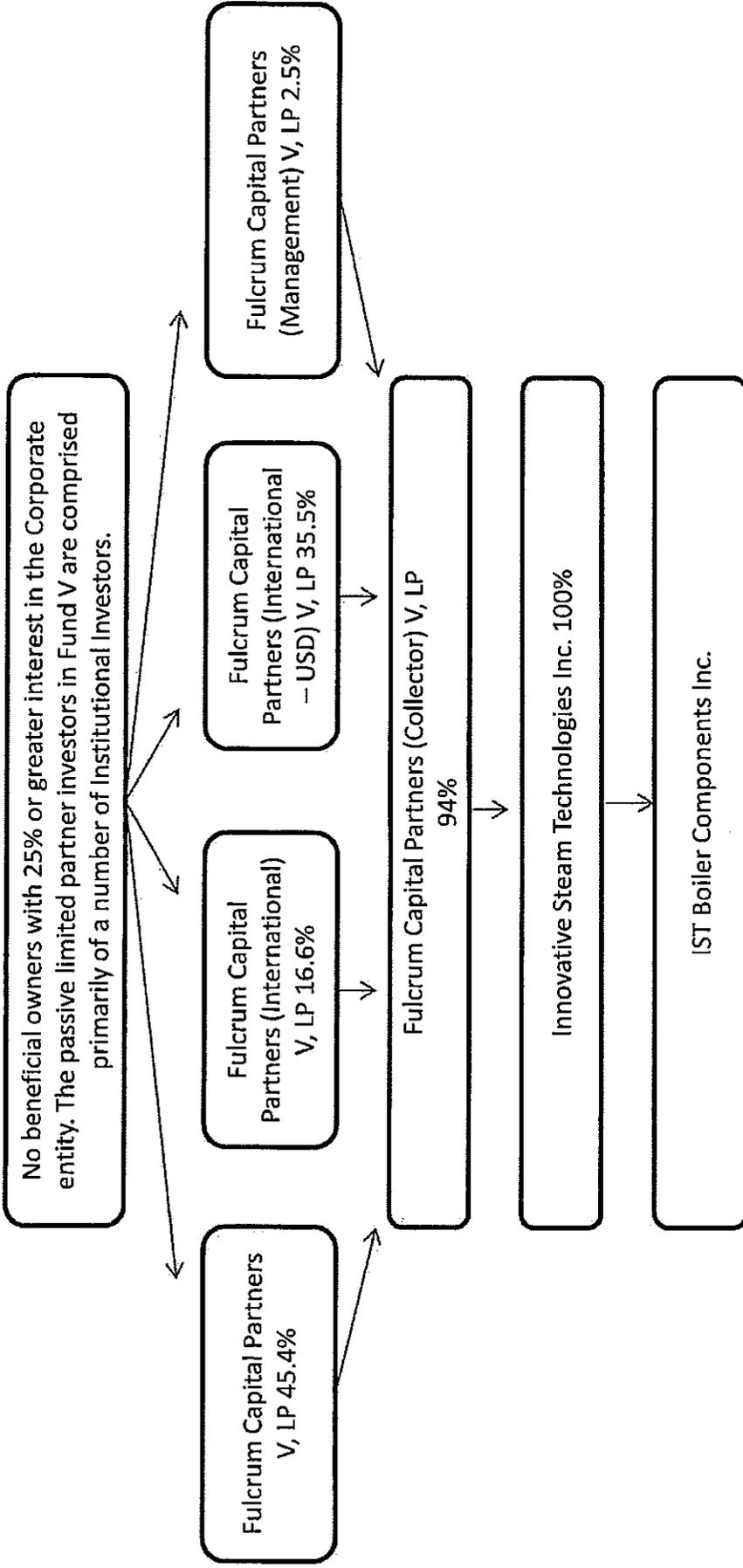
The issuance of this report in electronic form is authorized by the Ministry of Government Services.

TAB B

THIS IS EXHIBIT "B" REFERRED TO IN THE
AFFIDAVIT OF JOHN BORCH SWORN BEFORE
ME THIS 27th DAY OF APRIL, 2018.

A handwritten signature in blue ink, appearing to read "Dini", is written above a horizontal line.

A Commissioner for Taking Affidavits, etc.



Director/Corporation Secretary Name: PAUL FLORIDGE

Director/Corporate Secretary Signature: _____

Date: August 19, 2015

Prepared By: Case Management Team – HSBC Bank Canada

I confirm this is a true and accurate ownership structure chart and all the entities/companies at each layer in the chart (including the account entity being opened). I further confirm that there is no public source available that will evidence the above ownership structure showing the ultimate beneficial owners.

TAB C

THIS IS EXHIBIT "C" REFERRED TO IN THE
AFFIDAVIT OF JOHN BORCH SWORN BEFORE
ME THIS 27th DAY OF APRIL, 2018.

A handwritten signature in blue ink, appearing to read "Dini", is written above a horizontal line.

A Commissioner for Taking Affidavits, etc.

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

Date of Search: 2018/04/24
Time of Search: 01:31 PM

Service Request Number: 28883403
Customer Reference Number: 02025111-EDD3_5_212292

Corporate Access Number: 2014403055
Legal Entity Name: IST BOILER COMPONENTS INC.

Name History:

Previous Legal Entity Name	Date of Name Change (YYYY/MM/DD)
LOCKERBIE & HOLE BOILER INC.	2009/07/23

Legal Entity Status: Active
Alberta Corporation Type: Named Alberta Corporation
Registration Date: 2008/12/01 YYYY/MM/DD

Registered Office:

Street: 1600, 520 - 3RD AVENUE SW
City: CALGARY
Province: ALBERTA
Postal Code: T2P 0R3

Records Address:

Street: 1600, 520 - 3RD AVENUE SW
City: CALGARY
Province: ALBERTA
Postal Code: T2P 0R3

Directors:

Last Name: COLLINGS
First Name: GREG
Street/Box Number: 79 WELLINGTON STREET WEST, SUITE 3510
City: TORONTO

Province: ONTARIO
Postal Code: M5K 1K7

Last Name: DAUTOVICH
First Name: ROBERT
Street/Box Number: 549 CONESTOGA BOULEVARD
City: CAMBRIDGE
Province: ONTARIO
Postal Code: N1R 7P5

Last Name: ELDRIDGE
First Name: PAUL
Street/Box Number: 79 WELLINGTON STREET WEST, SUITE 3510
City: TORONTO
Province: ONTARIO
Postal Code: M5K 1K7

Voting Shareholders:

Legal Entity Name: INNOVATIVE STEAM TECHNOLOGIES INC.
Corporate Access Number: 2118912779
Street: 549 CONESTOGA BOULEVARD
City: CAMBRIDGE
Province: ONTARIO
Postal Code: N1R 7P5
Percent Of Voting Shares: 100

Details From Current Articles:

The information in this legal entity table supersedes equivalent electronic attachments

Share Structure: SEE SCHEDULE
Share Transfers Restrictions: SEE SCHEDULE
Min Number Of Directors: 1
Max Number Of Directors: 7
Business Restricted To: NO RESTRICTIONS
Business Restricted From: NO RESTRICTIONS
Other Provisions: SEE SCHEDULE

Other Information:

Last Annual Return Filed:

File Year	Date Filed (YYYY/MM/DD)
2017	2018/02/15

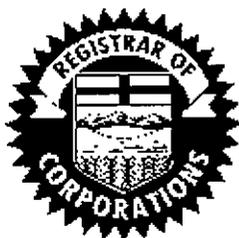
Filing History:

List Date (YYYY/MM/DD)	Type of Filing
2008/12/01	Incorporate Alberta Corporation
2009/07/23	Name Change Alberta Corporation
2015/05/28	Change Director / Shareholder
2015/06/30	Change Address
2018/02/15	Enter Annual Returns for Alberta and Extra-Provincial Corp.

Attachments:

Attachment Type	Microfilm Bar Code	Date Recorded (YYYY/MM/DD)
Share Structure	ELECTRONIC	2008/12/01
Restrictions on Share Transfers	ELECTRONIC	2008/12/01
Other Rules or Provisions	ELECTRONIC	2008/12/01

This is to certify that, as of this date, the above information is an accurate reproduction of data contained within the official records of the Corporate Registry.





Extrajurisdictional Company Summary

For
IST BOILER COMPONENTS INC.

Date and Time of Search: April 24, 2018 12:33 PM Pacific Time
Currency Date: April 03, 2018

ACTIVE

Registration Number in BC: A0076084
Name of Extrajurisdictional Company: IST BOILER COMPONENTS INC.
Registration Date and Time: Registered in British Columbia on December 04, 2008 03:42 PM Pacific Time
Last Annual Report Filed: Not Required **Receiver:** No

FOREIGN JURISDICTION INFORMATION

Identifying Number in Foreign Jurisdiction: 2014403055
Name in Foreign Jurisdiction: IST BOILER COMPONENTS INC.
Date of Incorporation, Continuation or Amalgamation in Foreign Jurisdiction: December 01, 2008
Foreign Jurisdiction: ALBERTA

COMPANY NAME INFORMATION

Previous Company Name: LOCKERBIE & HOLE BOILER INC.
Date of Company Name Change: November 15, 2010

HEAD OFFICE INFORMATION

Mailing Address:
2700 COMMERCE PLACE
10155 - 102 STREET
EDMONTON AB T5J 4G8
CANADA
Delivery Address:
2700 COMMERCE PLACE
10155 - 102 STREET
EDMONTON AB T5J 4G8
CANADA

ATTORNEY INFORMATION

Last Name, First Name, Middle Name:

O'CONNOR, JONATHAN

Mailing Address:

1800-355 BURRARD STREET
VANCOUVER BC V6C 2G8
CANADA

Delivery Address:

1800-355 BURRARD STREET
VANCOUVER BC V6C 2G8
CANADA

Last Name, First Name, Middle Name:

WRIGHT, BRUCE M.

Mailing Address:

1800 - 355 BURRARD STREET
VANCOUVER BC V6C 2G8
CANADA

Delivery Address:

1800 - 355 BURRARD STREET
VANCOUVER BC V6C 2G8
CANADA

DIRECTOR INFORMATION

Directors are not recorded for extraprovincial registration types. Go to the incorporating jurisdiction for director information.

TAB D

THIS IS EXHIBIT "D" REFERRED TO IN THE
AFFIDAVIT OF JOHN BORCH SWORN BEFORE
ME THIS 27th DAY OF APRIL, 2018.

A handwritten signature in blue ink, appearing to read "Dini", is written above a horizontal line.

A Commissioner for Taking Affidavits, etc.

April 10, 2015

PRIVATE & CONFIDENTIAL

2460623 Ontario Inc.
594 Conestoga Blvd
Cambridge, Ontario
N1R 7P9

Attention: Paul Eldridge
Greg Collings

Dear Sirs:

On the basis of the financial and other information provided in connection with your request for financing, HSBC Bank Canada (the "Bank") has authorized the following Committed Credit Facilities on the terms and conditions set in this facility letter (the "Facility Letter"). This Facility Letter amends and restates all such previous letters addressed to the Borrower (or any entity on its behalf).

Each of the capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in Schedule "A" hereto.

1. **BORROWER**

Before the completion of the Transaction, Acquireco, and thereafter, the Amalgamated Borrower (in each case, the "Borrower").

2. **GUARANTOR(S)**

All existing and future Subsidiaries of the Borrower, as determined by the Bank (collectively, the "Guarantors" and each, a "Guarantor").

3. **SOURCES AND USES:**

Term Loan	18,000,000	Acquire IST	35,000,000
		Transaction Expenses	1,000,000
Fulcrum Capital Partners (Collector) V, LP Equity	17,000,000		
Management Equity	1,000,000		
Total Sources:	\$36,000,000	Total Uses:	\$36,000,000

4. **CREDIT FACILITIES** (collectively the “Credit Facilities”)

- 4.1 Subject to the last sentence of this Section 4.1, CAD 6,500,000 Revolving Credit Facility (the “**Operating Facility**”) following satisfaction of all Conditions Precedent. Advances are available to finance general corporate requirements subject to an overall maximum of CAD 6,500,000 or the USD equivalent by way of a combination of the following:
- (a) Current Account Overdraft (“**Overdraft**”) of CAD 6,500,000 or the USD equivalent;
 - (b) Prime Rate and/or US Base Rate advances up to a maximum of CAD 6,500,000 or the USD equivalent;
 - (c) Banker's Acceptances (“**BA’s**”) are available on delivery of the Required Notice in the principal amount of up to CAD 6,500,000 or the USD equivalent. Maximum term for BA’s shall be six (6) months. BA’s are available in minimum amounts of CAD or USD 500,000 and integral multiples of CAD or USD 100,000 thereafter;
 - (d) LIBOR loans in USD (the “**LIBOR Loan**”) are available on delivery of the Required Notice in the principal amount of up to the USD equivalent of CAD 6,500,000. LIBOR Loans are available for periods of one (1), (2) or (3) months subject to market availability in a minimum amount of USD 500,000 and integral multiples of USD 100,000 thereafter;
 - (e) Documentary Credits (“**DC’s**”) in the amount of CAD 6,500,000, available for issuance in major currencies for periods of validity up to ninety (90) days and issuance terms of up to ninety (90) days, to finance import activities;
 - (f) Letters of Guarantee (“**LG’s**”) in the amount of CAD 6,500,000 each with a maximum term of one (1) year, available to secure obligations of the Borrower.

From and after the earlier of (i) the date on which Export Development Corporation (“**EDC**”), or a similar insurer approved by the Bank, guarantees the indebtedness of the Borrower under the Guarantee Facility (as defined below), and (ii) September 30, 2015, the Operating Facility shall be increased to CAD 10,000,000 or the USD equivalent and following such increase, all changes necessary to reflect such increase shall have been deemed to have been made to this Section 4.1.

- 4.2 CAD 18,000,000 or the USD equivalent Non-Revolving Term Loan facility (the “**Term Loan**”), by way of a single advance on the Closing Date, following satisfaction of all Conditions Precedent, available to finance the Target Acquisition, available by way of any of the following:
- (a) Prime Rate and/or US Base Rate advances up to a maximum of CAD 18,000,000 or the USD equivalent;
 - (b) BA’s are available on delivery of the Required Notice in the principal amount of up to CAD 18,000,000 or the USD equivalent. Maximum term for BA’s shall be six (6) months. BA’s are available in minimum amounts of CAD or USD 500,000 and integral multiples of CAD or USD 100,000 thereafter;

- (c) LIBOR Loan in the amount of the USD equivalent of CAD 18,000,000. LIBOR Loans are available for periods of one (1), two (2) or three (3) months subject to market availability in minimum amounts of USD 500,000 and integral multiples of USD 100,000 thereafter;

If on the Closing Date less than CAD 18,000,000 is advanced under the Term Loan to assist the Borrower with completing the Target Acquisition, then the availability under the Term Loan shall automatically be reduced to such lesser amount and no further advances shall be permitted under the Term Loan.

- 4.3 CAD 10,000,000 Revolving Guarantee Credit Facility (the “**Guarantee Facility**”) following satisfaction of all Conditions Precedent. Advances are available to (i) on or before September 30, 2015, finance the assumption of certain of the letters of credit issued for the Vendor, and (ii) on or after October 1, 2015, subject to the last sentence of this Section 4.3, to finance import activities and to secure obligations of the Borrower, subject to an overall maximum of CAD 10,000,000 or the USD equivalent by way of a combination of the following:

- (a) DC's in the amount of CAD 10,000,000, available for issuance in major currencies for periods of validity and issuance terms of up to the earliest of (i) ninety (90) days, and (ii) the Guarantee Facility Termination Date (as defined below); and
- (b) LG's in the amount of CAD 10,000,000 each with a maximum term not greater than the earliest to occur of (i) one (1) year from the date of the issuance of such LG, and (ii) the Guarantee Facility Termination Date.

The Guarantee Facility shall automatically terminate (the “**Guarantee Facility Termination Date**”) on: (i) September 30, 2015, if prior to such date EDC, or a similar insurer approved by the Bank, does not guarantee the indebtedness of the Borrower under the Guarantee Facility, or (ii) the date on which EDC, or such other insurer approved by the Bank, terminates any guarantee given by it of the Guarantee Facility or the date on which such guarantee expires. Following the Guarantee Facility Termination Date, no further advances shall be permitted under the Guarantee Facility.

- 4.4 USD 900,000 Foreign Exchange Forward Contracts (“**FX LINE**”) for the purchase of contracts with a maximum aggregate face value of USD 6,000,000 or the equivalent in major currencies, each with a maximum contract term of (12) twelve months, available to hedge foreign currency exposure.
- 4.5 CAD 200,000 MasterCard Limit (“**MC**”) available to issue business expense cards for employees of the Borrower.
- 4.6 CAD 900,000 Interest Rate Swap Facility (“**IRS**”) for the purchase of contracts with a maximum aggregate face value of CAD 9,000,000 or the USD equivalent interest rate swap, each with a maximum contract term of five (5) years, available to hedge interest rate risk exposure.

5. REPAYMENT

All amounts outstanding under the Credit Facilities are repayable in full on the earlier of: (i) the Acceleration Date; and (ii) the Maturity Date. In addition, subject to the Credit Facilities becoming due and payable on the Acceleration Date:

- 5.1 Prior to the Maturity Date, which occurs five (5) years from the Closing Date, principal advanced under the Operating Facility shall fluctuate, with interest payable in the manner provided in Section 6.1.
- 5.2 Prior to the Maturity Date, which occurs five (5) years from the Closing Date, the Term Loan shall be repaid in quarterly installments of principal based on the applicable percentages of the principal amount of the Term Loan advanced on the Closing Date set forth in the Mandatory Repayment Schedule below together with interest payable in the manner provided in Section 6.1. The Term Loan shall be subject to an annual lump-sum payment (each, a “**Cash Flow Sweep**”) no later than sixty (60) days after the Bank has been provided with the Borrower’s fiscal year-end audited financial statements. The Cash Flow Sweep shall be equal to 25% of the Free Cash Flow. If the Term Loan is repaid in full prior to the Maturity Date, an amount equal to the Compensating Amount shall be due and payable at the time of such prepayment. The Term Loan shall also be subject to the mandatory prepayment provided for in Section 8.4(d).

“**Free Cash Flow**” is defined as EBITDA less unfunded capital expenditures, less cash taxes, less permitted distributions (including dividends and management fees), less all scheduled principal and interest payments.

Mandatory Repayment Schedule

Year	Quarterly Payment
1	1.125%
2	2.500%
3	2.500%
4	3.125%
5	3.125% with bullet payment due at maturity

- 5.3 Foreign exchange contracts shall be retired at their respective maturity dates.
- 5.4 Amounts due under the MC shall be repayable in accordance with monthly statements delivered to the Borrower.
- 5.5 Interest rate swaps shall be retired at their respective maturity dates.

6. INTEREST AND FEES

6.1 INTEREST

Interest on the daily balance of principal advanced under the Revolving Credit and Term Loan Facilities shall be calculated and payable monthly in arrears and shall accrue at the annual rate provided for such advance plus the applicable rate in the schedule outlined below:

Level	Total Senior Debt to Adjusted EBITDA:	Prime Rate Advances and Base Rate Advances:	BA Advances, LIBOR Advances, DCs and LGs:	Revolver Stand-by Fee:
I	> 2.50x and <3.00x	200 bps	300 bps	60 bps
II	>2.00x but < 2.50x	175 bps	275 bps	55 bps
IV	≤ 2.00x	150 bps	250 bps	50 bps

6.2 FEES

- (a) DC's shall be subject to the fees outlined in the Schedule included herein.
- (b) LG's shall be subject to a fee of 1.50% per annum, payable upon issuance, calculated against the face amount of each such LG over the actual term of such LG.
- (c) A monthly loan administration fee of CAD 500 is payable on the last day of each month.
- (d) A standby fee in respect of the unutilized portion of the Operating Facility and the Guarantee Facility shall be calculated and payable by the Borrower monthly in arrears on the last day of each month at the annual rate set out in the schedule above.
- (e) A one-time commitment fee of CAD 178,000 is payable upon acceptance of this Facility Letter.

7. SECURITY

Security Documents

The liability and indebtedness of the Borrower and each Guarantor under the Credit Facilities shall be evidenced, governed and secured, as the case may be, by the following documents (collectively, the "Security Documents"), registered in all relevant jurisdictions and completed in a form and manner satisfactory to the Bank's solicitors, subject only to liens, encumbrances and charges expressly consented to in writing by the Bank:

- (a) From Acquireco:
 - (i) Line of Credit By Way of CAD Overdraft Agreement.
 - (ii) Line of Credit By Way of USD Overdraft Agreement.

- (iii) First ranking general assignment of book debts.
 - (iv) First ranking general security agreement over all present and after acquired personal property.
 - (v) Assignment agreement in respect of rights and benefits under material agreements (including the Target Purchase Agreement).
 - (vi) Security agreement over cash, credit balances and deposit instruments.
 - (vii) The Bank's standard documentation in connection with the issuance of DC's including a Trade Financing General Agreement.
 - (viii) The Bank's standard application and indemnity agreement with respect to the issuance of LG's.
 - (ix) Assignment of all risk insurance over all assets indicating the Bank as first loss payee by way of standard mortgage endorsement, such policy to include business interruption and public liability insurance in amounts acceptable to the Bank.
 - (x) Assignment of commercial finance accounts receivable insurance satisfactory to the Bank.
 - (xi) Foreign Exchange Contract Agreement.
 - (xii) BA Agreement, including power of attorney.
 - (xiii) MasterCard indemnity agreement.
 - (xiv) International Swap Dealers Association ("ISDA") agreement.
 - (xv) Such other documentation, security, supporting certificates and opinions as the Bank and its solicitor may reasonably require.
- (b) From each of the Targets:
- (i) Unlimited corporate guarantee.
 - (ii) First ranking general security agreement over all present and after acquired personal property.
 - (iii) Security agreement over cash, credit balances and deposit instruments.
 - (iv) Assignment of all risk insurance over all assets indicating the Bank as first loss payee by way of standard mortgage endorsement, such policy to include business interruption and public liability insurance in amounts acceptable to the Bank.
 - (v) Such other documentation, security, supporting certificates and opinions as the Bank and its solicitor may reasonably require.

- (vi) Negative Pledge Agreement from Innovative Steam Technologies Inc. with respect to the real property having a municipal address of 549 Conestoga Rd, Cambridge, Ontario (the "**Conestoga Property**").
 - (vii) The Bank reserves the right, in its sole and absolute discretion to require the Borrower or the Guarantors, as applicable, to grant to the Bank a first-ranking charge (subject to Permitted Liens) over the Conestoga Property (the "**Conestoga Charge**") after December 31, 2015. In conjunction with the granting of the Conestoga Charge, the Borrower shall or shall cause its Subsidiary as applicable to provide a valid title insurance policy with respect to the Conestoga Property, together with all other legal documentation reasonably requested by the Bank to properly affect the Conestoga Charge.
- (c) From the Amalgamated Borrower:
- (i) Confirmation and undertaking agreement confirming the assumption of all obligations of Acquireco and the Targets.
 - (ii) Pledge of securities agreement in respect of all issued and outstanding shares in each of the Amalgamated Borrower's Subsidiaries, together with stock transfer powers.
 - (iii) Such other documentation, security, supporting certificates and opinions as the Bank and its solicitor may reasonably require.
- (d) From others:
- (i) Subordination, postponement and assignment agreements from each person providing loans to the Borrower (including, without limitation, a postponement, subordination and assignment agreement from Fulcrum Capital Partners (Collector) V, LP in respect of any equity investment in the Borrower, in whole or in part, made in the form of debt) upon terms and conditions satisfactory to the Bank.

8. COVENANTS

8.1 MARGIN REQUIREMENT

Commencing on October 1st, 2015 and tested on a quarterly basis, the Borrower shall ensure that the aggregate Canadian dollar equivalent of:

- (a) the amounts outstanding under the Overdraft and BA's;
- (b) 20% of the aggregate face value of DCs issued under the Operating Facility or the Guarantee Facility but not accepted;
- (c) 100% of the aggregate face value of accepted DCs issued under the Operating Facility or the Guarantee Facility and accepted;
- (d) 100% of the aggregate face value of the LG's;

shall at no time exceed the aggregate of:

- (e) 75% of under ninety (90) day Acceptable Receivables (other than Insured Receivables); plus

- (f) 90% of Insured Receivables (including over ninety (90) Insured Receivables), subject to policy limits acceptable to the Bank, plus
- (g) 50% of Acceptable Inventory; plus
- (h) 100% of cash, credit balances, and deposit instruments that are assigned to the Bank and currently on hand at the Bank or HSBC Bank USA; less
- (i) Priority payables and other reserves established by the Bank.

8.2 FINANCIAL REPORTING

The continued availability of the Credit Facilities is contingent upon the Borrower delivering the following reports to the Bank, each of which is to be signed by senior officer of the Borrower:

- (a) Monthly, within thirty (30) days of each calendar month-end:
 - (i) Signed aged listing of accounts receivable for the Borrower;
 - (ii) Signed aged inventory declaration of the Borrower in accordance with the Bank's format.
- (b) Quarterly, within forty-five (45) days of each fiscal quarter-end of the Borrower (other than the fiscal quarter coinciding with the fiscal year-end of the Borrower):
 - (i) Signed in-house interim consolidated financial statements of the Borrower; and
 - (ii) Signed covenant compliance statement.
- (c) Annually, within one hundred and twenty (120) days of the Borrower's fiscal year-end:
 - (i) Audited consolidated financial statements of the Borrower;
 - (ii) Financial forecasts for the coming three (3) fiscal years, which shall include profit, cash-flow and balance sheets on a consolidated basis; and
 - (iii) Such other reports and information that the Bank may reasonably request.
- (d) Annually, within one hundred and twenty (120) days of the Borrower's fiscal year-end, the annual budget of the Borrower.
- (e) Such additional information as required by the Bank to assess the Borrower's financial progress and future prospects.

8.3 FINANCIAL COVENANTS

The Borrower shall adhere to the following *consolidated* financial covenants which are to be tested on a quarterly basis, so long as it is indebted hereunder:

- (a) Senior Debt to EBITDA Ratio

Quarter	Senior Debt to EBITDA Ratio
From the Closing Date to the fiscal quarter ending September 30, 2016	3.00 to 1.00
For the fiscal quarters ending December 31, 2016 through September 30, 2017	2.75 to 1.00
For the fiscal quarters December 31, 2017 and thereafter	2.50 to 1.00

- (b) The Fixed Charge Coverage Ratio of the Borrower shall not be less than 1.25:1 at any time.

"EBITDA" means, net income from continuing operations (excluding extraordinary gains or losses) plus, to the extent deducted in determining net income, (i) interest expense, (ii) income taxes, (iii) depreciation and amortization expenses, (iv) the fees and expenses paid by the Borrower in connection with the consummation of the Target Acquisition, the Facility Letter and the loan by Fulcrum Capital Partners (Collector) V, LP, in each case which fees and expenses are (a) non-recurring, and (b) were incurred during the first year from the Closing Date and (v) with respect to the period of time prior to the Closing date only, any non-recurring changes for such period which charges (a) would have been added back to net income in accordance with any Target's historical practice and (b) are satisfactory and approved by the Bank, acting reasonably.

"Senior Debt" means, the aggregate amount of all indebtedness of the Borrower and its Subsidiaries, other than any indebtedness which is subject to a subordination agreement upon terms and conditions satisfactory to the Bank or preferred shares; provided that (i) from the Closing Date up to and including September 30, 2015, letters of credit (whether guaranteed or unguaranteed) are not to be included as "indebtedness" for the purposes of the defined term "Senior Debt", and (ii) from October 1, 2015 up to and including the Maturity Date, letters of credit which are guaranteed by EDC, or a similar insurer approved by the Bank, are not to be included as "indebtedness" for the purposes of the defined term "Senior Debt".

"Senior Debt To EBITDA Ratio" means, the ratio of (i) Senior Debt to (ii) EBITDA.

"Fixed Charge Coverage Ratio" means, the ratio of Free Cash Flow, to the (b) the sum of (i) cash interest expense, (ii) scheduled payments of principal on Senior Debt.

"Free Cash Flow" is defined as EBITDA less unfunded capital expenditures, less cash taxes, less permitted distributions (including dividends and management fees), less all scheduled principal and interest payments.

"Sponsor Management Fee" means the management fee paid to Fulcrum Capital Partners Inc., limited to not more than CAD \$500,000 per year, plus HST.

8.4 NON-FINANCIAL COVENANTS

In addition to the covenants set out in the attached Schedule "A", the Borrower shall and shall cause each Subsidiary to, for so long as the Borrower is indebted hereunder:

- (a) not permit the consolidated indebtedness of the Borrower to exceed \$2,000,000 with respect to capital lease obligations and purchase money obligations;
- (b) not incur unfunded capital expenditures in excess of \$1,500,000 within the first year of the Closing Date, and \$1,000,000 per year thereafter;
- (c) not pay any Sponsor Management Fees in excess of CAD \$500,000 per year;
- (d) not sell any assets unless the aggregate proceeds of all asset sales in any given fiscal year does not exceed \$1,000,000. Notwithstanding the foregoing, the land and building located at 549 Conestoga Rd, Cambridge, ON, will be permitted to be sold provided that not less than 50% of the net proceeds (after expenses and taxes) from such sale are used to pay down the Term Loan. The balance of such sale proceeds shall be held by the Bank as additional collateral security for the indebtedness of the Borrower under the Guarantee Facility until the indebtedness of the Borrower thereunder is either repaid or guaranteed by EDC, or similar insurer approved by the Bank, after which time the Bank shall, upon terms and conditions satisfactory to it, release such funds to the Borrower for working capital purposes only.
- (e) not enter into any speculative hedging transactions or any hedge transaction with any person other than the Bank;
- (f) within three (3) days of the of the Closing Date effect the Acquireco/Target Amalgamation;
- (g) within one hundred and twenty (120) days of the Closing Date, maintain all of its bank accounts, in respect of cash management, payroll, credit card or other banking services, with the Bank or its affiliates;
- (h) within one hundred and twenty (120) days of the Closing Date, use the IRS to enter into and maintain interest rate hedging arrangements with the Bank from time to time in an aggregate notional amount of not less than 50% of the aggregate amount advanced under the Term Facility; and
- (i) not permit any change in the line of business as of the Closing Date.

9. **CONDITIONS PRECEDENT**

(a) **Conditions for the Advance under the Term Loan (Pre-Acquisition).**

In addition to the conditions precedent set out in the attached Schedule "A", it shall be a condition precedent to the initial (and only) advance of the Term Loan that the Bank shall have received to the Bank's satisfaction:

- (i) Receipt of a compliance report evidencing compliance by the Borrower with all applicable financial (including margin calculation) and other covenants, in a form satisfactory to the Bank;

- (ii) Execution and delivery to the Bank of all Security Documents required at such time and registrations in respect thereof to the satisfaction of the Bank;
- (iii) the Bank shall be satisfied in its discretion with the ownership, management, organizational and legal structure of Acquireco, and (after the Target Acquisition) the Targets;
- (iv) the Bank shall have been provided with (i) all information reasonably requested in connection with the Target Acquisition (including, without limitation, the Bank shall have received and be satisfied that the Borrower shall, on completion of each Target Acquisition, acquire title to all of the capital stock of each Target, free and clear of all liens and that the property and assets of the Targets are and shall be free and clear of all liens (except for Permitted Liens) (ii) all due diligence relating to the operations of the Target, compliance by the Targets with applicable law (including all environmental laws) and confirmation that all pension and employee benefit and arrangements (if any) of the Targets are adequately established and funded;
- (v) the Bank shall be satisfied in its discretion with all third-party due diligence reports or memoranda in respect of the Targets (including, without limitation, the report of MNP Corporate Finance Inc. with respect to the Targets and any and all reports prepared by any financial or tax advisors to the Borrower with respect to the Target Acquisition and the tax implications thereof);
- (vi) the Bank shall be satisfied in its discretion with all lease agreements with respect to all locations leased by the Targets and the Bank shall have received landlord agreements in form and substance satisfactory to the Bank from each landlord with respect to each such leased location;
- (vii) the Bank shall be satisfied with all equity injections in accordance with the Sources and Uses set out in Section 3, or other monies to be received, directly or indirectly by the Borrower to permit it to fund the Target Acquisition;
- (viii) the Bank shall be satisfied in its discretion that all credit facilities made available to or for the benefit of the Targets (other than by the Bank) have been repaid;
- (ix) the Target Acquisition shall be completed concurrently with the initial advance hereunder to the satisfaction of the Bank;
- (x) the representations and warranties made in Section 10 shall be true and correct in all material respects, as if made on the date of such advance;
- (xi) no event shall have occurred and be continuing which constitutes a Default or Event of Default, nor shall the making of the advance result in the occurrence of any such event;
- (xii) the Borrower shall have given Required Notice to the Bank in accordance with the notice requirements provided herein;
- (xiii) the Borrower shall have complied with all other obligations imposed upon it pursuant to the Facility Letter;

- (xiv) the Bank shall be satisfied in its discretion that no event has occurred and is continuing which has caused a material adverse change;
- (xv) the Bank shall have received payment of all fees and expenses due and payable to the Bank at such time;
- (xvi) the Bank shall be satisfied in its discretion with the completion of all "know your customer" and anti-money laundering due diligence; and
- (xvii) the Bank shall have received such other documents and information as the Bank may reasonably request.

(b) Conditions for Subsequent Advances under the Operating Facility or the Guarantee Facility (After Completion of the Target Acquisition).

Following the making of the advance of the Term Loan, the Bank shall have no obligation to make any advances to the Borrower under the Operating Facility or the Guarantee Facility or to permit a conversion or a rollover unless at the time of making each such advance (or the making of such conversion or rollover), the following terms and conditions shall have been satisfied (the advance by the Bank to the Borrower after the initial advance hereunder being called the "Initial Post-Target Acquisition Advance"):

- (i) the Target Acquisition shall have been completed to the satisfaction of the Bank;
- (ii) the Borrower shall have delivered or caused to be delivered to the Bank each of the Security Documents listed in Section 7(b) together with an officer's certificate, certificate of status, resolution, insurance certificate and such other documents as are required by the Bank in respect of each Target;
- (iii) the Acquireco/Target Amalgamation shall have been completed;
- (iv) the Amalgamated Borrower shall have delivered to the Bank the Security Documents listed in Section 7(c) together with an officer's certificate, resolution, certificate of status, insurance certificate and such other documents as required by the Bank;
- (v) the representations and warranties made in Section 10 shall be true and correct in all material respects, as if made on the date of such advance;
- (vi) no event shall have occurred and be continuing which constitutes a Default or Event of Default, nor shall the making of the advance result in the occurrence of any such event;
- (vii) the Borrower shall have given Required Notice to the Bank in accordance with the notice requirements provided herein;
- (viii) the Borrower shall have complied with all other obligations imposed upon it pursuant to the Facility Letter;
- (ix) the Bank shall be satisfied in its discretion that no event has occurred and is continuing which has caused a material adverse change;

- (x) all conditions precedent contained in Section 9(a) shall have been met to the satisfaction of the Bank; and
 - (xi) the Bank shall have received such other documents and information as the Bank may reasonably request.
- (c) Conditions for Subsequent Advances, Conversions and Rollovers (After the Initial Post-Target Acquisition Advance).

Following the making of the Initial Post-Target Acquisition Advance under the Credit Facilities, the Bank shall have no obligation to make any subsequent advances to the Borrower or to permit a conversion or a rollover unless at the time of making of such further advance or the making of such conversion or rollover, the following terms and conditions shall have been satisfied:

- (i) the representations and warranties made in Section 10 shall be true and correct in all material respects, as if made on the date of such advance;
- (ii) no event shall have occurred and be continuing which constitutes a Default or Event of Default, nor shall the making of the advance result in the occurrence of any such event;
- (iii) the Borrower shall have given Required Notice to the Bank in accordance with the notice requirements provided herein;
- (iv) the Borrower shall have complied with all other obligations imposed upon it pursuant to the Facility Letter;
- (v) the Bank shall be satisfied in its discretion that no event has occurred and is continuing which has caused a material adverse change;
- (vi) all conditions precedent contained in Sections 9(a) and 9(b) shall have been met to the satisfaction of the Bank; and
- (vii) the Bank shall have received such other documents and information as the Bank may reasonably request.

10. REPRESENTATIONS AND WARRANTIES

The Borrower represents, warrants and covenants with respect to itself and also with respect to each of its Subsidiaries that as at the time of each drawing under or other utilization of the Credit Facilities:

- (a) it has been duly incorporated and organized, is properly constituted, is subsisting and is entitled to conduct its business in all jurisdictions in which it carries on business or has assets;
- (b) the execution of the Facility Letter and the Security Documents and the incurring of liability and indebtedness to the Bank does not and will not contravene:

- (i) any Legal Requirement applicable to it, respectively; or
 - (ii) any provision contained in any other loan or credit agreement or borrowing instrument or contract to which it, respectively, is a party;
- (c) the Facility Letter and the Security Documents to which it is a party have been duly authorized, executed and delivered by it, and constitute valid and binding obligations of it, as the case may be, and are enforceable in accordance with their respective terms except to the extent that the enforceability thereof may be limited by applicable bankruptcy, insolvency, moratorium, reorganization and other laws of general application and/or equitable principles limiting the enforcement of creditors' rights generally and the fact that the courts may deny the granting or enforcement of equitable remedies;
- (d) all necessary Legal Requirements have been met and all other authorizations, approvals, consents and orders have been obtained with respect to the Credit Facilities and the execution and delivery of the Security Documents;
- (e) its property and assets are located in those jurisdictions specified in Schedule "B" and in no other jurisdiction, other than tangible collateral in transit to or from such locations;
- (f) it shall use the proceeds of the Credit Facilities solely for the purposes set out in Section 4;
- (g) from and after the advance of the Term Loan, it has good and defensible title (or valid leasehold interests) to its assets as reflected on its most recent consolidated balance sheet furnished to the Bank (except for assets sold or otherwise disposed of in the ordinary course of business or in compliance with the Facility Letter), subject to no liens other than the following (collectively, "Permitted Liens");
- (i) liens for taxes, assessments or governmental charges or levies not at the time due or delinquent or the validity of which are being contested in good faith by appropriate proceedings and as to which reserves are being maintained in accordance with generally accepted accounting principles so long as forfeiture of any part of such property or assets will not result from the failure to pay such taxes, assessments or governmental charges or levies during the period of such contest and in respect of which shall have been deposited with the Bank cash collateral in an amount sufficient to pay such taxes, assessments, governmental charges or levies together with any interest thereon and costs in respect thereof;
 - (ii) the lien of any judgment rendered or the lien of any claim filed which is being contested in good faith by appropriate proceedings and as to which reserves are being maintained in accordance with generally accepted accounting principles so long as forfeiture of any part of such property or assets will not result from the failure to satisfy such judgment or claim during the period of such contest and in respect of which shall have been deposited with the Bank cash collateral in an amount sufficient to pay such judgment or claim together with any interest thereon and costs in respect thereof;
 - (iii) restrictions, easements, rights of way, reciprocal easements and operating agreements, servitudes, covenants, zoning, land use, building or other restrictions or by-law regulations, development agreements, subdivision agreements, site plan agreements, building restrictions, land use limitations or ordinances of any

governmental authority and any security therefor, or other similar rights in land granted to or reserved by other persons which in the aggregate do not materially impair the usefulness, in the operation of the business of the Borrower or any of its Subsidiaries, of the property subject to such restrictions, easements, rights of way, servitudes, covenants, zoning, land use, building or other restrictions or by-law regulations, development agreements, subdivision agreements, site plan agreements, building restrictions, land use limitations or ordinances of any governmental authority and any security therefor, or other similar rights in land granted to or reserved by other persons;

- (iv) security given to a public utility or any municipality or governmental or other public authority when required by such utility or other authority in connection with the operations of the Borrower or a Subsidiary, all in the ordinary course of business;
- (v) the reservations, limitations, provisos and conditions, if any, expressed in any original grants of real property from the Crown, provided such restrictions have been complied with and will not materially impair the use of the property for which it is held;
- (vi) applicable municipal and other governmental restrictions affecting the use of land or the nature of any structures which may be erected thereon, provided such restrictions have been complied with and will not materially impair the use of the property for which it is held;
- (vii) liens to secure the payment of and up to the amount of the purchase price or the repayment of monies borrowed to pay the purchase price of any equipment hereafter or previously acquired by the Borrower or a Subsidiary up to the maximum aggregate amount of \$250,000, including capital leases and provided that any such lien does not at any time encumber any property other than such equipment and its proceeds;
- (viii) liens in favour of the Bank;
- (ix) liens in favour of Fulcrum Capital Partners (Collector) V, LP, provided that such liens are subject to a subordination agreement by Fulcrum Capital Partners (Collector) V, LP in favour of the Bank upon terms and conditions satisfactory to the Bank;
- (x) the extension, renewal or refinancing of any Permitted Lien, provided that the amount so secured does not exceed the original amount secured immediately prior to such extension, renewal or refinancing and the lien is not extended to any additional property;
- (xi) mechanics', carriers', workmen's and repairmen's liens provided that such liens are related to underlying obligations that are not delinquent, and are not registered against title to the Borrower's assets;
- (xii) rights of any landlord or any person under any lease of real property and any liens, reservations and renewals of freehold interest, in any such property having priority to any such leases;
- (xiii) rights of lessors under any lease for personal property; and

- (xiv) other liens consented to in writing by the Bank, which consent may be withheld in its sole discretion;

provided that the use of the term "Permitted Liens" to describe such interests and liens shall mean that they are permitted to exist (whether in priority to or subsequent in priority to the Security Documents, as determined by applicable law), and shall not be interpreted as meaning that such interests and liens are entitled to priority over the Security Documents and/or the security interests, mortgages, charges, hypothecs, assignments and liens granted by the Borrower or any Subsidiary to the Bank;

- (h) as at the date hereof, other than as disclosed in Schedule "C" hereto", there is no litigation or governmental or arbitration proceeding or labour controversy pending, nor to its knowledge threatened, against it or any of its property which, individually or in the aggregate, would reasonably be expected to have a material adverse effect;
- (i) it has never established, sponsored, maintained nor contributed to any pension plans or multiemployer plans and has no liability in respect of any pension plans or multiemployer plans, contingent or otherwise;
- (j) it is in compliance with the requirements of all federal, provincial and local laws, rules and regulations applicable to or pertaining to its property or business operations, except where any such non-compliance, individually or in the aggregate, would not reasonably be expected to have a material adverse effect;
- (k) it has placed insurance, including property, boiler and machinery and liability insurance, in appropriate amounts and for appropriate risks as would be considered prudent for similar businesses;
- (l) as of the date hereof, no guarantees or other financial assistance has been granted by it (other than guarantees in favour of the Bank);
- (m) it is not in default under the terms of any covenant, indenture or agreement of or affecting it or any of its property, which default if uncured, would reasonably be expected to have a material adverse effect;
- (n) it is solvent on a "going concern" basis, is able to pay its debts as they become due, and has sufficient capital to carry on its business and all businesses in which it is or are about to engage;
- (o) no Default or Event of Default has occurred and is continuing;
- (p) it is not in violation of any applicable laws relating to the prevention of terrorism or money laundering; and
- (q) the amounts represented from time to time by it to the Bank as owing in respect of each account, general intangible and chattel paper constituting collateral by each party obligated to pay it (each, an "Account Debtor") or by all Account Debtors will be and are the correct amounts actually and unconditionally owing by such Account Debtor or Account Debtors individually and in the aggregate, except for normal cash discounts where applicable, and except for inadvertent errors which are not material.

The Borrower acknowledges that the Bank shall rely upon the representations and warranties contained herein or in any Security Document or in any certificates given pursuant hereto or thereto in connection with the establishment and continuation of the Credit Facilities. For greater certainty, each of the representations set out in this Section shall be true and correct and shall be deemed to be given on the occurrence of the making of each borrowing hereunder, and on each day any borrowing is outstanding, in each case by reference to the facts and circumstances existing on the date of such borrowing or issuance (except where expressly given as of a specified date, in which case the representations shall be true and correct as of such date). Notwithstanding any investigations which may be made by the Bank, the said representations and warranties shall survive the execution and delivery of the Facility Letter until full and final payment and satisfaction of all obligations owing to the Bank hereunder.

The Borrower also represents and warrants to the Bank that all financial and other information provided to the Bank in connection with the Credit Facilities are true, accurate and complete in all material respects, and acknowledges that the offer of credit contained in the Facility Letter is made in reliance on the truth and accuracy of this information and the above representations and warranties.

The Borrower confirms and agrees that immediately upon completion of the Target Acquisition, and until the Acquireco/Target Amalgamation, each Target shall be and shall be deemed to be a "Subsidiary" for all purposes of this Agreement. Without limiting the generality of the foregoing, the Borrower confirms and agrees that all representations and warranties contained in Section 10 shall be applicable to each Target at all times and for all purposes of the Facility Letter (both before and after the completion of the Target Acquisition but only until the completion of the Acquireco/Target Amalgamation) as if such Target was and has been a Subsidiary prior to the initial advance hereunder and the completion of the Target Acquisition.

11. EVENTS OF DEFAULT AND REMEDIES

- (a) Events of Default. Any one or more of the following shall constitute an "Event of Default" hereunder:
- (i) default in the payment when due of all or any part of the principal of or interest owing hereunder (whether at the stated maturity thereof or at any other time provided for in the Facility Letter) or of any fee or other obligation payable hereunder or under any Security Document, which default, in the case of interest or fees, is not remedied within three (3) Business Days;
 - (ii) default in the observance or performance of any covenant contained in paragraphs 2, 3, 6, 7, 8, 9, 15 and 16 under the Section entitled Covenants in Schedule "A" attached hereto which is not remedied within fifteen (15) days after the earlier of (i) the date on which such failure shall first become actually known to the chief executive officer, the chief financial officer or any other executive officer of the Borrower or (ii) written notice thereof is given to the Borrower by the Bank;

- (iii) default in the observance or performance of any covenant set forth herein other than those covenants referred to in subparagraph 11(a)(ii) above;
- (iv) default in the observance or performance of any covenant of any Security Document which is not remedied within fifteen (15) days after the earlier of (i) the date on which such failure shall first become actually known to the chief executive officer, the chief financial officer or any other executive officer of the Borrower or (ii) written notice thereof is given to the Borrower by the Bank, provided that such fifteen (15) day cure period shall only apply to any covenant in such Security Document which is equivalent to the covenants described in subparagraph 11(a)(ii) above;
- (v) any representation or warranty made herein or in any Security Document or in any certificate furnished to the Bank pursuant hereto or thereto or in connection with any transaction contemplated hereby or thereby proves untrue in any material respect as of the date of the issuance or making or deemed making thereof;
- (vi) the Facility Letter or any of the Security Documents shall for any reason not be or shall cease to be in full force and effect or is declared to be null and void, or any of the Security Documents shall for any reason fail to create a valid and perfected first priority Lien in favour of the Bank in any material portion of the collateral purported to be covered thereby except as expressly permitted by the terms thereof or by the terms of the Facility Letter, or the Borrower or any of its Subsidiaries takes any action for the purpose of terminating, repudiating or rescinding the Facility Letter or any Security Document executed by it or any of its obligations thereunder;
- (vii) default shall occur under any indenture, agreement or other instrument evidencing any indebtedness issued, assumed or guaranteed by the Borrower or any of its Subsidiaries aggregating in excess of \$500,000; and, in all cases, such default shall continue until the expiration of any applicable cure period (whether or not such maturity is in fact accelerated) and shall not have been waived by the holder or holders of such Indebtedness;
- (viii) any judgment or judgments, writ or writs or warrant or warrants of attachment, or any similar process or processes, or any fines, penalties or other similar monetary obligations, shall be entered, filed against or imposed upon the Borrower or any of its Subsidiaries, or against any of its property, in an aggregate amount in excess of \$250,000 (except to the extent fully covered by insurance pursuant to which the insurer has accepted liability therefor in writing), and which remains undischarged, unvacated, unbonded, unstayed or unpaid for a period of forty-five (45) days;
- (ix) any change of control of the Borrower or any of its Subsidiaries shall occur, except with the prior written consent of the Bank;
- (x) an Insolvency Event shall occur;
- (xi) the perfection or priority of any lien or encumbrance on any item or items of collateral having a fair market value in excess of \$500,000 securing the obligations owing hereunder shall be adversely affected in any material respect; or

- (xii) the Vendor terminates or purports to terminate its indemnity obligations with respect to section 6.2.3 or 6.2.7 of the Target Purchase Agreement, or disputes the validity or enforceability of such indemnity or the Bank determines in its reasonable discretion that the Vendor is no longer capable of satisfying its indemnity obligations pursuant to section 6.2.3 or 6.2.7 of the Target Purchase Agreement.
- (b) **Non-Bankruptcy Defaults.** When any Event of Default other than an Insolvency Event has occurred and is continuing, the Bank may, by written notice to the Borrower: (a) terminate the remaining commitments and all other obligations of the Bank hereunder on the date stated in such notice (which may be the date thereof); (b) declare the principal of and the accrued interest on all outstanding loans hereunder to be forthwith due and payable and thereupon all outstanding loans hereunder, including both principal and interest thereon, shall be and become immediately due and payable together with all other amounts payable hereunder and under the Security Documents without further demand, presentment, protest or notice of any kind; and (c) demand that the Borrower immediately pay to the Bank the full amount then available for drawing under each or any LC or LG, and the Borrower agrees to immediately make such payment and acknowledges and agrees that the Bank would not have an adequate remedy at law for failure by the Borrower to honour any such demand and that the Bank, shall have the right to require the Borrower to specifically perform such undertaking whether or not any drawings or other demands for payment have been made under any LC or LG.
- (c) **Insolvency Event.** When an Insolvency Event has occurred and is continuing, then all outstanding loans hereunder shall immediately become due and payable together with all other amounts payable hereunder and under the Security Documents without presentment, demand, protest or notice of any kind, the obligation of the Bank to extend further credit pursuant to any of the terms hereof shall immediately terminate and the Borrower shall immediately pay to the Bank the full amount then available for drawing under all outstanding LC's and LG's, the Borrower acknowledging and agreeing that the Bank would not have an adequate remedy at law for failure by the Borrower to honour any such demand and that the Bank, shall have the right to require the Borrower to specifically perform such undertaking whether or not any draws or other demands for payment have been made under any of the LC's or LG's.
- (d) **Appointment of a Monitor.** If an Event of Default has occurred and is continuing, the Bank may appoint a monitor to review the operations of the Borrower and make recommendations to the Bank in respect thereof. The Borrower shall provide the monitor with full access to all books and records, operations and management of the Borrower. The reasonable costs and fees of such monitor shall be for the account of the Borrower.

12. **NON-MERGER AND NON-ASSIGNMENT**

This Facility Letter shall, on execution by the Borrower, replace all previous facility letters from the Bank to the Borrower (or any entity on its behalf). The terms and conditions of the Facility Letter shall not be merged by and shall survive the execution of the Security Documents. In the event of a conflict between the terms of this Facility Letter and the terms of the Security Documents, the terms of this Facility Letter shall prevail. The benefits conferred by this Facility Letter shall enure to the benefit of the Bank and its successors and assigns, and may not be assigned by the Borrower.

13. **CONSENT TO DISCLOSURE**

The Borrower consents to and acknowledges that it is aware that credit, financial and personal inquiries regarding the Borrower and its Subsidiaries may be gathered, made, maintained and/or used at any time in connection with: (i) the credit assessment for the credit facility for which application has been made to the Bank, (ii) any funding of such credit facility by investors or participants or any assignment or sale of such credit facility by the Bank, and (iii) the enforcement of any remedies that the Bank may have under such credit facility, and the Borrower and its Subsidiaries consent to the making of any such inquiries by or on behalf of the Bank and consents, without restriction and without further notice to or further consent of the Borrower and its Subsidiaries, to disclosure of any such information to any prospective investor, participant, assignee or purchaser of all or any part of such credit facility. The Borrower and each of its Subsidiaries irrevocably waives, to the extent permitted under applicable law, any and all rights it may have to notice of or to prohibit such disclosure, including, without limitation, any right of privacy.

14. **SCHEDULE**

The terms and conditions contained in the attached Schedules are incorporated into and form an integral part of this Facility Letter. In the event of a conflict between the terms of this Facility Letter and the terms of any of the attached Schedules, the terms of this Facility Letter shall prevail.

15. **ACQUIRECO/TARGET AMALGAMATION**

Immediately upon the completion of the Acquireco/Target Amalgamation, each reference to the "Borrower" under the Facility Letter and each of the Security Documents shall immediately and without any further action required whatsoever be and be deemed to be to the Amalgamated Borrower. The Amalgamated Borrower shall be subject to and bound by the provisions of the Facility Letter and each of the Security Documents previously entered into or delivered by Acquireco and/or the Target in favour of the Bank.

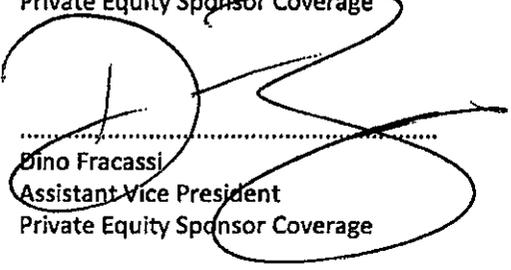
(The remainder of this page has been intentionally left blank; signature pages follow.)

This Facility Letter may be accepted by the Borrower by signing, dating and returning to the Bank by 5:00 p.m. on April 17th, 2015 the enclosed copy of this letter executed by the Borrower as set out below and on acceptance cancels and supersedes all such previous letters addressed to the Borrower. Failing such acceptance, this offer shall be of no further force or effect.

Yours very truly,
HSBC Bank Canada



.....
Amr Guendia
Director
Private Equity Sponsor Coverage



.....
Dino Fracassi
Assistant Vice President
Private Equity Sponsor Coverage

AGREED TO and ACCEPTED this 10th day of April, 2015.

2460623 ONTARIO INC.

Per:
Greg Collings
Secretary

INNOVATIVE STEAM TECHNOLOGIES INC.

Per:
Greg Collings
Secretary

IST BOILER COMPONENTS INC.

Per:
Greg Collings
Secretary

(Signature Page – Facility Letter)

**SCHEDULE TO FACILITY LETTER
FROM HSBC BANK CANADA
TO 2460623 ONTARIO INC.
DATED: APRIL 10, 2015**

The credit facilities as described in the Facility Letter shall be governed by the following terms and conditions:

Definitions

For the purpose of the Facility Letter, the following terms shall have the meanings indicated below:

"Acceleration Date" means the date on which an Acceleration Event occurs.

"Acceleration Event" means the earlier of: (i) the occurrence of an Insolvency Event; and (ii) the delivery by the Bank to the Borrower of a written notice that the indebtedness owing by the Borrower are immediately due and payable, following the occurrence and during the continuation of an Event of Default other than an Insolvency Event.

"Acceptable Inventory" means the value, determined by the Bank from its review of the most recent financial statements and inventory declaration provided by the Borrower, based on the lower of cost and fair market value of all materials owned by the Borrower for resale or for production of goods for resale, excluding work in progress, and over which the Bank holds a first mortgage, first ranking transfer or first security interest;

"Acceptable Receivables" means the aggregate of accounts receivable of the Borrower and its Subsidiaries, determined by the Bank from the most recent financial statements and aged list of accounts receivable of the Borrower and its Subsidiaries, over which the Bank holds a first assignment or first security interest from customers approved by the Bank and which have been outstanding for no more than (i) ninety (90) days from invoice date; and/or (ii) at the Bank's discretion, more than thirty (30) days past due date (available to customers during special holiday shipping who are subject to extended dating terms) from which shall be excluded accounts receivable from affiliated corporations and accounts which are disputed by the Borrower's customers or are subject to set off or holdback.

"Acquireco" means 2460623 Ontario Inc., being the entity acquiring the Target and any successor thereto including by way of amalgamation;

"Acquireco/Target Amalgamation" means the amalgamation of Acquireco and Innovative Steam Technologies Inc. with the amalgamated corporation resulting from such amalgamation continuing under the name "Innovative Steam Technologies Inc." and being referred to herein as the "Amalgamated Borrower";

"Amalgamated Borrower" shall have the meaning ascribed thereto in the definition of Acquireco/Target Amalgamation;

"Banker's Acceptances" means, with respect to the Bank, a draft drawn by the Borrower in Canadian dollars and accepted by the Bank;

"Bank's Prime Rate" means the floating annual rate of interest established and recorded as such by the Bank from time to time as a reference rate for purposes of determining rates of interest it will charge on loans denominated in Canadian dollars and which was 2.85% on March 25, 2015;

"Bank's U.S. Base Rate" means the floating annual rate of interest established and recorded as such by the Bank from time to time as a reference rate for purposes of determining rates of interest it will charge on loans denominated in United States Dollars in Canada based on a year of three hundred and sixty (360) days, and which was 3.85% on March 25, 2015;

"Business Day" means a day upon which the Bank's main branch in Toronto, Ontario is open for business in the branch first above written;

"CAD" means the Canadian dollar;

"CAD Equivalent" means at any time on any date in relation to any amount in a currency other than Canadian dollars, the amount of Canadian dollars required for the Borrower to purchase that amount of such other currency at the rate of exchange quoted by the Bank at or about 8:00 a.m. Eastern time on such date, including all premiums and costs of exchange;

"Closing Date" means the date on which the advance of the Term Loan is made.

"Compensating Amount" means, with reference to any advance which is repaid, prepaid or cancelled, an amount sufficient to (a) compensate the Bank for any loss of profit which the Bank suffers by reason of any such action and (b) indemnify the Bank and hold the Bank harmless from any cost or expense suffered or incurred by the Bank as a result of such action including, without limitation, the costs and expenses of the liquidation or redeployment of deposits or other funds acquired by the Bank to effect or maintain the applicable advance and any interest or other charges payable to lenders of funds borrowed by the Bank in order to maintain the advance, together with any other charges, costs or expenses incurred by the Bank with respect to the foregoing. A certificate of an officer of the Bank setting out the basis for the determination of the amount necessary to meet the Borrower's obligations under this provision shall be conclusive evidence, absent manifest error, of the correctness of that determination.

"Default" means an event which has occurred and which, with the giving of notice or the lapse of time or both, would constitute an Event of Default;

"Distribution" means with respect to the Borrower or any of its Subsidiaries, any payment made by it or on behalf of its shareholders or to any officer, director or employee thereof by any direct or indirect means whatsoever, including payments in respect of salary, bonuses, commissions, employee loans, management fees, directors' fees, dividends, returns on capital, distributions, investments, advances, loans, the redemption or purchase for cancellation of shares, and payments on account of principal, interest or fees in respect of indebtedness due by the Borrower or such Subsidiary to such persons; and whether payments are made to such persons in their capacity as shareholders, directors, officers, employees, creditors or otherwise; provided that (i) any payment of salary or bonuses to employees or management in the ordinary course of business and in accordance with the Borrower's or such Subsidiary's historical practice, and (ii) Distributions from a Guarantor to the Borrower or from the Borrower to a Guarantor, shall not be considered a "Distribution" hereunder;

"Event of Default" has the meaning ascribed thereto in Section 11;

"Facility Letter" means the letter from the Bank to the Borrower to which this Schedule "A" is attached, together with this Schedule "A" and all other Schedules attached thereto, and includes all amendments and replacements thereof;

"Funding Period" shall end on and include the day which numerically corresponds to the first day of such Funding Period in the calendar month which is one (1), two (2) or three (3) months, as the case may be, after the commencement of such Funding Period, provided however, that:

- (i) if such day is not a Business Day such Funding Period shall end on and include the next succeeding Business Day or, if such day falls in the next calendar month, the next preceding Business Day; and
- (ii) if in such calendar month there is no day which numerically corresponds to the first day of such Funding Period, such Funding Period shall end on and include the last Business Day of such calendar month.

"Government Authority" means any government legislature, regulatory authority, agency, commission, board or court or other law, regulation or rule making entity having or purporting to have jurisdiction on behalf of any nation, state, country or other subdivision;

"Guarantor(s)" means the party or parties that are to execute a guarantee or guarantees of the indebtedness of the Borrower to the Bank as part of the Security Documents;

"Insolvency Event" means, in respect of the Borrower or any of its Subsidiaries:

- (i) such person ceases to carry on its business; or commits an act of bankruptcy or becomes insolvent (as such terms are used in the *Bankruptcy and Insolvency Act* (Canada)); or makes an assignment for the benefit of creditors, files a petition in bankruptcy, makes a proposal or commences a proceeding under Insolvency Legislation; or petitions or applies to any tribunal for, or consents to, the appointment of any receiver, trustee or similar liquidator in respect of all or a substantial part of its property; or admits the material allegations of a petition or application filed with respect to it in any proceeding commenced in respect of it under Insolvency Legislation; or takes any corporate action for the purpose of effecting any of the foregoing; or
- (ii) any proceeding or filing is commenced against such person seeking to have an order for relief entered against it as debtor or to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding-up, reorganization, arrangement, adjustment or composition of it or its debts under any Insolvency Legislation, or seeking appointment of a receiver, trustee, custodian or other similar official for it or any of its property or assets; unless (i) such proceeding is stayed, or (ii) (A) such person is diligently defending such proceeding in good faith and on reasonable grounds as determined by the Bank and (B) such proceeding does not in the reasonable opinion of the Bank materially adversely affect the ability of such person to carry on its business and to perform and satisfy all of its obligations hereunder.

"Insolvency Legislation" means legislation in any applicable jurisdiction relating to reorganization, arrangement, compromise or re-adjustment of debt, dissolution or winding-up, or any similar legislation, and specifically includes for greater certainty the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) and the *Winding-Up and Restructuring Act* (Canada).

"Insured Receivables" means those Acceptable Receivables of the Borrower or any Guarantor which are insured for payment by EDC or similar insurer approved by and assigned to the Bank;

"Legal Requirement" means all laws, statutes, codes, ordinances, orders, awards, judgments, decrees, injunctions, rules, regulations, authorizations, consents, approvals, orders, permits, franchises, licenses, directions and requirements of all Governmental Authorities;

"LIBOR" means with respect to a particular LIBOR Period, the rate of interest (rounded upwards if necessary to the nearest full multiple of one-sixteenth (1/16) of one percent) at which the Bank, in accordance with its normal practice, would be prepared to offer to leading banks on the London prime inter-bank market for delivery on the first day of the applicable LIBOR Period approved by the Bank and for a period equal to such LIBOR Period based on the number of days comprised therein, a deposit of comparable amount of USD to be outstanding during such LIBOR Period, at or about 11:00 a.m. London, England local time, two (2) Business Days prior to the commencement of the LIBOR Period;

"LIBOR Period" means a period of one (1), two (2), three (3), four (4), five (5) or six (6) months or three hundred and sixty (360) days but expiring not later than the Maturity Date;

"Maturity Date" means the date that is five (5) years from the Closing Date;

"Permitted Liens" shall have the meaning ascribed thereto in Section 10(g);

"Potential Prior-Ranking Claims" means all amounts owing or required to be paid, where the failure to pay any such amount could give rise to a claim pursuant to any law, statute, regulation or otherwise, which ranks or is capable of ranking in priority to the Bank's security or otherwise in priority to any claim by the Bank for repayment of any amounts owing under the Facility Letter;

"Required Notice" means a notice in form and content approved by the Bank given to the branch of the Bank referred to above not later than 10:30 a.m. local time two (2) Business Days immediately preceding the date on which:

- (i) an advance is to be made;
- (ii) a rollover is to be made from one interest option to another;
- (iii) a BA is to be issued for acceptance by the Bank; or
- (iv) a DC or LG is issued;

as the case may be, stating the date, amount and term of the requested advance or rollover, or particulars of the BA, DC or LG;

"Subsidiary" means (i) any corporation or company of which at least a majority of the outstanding shares having by the terms thereof ordinary voting power to elect a majority of the board of directors of such corporation or company is at the time directly, indirectly or beneficially owned or controlled by one or more persons and its Subsidiaries and (ii) any partnership, trust, entity or other person of which, at the time, a person and its Subsidiaries (y) directly, indirectly or beneficially own or control at least a majority of the income, capital, beneficial or ownership interests thereof, or (z) is a general partner, in the case of a limited partnership, or is a partner or has authority to bind a partnership, in all other cases;

"Targets" means, collectively, Innovative Steam Technologies Inc. and IST Boiler Components Inc., and "Target" means either of them;

"Target Acquisition" means the acquisition by Acquireco of certain of the capital stock of the Targets pursuant to the Target Purchase Agreement;

"Target Purchase Agreement" means the share purchase agreement dated on or about the date hereof between Acquireco and the Vendor in respect of the sale to Acquireco of all of the issued and outstanding

shares of the Targets owned by the Vendor, as such share purchase agreement may have been or may hereafter be amended, restated or replaced from time to time;

"Transaction" means the transaction pursuant to which (i) the Target Acquisition is completed, and (ii) the Acquireco/Target Amalgamation is completed; and

"USD" means the United States of America dollar.

"Vendor" means Aecon Construction Group Inc.

Governing Law

This Facility Letter shall be governed by and construed in accordance with the laws of the Province of Ontario.

Authorization

The Borrower for good and valuable consideration authorizes the Bank to accept electronic and telecopier communications on behalf of the Borrower as full and sufficient authority to act in accordance with communications as received by the Bank from the Borrower.

The Borrower shall be bound by all such electronic, and telecopier communications from itself in the same manner and extent as if such communications were originally handwritten and signed by the Borrower, and the Borrower shall hold the Bank at all times fully indemnified from all claims and demands in respect of all such instructions, in the event such telex, and telecopier communications, were made without authority or otherwise.

Interest, Fees and Payment

1. Interest on the daily balance of principal advanced under the Credit Facilities and remaining unpaid from time to time shall be payable by the Borrower as set out in the Facility Letter both before and after default and judgment.
2. In the case of interest based on the Bank's Prime Rate and the Bank's U.S. Base Rate, interest shall be compounded and payable on the last day of each month.
3. In the case of interest based on LIBOR, interest shall be payable on the expiration of the LIBOR Period selected by the Borrower or every three (3) months, whichever is earlier.
4. If the Borrower repays any portion of the Credit Facilities accruing interest based on LIBOR on a date other than the LIBOR Period, whether as a result of a demand for repayment by the Bank or otherwise, it shall also concurrently pay to the Bank the applicable Compensating Amount.
5. Interest based on the Bank's U.S. Base Rate and on LIBOR shall be computed on the basis of a year of three hundred and sixty (360) days and for actual days that the amounts are outstanding under the Credit Facilities on this basis. For the purpose of the *Interest Act* (Canada), the annual rate of interest to which interest computed on the basis of a year of three hundred and sixty (360) days is equivalent is the rate of interest as provided in the Facility Letter multiplied by the number of days in such year and divided by three hundred and sixty (360).

6. Credit Facilities made available based on LIBOR and BA's, shall be drawn in the minimum amount of CAD 500,000 and integral multiples of CAD 100,000 for periods of one (1), two (2), three (3), four (4), five (5) or six (6) months in the case of BA's.
7. Upon the expiration of a LIBOR Period or Funding Period, or on payment by the Bank on the maturity of a banker's acceptance, unless another interest rate option is selected by the Borrower, interest shall accrue at the applicable rate in the Facility Letter based on the Bank's Prime Rate or the Bank's U.S. Base Rate, as the case may be, depending on whether the funds are outstanding in Canadian or United States dollars.
8. Each payment to be made by the Borrower and any Guarantor under this Facility Letter or any Security Document shall be made free and clear of, and without deduction for or an account of, any tax or other deduction (except for taxes on the net income or capital of the Bank) unless the Borrower or any Guarantor is required to make such a payment subject to the deduction or withholding of tax, in which case the sum otherwise payable by the Borrower or Guarantor shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the net sum received and retained shall be equal to the sum otherwise payable had no such deduction or withholding been, or required to be, made;
9. The fees collected by the Bank shall be its property as consideration for the time, effort and expense incurred by it in the review of documents and financial statements, and the Borrower acknowledges and agrees that the determination of these costs is not feasible and that the fees set out in the Facility Letter represent a reasonable estimate of such costs.
10. Any amounts which become payable to the Bank under the Facility Letter or the Security Documents and which are not paid when due shall accrue interest and be payable from the due date at the Bank's Prime Rate plus 3% per annum, compounded and payable monthly on the last day of each month, both before and after default and judgment, if no other interest rate is expressed for such amounts.
11. All payments by the Borrower to the Bank shall be made at the address of the branch of the Bank set out on the first page of the Facility Letter or at such other place as the Bank may specify in writing from time to time. Any payment delivered or made to the Bank by 1:00 p.m. local time at the place where such payment is to be made shall be credited as of that day, but if made afterwards shall be credited as of the next day on which the said branch is open for business.
12. Notwithstanding anything to the contrary contained in the Facility Letter, the Bank may, in its discretion, make an advance under the Credit Facilities to pay any unpaid interest or fees which have become due under the terms of the Facility Letter.
13. The obligation of the Borrower to make all payments under the Facility Letter and the Security Documents shall be absolute and unconditional and shall not be limited or affected by any circumstance, including, without limitation:
 - (a) any set-off, compensation, counterclaim, recoupment, defense or other right which the Borrower may have against the Bank or anyone else for any reason whatsoever; or
 - (b) any insolvency, bankruptcy, reorganization or similar proceedings by or against the Borrower.
14. If, by reason of the introduction of any change in law or regulation or compliance with any request, direction or requirement (whether or not having the force of law) from any competent

governmental or other fiscal, monetary or other authority, there shall be any increase in the cost to the Bank of making, funding or maintaining any advance under this Credit Facility or there shall be imposed on the Bank any reserve or special deposit requirement in respect of loans or deposits, the Bank shall in a reasonable time give to the Borrower notice and reasonable particulars of the effect thereof and then the Borrower shall from time to time, upon demand pay to the Bank such amount as it requires to compensate it for such increased cost. Any such demand shall set out reasonable particulars of the computation of the amount claimed.

15. The Borrower acknowledges that the actual recording of the amount of any advance or repayment thereof under the Credit Facilities, and interest, fees and other amounts due in connection with the Credit Facilities, in an account of the Borrower maintained by the Bank shall constitute *prima facie* evidence of the Borrower's indebtedness and liability from time to time under the Credit Facilities; provided that the obligation of the Borrower to pay or repay any indebtedness and liability in accordance with the terms and conditions of the Credit Facilities shall not be affected by the failure of the Bank to make such recording. The Borrower also acknowledges being indebted to the Bank for principal amounts shown as outstanding from time to time in the Bank's account records, and all accrued and unpaid interest in respect of such amounts, in accordance with the terms and conditions of the Facility Letter.

Conditions Precedent

In addition to the conditions precedent previously set out, it shall also be a condition precedent to the initial advance and continued availability of the Credit Facilities that the Bank shall have received:

1. the Security Documents completed and, where necessary, registered in form and manner satisfactory to the Bank's solicitors;
2. satisfactory banker's and/or other agency reports on the financial position of the Borrower, the Guarantors and such customers of the Borrower as the Bank may specify from time to time;
3. verification of insurance arranged by the Borrower conforming to the Bank's requirements;
4. if deemed necessary by the Bank, an environmental assessment, by a consultant and in form and content, acceptable to the Bank;
5. satisfactory review of Bank statements for the most recent consecutive twelve (12) month period;
6. satisfactory review of the Borrower's margin package for the most recent consecutive three (3) month period; and
7. confirmation that the Borrower is in compliance with each of the terms and conditions of the Facility Letter.

Covenants

In addition to the conditions previously set out, the following conditions shall apply until the Credit Facilities are repaid in full and cancelled:

1. the Borrower shall not, and shall ensure that each of the Subsidiaries does not, without the prior written consent of the Bank:

- (a) other than Permitted Liens, grant or allow any lien, charge, privilege, hypothec or other encumbrance, whether fixed or floating, to be registered against or exist on any of its assets, and in particular, without limiting the generality of the foregoing, shall not grant a trust deed or other instrument in favour of a trustee;
 - (b) become guarantor or endorser or otherwise become liable upon any note or other obligation or give any financial assistance other than in the normal course of its business;
 - (c) make any Distributions or permit its Subsidiaries to make any Distributions, except that (i) a one (1) time Distribution in the form of a shareholder loan to Caleb Lawrence in the maximum principal amount of CAD 50,000 may be made, and (ii) Distributions may be made if (x) both before and immediately after each such Distribution no Default or Event of Default has occurred and is continuing, and (y) both before and immediately after each such Distribution, the Borrower is in *pro-forma* compliance with all financial covenants;
 - (d) other than pursuant to the Transaction, permit any reorganization or change of control of the Borrower or any Guarantor; or
 - (e) other than pursuant to the Transaction and as otherwise provided for in Section 8.4(d), conduct the purchase or sale of any assets outside the normal course of business;
2. the Borrower agrees that it will, and will cause each of its Subsidiaries to, keep its property taxes paid up to date at all times;
 3. the Borrower agrees that it will, and will cause each of its Subsidiaries to, file all material tax returns which are to be filed by it from time to time, to pay or make provision for payment of all taxes (including interest and penalties) and Potential Prior-Ranking Claims when due, and to provide adequate reserves for the payment of any tax, the payment of which is being contested;
 4. the Borrower shall not, and shall ensure that each of its Subsidiaries does not, repay any funded debt including without limitation any subordinated debt other than in accordance with the terms of any subordination agreement entered into by a subordinated lender with the Bank, except for the debt owing hereunder;
 5. the Borrower shall, and shall cause each of its Subsidiaries to, preserve and maintain its existence and to continue to conduct its business as currently conducted by it;
 6. the Borrower shall, and shall cause each of its Subsidiaries to, preserve and keep in force and effect all licenses, permits, franchises, approvals, patents, trademarks, trade names, trade styles, copyrights, and other proprietary rights necessary to the proper conduct of its business where the failure to do so would reasonably be expected to have a material adverse effect;
 7. the Borrower shall, and shall cause each of its Subsidiaries to, maintain, preserve, and keep its property, plant, and equipment in good repair, working order and condition (ordinary wear and tear excepted), and shall from time to time make all needful and proper repairs, renewals, replacements, additions, and betterments thereto so that at all times the efficiency thereof shall be fully preserved and maintained. Should the Borrower or any Subsidiary neglect or fail to maintain its property, plant or equipment as set forth above, or fail to make the necessary repairs following receipt of notice by the Bank to that effect, or if any property is left vacant or unoccupied for a minimum of thirty (30) days, the Bank may, upon prior notice to the Borrower, without prejudice to its rights and recourses, enter the subject property for the purpose of doing the work required or taking any appropriate or reasonable measures, the whole at the Borrower's expense;

8. the Borrower shall, and shall cause each of its Subsidiaries to, insure and keep insured with good and responsible insurance companies, all insurable property owned by it which is of a character usually insured by persons similarly situated and operating like properties against loss or damage from such hazards and risks, and in such amounts, as are insured by persons similarly situated and operating like properties; and the Borrower shall, and shall cause each of its Subsidiaries to, insure such other hazards and risks (including, without limitation, business interruption, employers' and public liability risks) as and to the extent usually insured by persons similarly situated and conducting similar businesses, all of which policies of insurance shall be in such amounts as are customary in the industry for similar businesses and properties, and shall include a standard mortgage clause approved by the Insurance Bureau of Canada; and the interest of the Bank shall be noted on such policies (except liability insurance policies) as first mortgagee and loss payee; and the Bank shall be named as an additional insured under such liability insurance policies. The Borrower shall, and shall cause each of its Subsidiaries to, upon the request of the Bank, furnish to the Bank a certificate setting forth in summary form the nature and extent of the insurance maintained pursuant to this Section. The Borrower shall, and shall cause each of its Subsidiaries to, promptly notify the Bank of any loss or damage to any collateral in an amount exceeding \$100,000;
9. the Borrower shall, and shall cause each of its Subsidiaries to, permit the Bank and each of its duly authorized representatives and agents to visit and inspect any of its property, corporate books, and financial records, to examine and make copies of its books of accounts and other financial records, and to discuss its affairs, finances, and accounts with, and to be advised as to the same by, its officers, employees and independent chartered accountants (and by this provision the Borrower and each Subsidiary hereby authorizes such accountants to discuss with the Bank the finances and affairs of the Borrower) at such reasonable times and intervals as the Bank may designate and, so long as no Default or Event of Default exists, with reasonable prior notice to the Borrower;
10. without the prior written consent of the Bank, the Borrower shall not, and shall ensure that each of its Subsidiaries does not, form or acquire any Subsidiaries;
11. the Borrower shall not, and shall ensure that each of its Subsidiaries does not, assign, sell or transfer any shares of capital stock or other equity interests of a Subsidiary;
12. the Borrower shall, and shall cause each of its Subsidiaries to, comply in all respects with the requirements of all federal, provincial, and local laws, rules, regulations, ordinances and orders applicable to or pertaining to its property or business operations, where any such noncompliance, individually or in the aggregate, would reasonably be expected to have a material adverse effect or result in a lien upon any of its property;
13. the Borrower shall not, and shall ensure that each of its Subsidiaries does not, change its fiscal year from its present basis;
14. the Borrower shall use the credit extended under the Facility Letter solely for the purposes set forth in Section 4 of the Facility Letter;
15. the Borrower shall, and shall cause each of its Subsidiaries to, promptly notify the Bank of any additional owned real property, leased locations or other location at which any property or assets owned by it is located which are not listed on Schedule "B" hereto as of the date hereof, and shall promptly provide to the Bank an updated Schedule "B";

16. the Borrower shall, and shall cause each of its Subsidiaries to, promptly notify the Bank of any change to the jurisdiction of location of its chief executive office, name, form or jurisdiction of organization;
17. the Bank shall have the right to waive the delivery of any Security Documents or the performance of any term or condition of the Facility Letter, and may advance all or any portion of the Credit Facilities prior to satisfaction of any of the aforesaid conditions precedent, but waiver by the Bank of any obligation or condition shall not constitute a waiver of such obligation or condition for any future advance;
18. all financial terms and covenants shall be determined in accordance with generally accepted accounting principles, applied consistently;
19. if the amount outstanding under any Credit Facilities in CAD plus the CAD Equivalent of the amount outstanding under any Credit Facility in USD at any time exceeds the amount authorized under that Credit Facility, the Bank may, from time to time, in its sole discretion:
 - (a) limit the further utilization of that Credit Facility;
 - (b) convert all or part of the amount outstanding under that Credit Facility to CAD in which event, interest shall accrue and be paid on such converted amounts at the rate set out in the Facility Letter for CAD advances accruing interest with reference to the Bank's Prime Rate. If no such rate is set out in the Facility Letter, interest shall accrue on the amount so converted at the Bank's Prime Rate plus 3% per annum, compounded and payable monthly on the last day of each month, both before and after default and judgment, until paid;
 - (c) require the Borrower to pay off the excess;
20. any amount payable by the Borrower to the Bank under the Facility Letter or the Security Documents may be debited from any account of the Borrower or any Subsidiary with the Bank;
21. in the event that for any reason whatsoever, the Acquireco/Target Amalgamation is not completed within three (3) Business Days of the Closing Date, then in such case, the Borrower shall cause the Target to deliver to the Bank such additional documentation as the Bank may reasonably require including opinion letters from the Target's solicitors, all in form and substance satisfactory to the Bank;
22. the Borrower and the Guarantors shall indemnify the Bank against any loss incurred by it as a result of any judgment or order being given or made for the payment of any amount due under the Facility Letter or the Security Documents, where:
 - (a) such judgment or order is expressed and paid in a currency (the "Judgment Currency") other than the currency of an outstanding loan (the "Loan Currency"); and
 - (b) there is a variation between:
 - (i) the rate of exchange at which the Loan Currency amount is converted into the Judgment Currency for the purposes of such judgment or order, and
 - (ii) the rate of exchange at which the Bank is able to purchase the Loan Currency with the amount of the Judgment Currency when actually received by the Bank.

The foregoing indemnity shall constitute a separate and independent obligation of the Borrower and shall apply irrespective of any indulgence granted to the Borrower from time to time, and shall continue in full force and effect notwithstanding any such judgment or order as aforesaid. The term "rate of exchange" shall include any premiums and costs of exchange payable in connection with the purchase of, or conversion into, the relevant currency.

Hazardous Substances

23. To the best of the Borrower's knowledge after due and diligent inquiry, no regulated, hazardous or toxic substances are being stored on any of the premises of the Borrower or any of its Subsidiaries (the "Premises") or any adjacent property, nor have any such substances been stored or used on the Premises or any adjacent property prior to the ownership, possession or control of the Premises by the Borrower or any of its Subsidiaries other than in accordance with applicable law. The Borrower agrees to provide written notice to the Bank immediately upon the Borrower becoming aware that the Premises or any adjacent property are being or have been contaminated with regulated, hazardous or toxic substances other than in accordance with applicable law. The Borrower will not, and shall ensure that each of its Subsidiaries does not, permit any activities on the Premises which directly or indirectly could result in the Premises or any other property being contaminated with regulated, hazardous or toxic substances. For the purposes of the Facility Letter, the term "regulated, hazardous or toxic substances" means any substance, defined or designated as hazardous or toxic wastes, hazardous or toxic material, a hazardous, toxic or radioactive substance or other similar term, by any applicable federal, provincial or local statute, regulation or ordinance now or in the future in effect, or any substance or materials, the use or disposition of which is regulated by any such statute, regulation or ordinance;
24. The Borrower shall, and shall cause each of its Subsidiaries to, promptly comply with all statutes, regulations and ordinances, and with all orders, decrees or judgments of governmental authorities or courts having jurisdiction, relating to the use, collection, storage, treatment, control, removal or cleanup of regulated, hazardous or toxic substances in, on, or under the Premises or in, on or under any adjacent property that becomes contaminated with regulated, hazardous or toxic substances as a result of construction, operations or other activities on, or the contamination of, the Premises, or incorporated in any improvements thereon. The Bank may, but shall not be obligated to, enter upon the Premises and take such actions and incur such costs and expenses to effect such compliance as it deems advisable and the Borrower shall reimburse the Bank on demand for the full amount of all costs and expenses incurred by the Bank in connection with such compliance activities; and
25. The assets of the Borrower and its Subsidiaries which are now or in the future encumbered by the Security Documents are hereby further mortgaged and charged to the Bank, and the Bank shall have a security interest in such assets, as security for the repayment of such costs and expenses and interest thereon, as if such costs and expenses had originally formed part of the Credit Facilities.

Bank Visits

Representatives of the Bank shall be entitled to attend at the Borrower's and any of its Subsidiaries' business premises during regular business hours (provided that following a Default or an Event of Default the Bank shall be entitled to attend at the Borrower's or such Subsidiary's business premises at any time and from time to time) and to view all financial records of the Borrower at any time, on reasonable notice, and in any event not less frequently than annually in conjunction with the annual review of the Credit Facilities.

Legal and Other Expenses

The Borrower shall pay all reasonable legal fees and disbursements in respect of the Credit Facilities, the preparation and issue of the Security Documents, the enforcement and preservation of the Bank's rights and remedies, sub-searches from time to time, including in connection with any draw and all reasonable fees and costs relating to appraisals, insurance consultation, credit reporting and responding to demands of any government or any agency or department thereof, whether or not the documentation is completed or any funds are advanced under the Credit Facilities.

Syndication

The Bank shall have the right to syndicate all or any portion of the Credit Facilities.

Waiver or Variation

No term or condition of the Facility Letter or any of the Security Documents may be waived or varied orally or by any course of conduct of any officer, employee or agent of the Bank. Any amendment to the Facility Letter or the Security Documents must be in writing and signed by a duly authorized officer of the Bank.

Credit Reporting

The Borrower and each Guarantor consent to the Bank obtaining from any credit reporting agency or from any person such information as the Bank may require at any time, and consents to the disclosure at any time of any information concerning the Borrower and any Guarantor to any credit grantor with whom the Borrower and any Guarantor has financial relations or to any credit reporting agency.

Time of Essence

Time shall be of the essence of the Facility Letter.

**SCHEDULE "B" TO FACILITY LETTER
FROM HSBC BANK CANADA
TO: 2460623 ONTARIO INC.
DATED: APRIL 10, 2015**

Asset Jurisdictions

Ontario
British Columbia

Owned Property

549 Conestoga Blvd
Cambridge, Ontario

Leased Property

Suite 100, 6425 River Road, Delta, British Columbia
Suite 100, Natura Way, Cambridge, Ontario
Goeman Borgesuistam 777, 3315
ET Utrecht, Netherlands

Any other locations property located at

Nil

**SCHEDULE "C" TO FACILITY LETTER
FROM HSBC BANK CANADA
TO: 2460623 ONTARIO INC.
DATED: APRIL 10, 2015**

Plaintiff		Claim Amount	Summary	Status
1.	Citation	\$35,000,000	<p>Innovative Steam Technologies Inc. brought application to determine if Citation was in breach of contract for failure to deliver building in accordance with a lease for premises located at 225 Pinebush Road in Cambridge, Ontario.</p> <p>Citation and 1517169 Ontario Inc. brought a separate action claiming Innovative Steam Technologies Inc. and Aecon Group Inc. committed anticipatory breach of lease (seeking general damages of \$25,000,000 and punitive of \$10,000,000).</p> <p>Both proceedings have been consolidated into one action, in which Citation is plaintiff and Innovative Steam Technologies Inc. and Aecon Group Inc. are defendants to the initial action and plaintiffs in the counterclaim.</p>	Citation has not set the action down for trial. No trial date has been scheduled.
2.	N/A	N/A	Proceeding described in section 4.9 of the Target Purchase Agreement.	N/A

TAB E

THIS IS EXHIBIT "E" REFERRED TO IN THE
AFFIDAVIT OF JOHN BORCH SWORN BEFORE
ME THIS 27th DAY OF APRIL, 2018.

A handwritten signature in blue ink, appearing to be 'D. M. C.', written in a cursive style.

A Commissioner for Taking Affidavits, etc.



March 9, 2016

PRIVATE & CONFIDENTIAL

Innovative Steam Technologies Inc. and
IST Boiler Components Inc.
549 Conestoga Blvd.
Cambridge, Ontario
N1R 7P9

Attention: Mr. Robert Dautovich

Dear Sir:

We refer to the facility letter (the "Facility Letter") dated April 10, 2015, from HSBC Bank Canada (the "Bank") to 2460623 Ontario Inc., being a predecessor of Innovative Steam Technologies Inc. (the "Borrower"). Any terms not defined in this forbearance letter shall have the meanings given to those terms in the Facility Letter.

As at September 30, 2015, under the terms and conditions of the credit facilities extended by the Bank in accordance with the Facility Letter, it is expressly provided that the Borrower shall adhere to the following financial covenants so long as it is indebted to the Bank:

- a. Senior Debt to EBITDA Ratio of the Borrower shall not be greater than 3.00:1; and
- b. Fixed Charge Coverage Ratio of the Borrower shall not be less than 1.25:1.

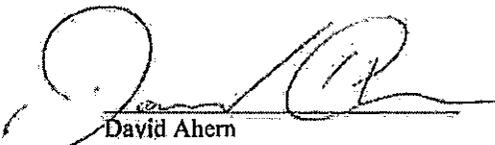
It is noted that as at September 30, 2015, per the interim unaudited financial statements of the Borrower, the Senior Funded Debt to EBITDA Ratio was in breach at 3.63:1. The Bank has not waived any default which has arisen as a result of such breach, and reserves its rights and remedies in relation thereto, however, the Bank agrees to forbear from taking any enforcement steps as a consequence of such breach until March 21, 2016, provided that a new facility letter in form and substance satisfactory to the Bank has been duly executed and delivered by all of the parties thereto prior to such time.

The Bank and the Borrower are currently in the process of negotiating a new facility letter under amended terms and conditions. Notwithstanding the foregoing, each of the terms and conditions of the Facility Letter shall remain in full force and effect, and are hereby affirmed by the undersigned.

Yours truly,
HSBC BANK CANADA



Jesse MacMasters
Head of Large Corporate Banking, Ontario



David Ahern
Director, Large Corporate Banking, Ontario

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HSBC Bank Canada
70 York Street, Toronto, ON M5J 1S9

The undersigned hereby acknowledges and agrees to the terms and conditions of this forbearance letter this 11 day of March, 2016.

Innovative Steam Technologies Inc.

By: R. Daultovich
Name: R. DAULTOVICH
Title: PRESIDENT

By: Christopher Ritchie
Name: CHRISTOPHER RITCHIE
Title: VP - FINANCE

We have authority to bind the corporation

IST Boiler Components Inc.

By: R. Daultovich
Name: R. DAULTOVICH
Title: PRESIDENT

By: Christopher Ritchie
Name: CHRISTOPHER RITCHIE
Title: VP - FINANCE

We have authority to bind the corporation

TAB F

THIS IS EXHIBIT "F" REFERRED TO IN THE
AFFIDAVIT OF JOHN BORCH SWORN BEFORE
ME THIS 27th DAY OF APRIL, 2018.

A handwritten signature in blue ink, appearing to read "Danic", is written above a horizontal line.

A Commissioner for Taking Affidavits, etc.



March 28, 2016

PRIVATE & CONFIDENTIAL

Innovative Steam Technologies Inc. and
IST Boiler Components Inc.
549 Conestoga Blvd.
Cambridge, Ontario
N1R 7P9

Attention: Paul Eldridge
Greg Collings

Dear Sirs:

On the basis of the financial and other information provided in connection with your request for financing, HSBC Bank Canada (the "**Bank**") has authorized the following Committed Credit Facilities on the terms and conditions set in this amended and restated facility letter (the "**Facility Letter**"). This Facility Letter amends and restates all such previous letters addressed to either Borrower (or any entity on either Borrower's behalf), including, for greater certainty, the facility letter dated April 10, 2015 by the Bank in favour of 2460623 Ontario Inc. (being a predecessor of Innovative Steam Technologies Inc.).

Each of the capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to such terms in Schedule "A" hereto.

1. **BORROWER**

Innovative Steam Technologies Inc. & IST Boiler Components Inc. (collectively, the "**Borrowers**", and individually, a "**Borrower**")

2. **GUARANTOR(S)**

All existing and future Subsidiaries of the Borrowers (and each of them), as determined by the Bank (collectively, the "**Guarantors**" and each, a "**Guarantor**").

3. **CREDIT FACILITIES** (collectively the "**Credit Facilities**")

3.1 CAD 6,500,000 Revolving Credit Facility (the "**Operating Facility**") following satisfaction of all Conditions Precedent. Advances are available to finance general corporate requirements subject to an overall maximum of CAD 6,500,000 or the USD equivalent by way of a combination of the following:

- (a) Current Account Overdraft ("**Overdraft**") of CAD 6,500,000 or the USD equivalent;
- (b) Prime Rate and/or US Base Rate advances up to a maximum of CAD 6,500,000 or the USD equivalent;

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- (c) Banker's Acceptances ("BA's") are available on delivery of the Required Notice in the principal amount of up to CAD 6,500,000 or the USD equivalent. Maximum term for BA's shall be six (6) months. BA's are available in minimum amounts of CAD or USD 500,000 and integral multiples of CAD or USD 100,000 thereafter;
- (d) LIBOR loans in USD (the "LIBOR Loans") are available on delivery of the Required Notice in the principal amount of up to the USD equivalent of CAD 6,500,000. LIBOR Loans are available for periods of one (1), (2) or (3) months subject to market availability in a minimum amount of USD 500,000 and integral multiples of USD 100,000 thereafter;
- (e) Documentary Credits ("DC's") in the amount of CAD 6,500,000, available for issuance in major currencies for periods of validity up to ninety (90) days and issuance terms of up to ninety (90) days, to finance import activities;
- (f) Letters of Guarantee ("LG's") in the amount of CAD 6,500,000 each with a maximum term of one (1) year, available to secure obligations of the Borrowers (or either of them).

3.2 CAD 14,122,204 (originally in the principal amount of CAD 18,000,000) or the USD equivalent Non-Revolver Term Loan facility (the "Term Loan"). The Borrowers acknowledge and agree that:

- (a) a single advance was made under the Term Loan on April 10, 2015 (the "Initial Closing Date");
- (b) the principal amount of CAD 14,122,204 or the USD equivalent is outstanding under the Term Loan as of the date hereof; and
- (c) no additional advances are permitted under the Term Loan after the Initial Closing Date.

3.3 CAD 10,000,000 Revolver Export Development Canada ("EDC") Insured Guarantee Credit Facility ("Guarantee Facility") following satisfaction of all Conditions Precedent. Advances are available to finance import activities and to secure obligations of the Borrowers (or either of them), subject to an overall combination of the following:

- (a) DC's in the amount of CAD 10,000,000, available for issuance in major currencies for periods of validity and issuance terms of up to ninety (90) days; and
- (b) LG's in the amount of CAD 10,000,000 each with a maximum term not greater than one (1) year from the date of issuance of such LG.

Only advances which are covered by EDC insurance will be permitted under this Guarantee Facility.

3.4 USD 3,000,000 Foreign Exchange Forward Contracts ("FX Line") for the purchase of contracts with a maximum aggregate face value of USD 16,666,667 or the equivalent in

major currencies, each with a maximum contract term of twenty-four (24) months, available to hedge foreign currency exposure.

- 3.5 CAD 200,000 MasterCard Limit ("MC") available to issue business expense cards for employees of either Borrower.
- 3.6 CAD 900,000 Interest Rate Swap Facility ("IRS") for the purchase of contracts with a maximum aggregate face value of CAD 9,000,000 or the USD equivalent interest rate swap, each with a maximum contract term of five (5) years, available to hedge interest rate risk exposure.

4. REPAYMENT

All amounts outstanding under the Credit Facilities are repayable by the Borrowers on a joint and several basis full on the earlier of: (i) the Acceleration Date; and (ii) the Maturity Date. In addition, subject to the Credit Facilities becoming due and payable on the Acceleration Date:

- 4.1 Prior to the Maturity Date, which occurs five (5) years from the Initial Closing Date, principal advanced under the Operating Facility shall fluctuate, with interest payable in the manner provided in Section 5.1.
- 4.2 Prior to the Maturity Date, which occurs five (5) years from the Initial Closing Date, the Term Loan shall be repaid in quarterly installments of principal based on the applicable percentages of the principal amount of the Term Loan advanced on the Initial Closing Date set forth in the Mandatory Repayment Schedule below together with interest payable in the manner provided in Section 5.1. The Term Loan shall be subject to an annual lump-sum payment (each, a "Cash Flow Sweep") no later than sixty (60) days after the Bank has been provided with the Borrower's fiscal year-end audited financial statements. The Cash Flow Sweep shall be equal to 25% of the Free Cash Flow. If the Term Loan is repaid in full prior to the Maturity Date, an amount equal to the Compensating Amount shall be due and payable at the time of such prepayment.

"Free Cash Flow" is defined as EBITDA less unfunded capital expenditures, less cash taxes, less permitted distributions (including dividends and management fees), less all scheduled principal and interest payments.

Mandatory Repayment Schedule

Year	Quarterly Payment	Payable on the 10 th day (or next corresponding Business Day) of
1	1.125%	July 2015 October 2015 January 2016 April 2016
2	2.500%	July 2016 October 2016 January 2017 April 2017
3	2.500%	July 2017 October 2017

Year	Quarterly Payment	Payable on the 10 th day (or next corresponding Business Day) of
		January 2018 April 2018
4	3.125%	July 2018 October 2018 January 2019 April 2019
5	3.125% with bullet payment due at maturity	July 2019 October 2019 January 2020 April 2020

- 4.3 Foreign exchange contracts shall be retired at their respective maturity dates.
- 4.4 Amounts due under the MC shall be repayable in accordance with monthly statements delivered to the Borrowers.
- 4.5 Interest rate swaps shall be retired at their respective maturity dates.

5. INTEREST AND FEES

5.1 INTEREST

Interest on the daily balance of principal advanced under the Revolving Credit and Term Loan Facilities shall be calculated and payable monthly in arrears and shall accrue at the annual rate provided for such advance plus the applicable rate in the schedule outlined below:

Level	Total Senior Debt to EBITDA:	Prime Rate Advances and Base Rate Advances:	BA Advances, LIBOR Advances, DC and LG Fees:	Revolver Stand-by Fee:
I	>3.00x	250 bps	350 bps	70 bps
II	> 2.50x but ≤3.00x	200 bps	300 bps	60 bps
III	>2.00x but ≤ 2.50x	175 bps	275 bps	55 bps
IV	≤ 2.00x	150 bps	250 bps	50 bps

"Senior Debt To EBITDA Ratio" means, the ratio of (i) Senior Debt to (ii) EBITDA, each as defined in Section 7.3 below.

5.2 FEES

- (a) DC's shall be subject to the fees outlined in the Schedule included herein.
- (b) LG's shall be subject to a fee of 1.50% per annum, payable upon issuance, calculated against the face amount and over the term of each LG.

- (c) A monthly loan administration fee of CAD 500 is payable on the last day of each month.
- (d) A standby fee in respect of the unutilized portion of the Operating Facility shall be calculated and payable by the Borrowers monthly in arrears on the last day of each month at the annual rate set out in the schedule above.
- (e) A one-time commitment fee of CAD 178,000, which was received at the Initial Closing Date.
- (f) An amendment fee of CAD 20,000 is due and payable upon acceptance of this Facility Letter.

6. **SECURITY**

Security Documents

The liability and indebtedness of the Borrowers and each Guarantor under the Credit Facilities shall be evidenced, governed and secured, as the case may be, by the following documents (collectively, the "Security Documents"), registered in all relevant jurisdictions and completed in a form and manner satisfactory to the Bank's solicitors, subject only to liens, encumbrances and charges expressly consented to in writing by the Bank:

- (a) From 2460623 Ontario Inc. (being the predecessor of Innovative Steam Technologies Inc.):
 - (i) Line of Credit By Way of CAD Overdraft Agreement.
 - (ii) Line of Credit By Way of USD Overdraft Agreement.
 - (iii) Unlimited corporate guarantee regarding indebtedness of IST Boiler Components Inc.
 - (iv) First ranking general assignment of book debts.
 - (v) First ranking general security agreement over all present and after acquired personal property.
 - (vi) Assignment agreement in respect of rights and benefits under material agreements (including the Target Purchase Agreement).
 - (vii) Security agreement over cash, credit balances and deposit instruments.
 - (viii) The Bank's standard documentation in connection with the issuance of DC's including a Trade Financing General Agreement.
 - (ix) The Bank's standard application and indemnity agreement with respect to the issuance of LG's.

- (x) Assignment of all risk insurance over all assets indicating the Bank as first loss payee by way of standard mortgage endorsement, such policy to include business interruption and public liability insurance in amounts acceptable to the Bank.
 - (xi) Assignment of commercial finance accounts receivable insurance satisfactory to the Bank.
 - (xii) Foreign Exchange Contract Agreement.
 - (xiii) BA Agreement, including power of attorney.
 - (xiv) MasterCard indemnity agreement.
 - (xv) International Swap Dealers Association ("ISDA") agreement.
 - (xvi) Such other documentation, security, supporting certificates and opinions as the Bank and its solicitor may reasonably require.
- (b) From IST Boiler Components Inc.:
- (i) Line of Credit By Way of CAD Overdraft Agreement.
 - (ii) Line of Credit By Way of USD Overdraft Agreement.
 - (iii) Unlimited corporate guarantee regarding indebtedness of Innovative Steam Technologies Inc.
 - (iv) First ranking general assignment of book debts.
 - (v) First ranking general security agreement over all present and after acquired personal property.
 - (vi) Security agreement over cash, credit balances and deposit instruments.
 - (vii) The Bank's standard documentation in connection with the issuance of DC's including a Trade Financing General Agreement.
 - (viii) The Bank's standard application and indemnity agreement with respect to the issuance of LG's.
 - (ix) Assignment of all risk insurance over all assets indicating the Bank as first loss payee by way of standard mortgage endorsement, such policy to include business interruption and public liability insurance in amounts acceptable to the Bank.
 - (x) Assignment of commercial finance accounts receivable insurance satisfactory to the Bank.
 - (xi) Foreign Exchange Contract Agreement.
 - (xii) BA Agreement, including power of attorney.
 - (xiii) MasterCard indemnity agreement.

- (xiv) ISDA agreement.
 - (xv) Such other documentation, security, supporting certificates and opinions as the Bank and its solicitor may reasonably require.
- (c) From Innovative Steam Technologies Inc. (being the entity resulting from the amalgamation of 2460623 Ontario Inc. and Innovative Steam Technologies Inc.) (the "Amalgamated Borrower"):
- (i) Confirmation and undertaking agreement confirming the assumption of all obligations of the Amalgamated Borrower.
 - (ii) Pledge of securities agreement in respect of all issued and outstanding shares in each of the Amalgamated Borrower's Subsidiaries, together with stock transfer powers.
 - (iii) Such other documentation, security, supporting certificates and opinions as the Bank and its solicitor may reasonably require.
- (d) From others:
- (i) Subordination, postponement and assignment agreements from each person providing loans to either Borrower (including, without limitation, a postponement, subordination and assignment agreement from Fulcrum Capital Partners Inc. (or any of its applicable affiliates) in respect of any equity investment in either Borrower, in whole or in part, made in the form of debt) upon terms and conditions satisfactory to the Bank.

7. COVENANTS

7.1 MARGIN REQUIREMENT

The Borrowers shall ensure that the aggregate Canadian dollar equivalent of:

- (a) the amounts outstanding under the Overdraft and BA's;
- (b) 20% of the aggregate face value of DCs issued under the Operating Facility but not accepted;
- (c) 100% of the aggregate face value of accepted DCs issued under the Operating Facility and accepted;
- (d) 100% of the aggregate face value of the LG's;

shall at no time exceed the aggregate of:

- (e) 75% of under ninety (90) day Acceptable Receivables (other than Insured Receivables); plus
- (f) 90% of Insured Receivables (including over ninety (90) Insured Receivables), subject to policy limits acceptable to the Bank, plus

- (g) the lesser of 50% of Acceptable Inventory and CAD 2,500,000; plus
- (h) 100% of cash, credit balances, and deposit instruments that are assigned to the Bank and currently on hand at the Bank or HSBC Bank USA; less
- (i) priority payables and other reserves established by the Bank.

7.2 FINANCIAL REPORTING

The continued availability of the Credit Facilities is contingent upon the Borrowers delivering the following reports to the Bank, each of which is to be signed by senior officer of the Borrowers:

- (a) Monthly, within thirty (30) days of each calendar month-end:
 - (i) Signed monthly margin compliance certificate;
 - (ii) Signed aged listing of accounts receivable for the Borrowers;
 - (iii) Signed aged inventory declaration of the Borrowers in accordance with the Bank's format; and
 - (iv) Signed aged listing of accounts payable for the Borrowers.
- (b) Quarterly, within forty-five (45) days of each fiscal quarter-end of the Borrowers (including the fiscal quarter coinciding with the fiscal year-end of the Borrower):
 - (i) Signed in-house interim consolidated financial statements of the Borrowers; and
 - (ii) Signed covenant compliance certificate based on in-house statements.
- (c) Annually, within one hundred and twenty (120) days of the Borrowers' fiscal year-end:
 - (i) Audited consolidated financial statements of the Borrowers;
 - (ii) Management discussion and analysis;
 - (iii) Signed covenant compliance certificate based on audited statements;
 - (iv) Financial forecasts for the coming three (3) fiscal years, which shall include profit, cash-flow and balance sheets on a consolidated basis. Forecasts are to be provided on a monthly basis for year one (1), quarterly basis for year two (2), and annual basis for year three (3); and
 - (v) Such other reports and information that the Bank may reasonably request.
- (d) Annually, within forty-five (45) days of the Borrowers' fiscal year-end, the annual budget of the Borrowers.

- (e) Such additional information as required by the Bank to assess the Borrowers' financial progress and future prospects.

7.3 FINANCIAL COVENANTS

The Borrowers shall adhere to the following *consolidated* financial covenants which are to be tested on a quarterly basis, so long as the Borrowers are indebted hereunder:

- (a) Net Senior Debt to EBITDA Ratio

Fiscal Quarter	Net Senior Debt to EBITDA Ratio
For the fiscal quarters ending December 31, 2015 through September 30, 2016	3.00 to 1.00
For the fiscal quarters ending December 31, 2016 through September 30, 2017	2.75 to 1.00
For the fiscal quarters December 31, 2017 and thereafter	2.50 to 1.00

- (b) Fixed Charge Coverage Ratio

Fiscal Quarter	Fixed Charge Coverage Ratio
For the fiscal quarters ending December 31, 2015 through March 31, 2016	0.85 to 1.00
For the fiscal quarters June 30, 2016 and thereafter	1.25 to 1.00

"EBITDA" means, net income from continuing operations (excluding extraordinary gains or losses) plus, to the extent deducted in determining net income, (a) interest expense, plus any paid-in-kind interest, (b) income taxes, (c) depreciation and amortization expenses, (d) the fees and expenses paid by the Borrower in connection with the consummation of the Target Acquisition, the Facility Letter and the loan by Fulcrum, in each case which fees and expenses are (i) non-recurring, and (ii) were incurred during the first year from the date of the Initial Closing Date and (e) with respect to the period of time prior to the Initial Closing Date, any non-recurring expenses which (i) would have been added back to net income in accordance with the Target's historical practice and (ii) are satisfactory and approved by the Bank acting reasonably.

"Fixed Charge Coverage Ratio" means, the ratio of (a) Free Cash Flow, to the (b) the sum of (i) cash interest expense, (ii) scheduled payments of principal on Senior Debt.

"Net Senior Debt" means, Senior Debt, less unrestricted cash held with the Bank within the limits provided for below. For clarity, for the fiscal quarters ending December 31, 2015 and March 31, 2016 only, the limit on unrestricted cash will not apply and the Borrowers will be permitted to utilize unrestricted cash balances held by the Bank in its full amount.

Fiscal Quarter	Cap on Cash for Net Senior Debt
For the fiscal quarters ending December 31, 2015 through March 31, 2016	No Cap
For the fiscal quarter ending June 30, 2016 and thereafter	CAD 5,000,000

"Net Senior Debt To EBITDA Ratio" means, the ratio of (i) Net Senior Debt to (ii) EBITDA.

"Senior Debt" means, the aggregate amount of all indebtedness of the Borrowers and their Subsidiaries, other than any indebtedness which is subject to a subordination agreement upon terms and conditions satisfactory to the Bank. For clarity, letters of credit which are guaranteed by EDC, or a similar insurer approved by the Bank, are not to be included as "indebtedness" for the purposes of the defined term "Senior Debt".

7.4 NON-FINANCIAL COVENANTS

In addition to the covenants set out in the attached Schedule "A", the Borrowers shall and shall cause each of its Subsidiaries to, for so long as the Borrowers are indebted hereunder:

- (a) not permit the consolidated indebtedness of the Borrowers to exceed \$2,000,000 with respect to capital lease obligations and purchase money obligations;
- (b) not incur unfunded capital expenditures in excess of \$1,500,000 within the first year of the Initial Closing Date, and \$1,000,000 per year thereafter;
- (c) not pay any sponsor management fee to Fulcrum Capital Partners Inc. (or any of its affiliates) in excess of CAD \$500,000 per year, plus HST;
- (d) not sell any assets unless the aggregate proceeds of all asset sales in any given fiscal year does not exceed \$1,000,000.
- (e) not enter into any speculative hedging transactions or any hedge transaction with any person other than the Bank; and
- (f) not permit any change in its line of business.

8. CONDITIONS PRECEDENT

(a) Conditions for Advances under the Operating Facility, Conversions and Rollovers

The Bank shall have no obligation to make any advance to or for the account of either Borrower under the Operating Facility or to permit a conversion or a rollover unless at the time of making of such advance or the making of such conversion or rollover, the following terms and conditions shall have been satisfied:

- (i) the Bank shall have received the Security Documents listed in Sections 6(a), (b), (c) and (d), together with officer's certificates, resolutions, certificates of status, insurance certificates and such other documents as required by the Bank;
- (ii) the representations and warranties made in Section 9 shall be true and correct in all material respects, as if made on the date of such advance;
- (iii) no event shall have occurred and be continuing which constitutes a Default or Event of Default, nor shall the making of the advance result in the occurrence of any such event;
- (iv) the applicable Borrower shall have given Required Notice to the Bank in accordance with the notice requirements provided herein;
- (v) the Borrowers shall have complied with all other obligations imposed upon it pursuant to this Facility Letter;
- (vi) the Bank shall be satisfied in its discretion that no event has occurred and is continuing which has caused a material adverse change;
- (vii) the Bank shall have received payment of all fees and expenses due and payable to the Bank at such time; and
- (viii) the Bank shall have received such other documents and information as the Bank may reasonably request.

(b) Conditions for Any Issuance Under the Guarantee Facility

The Bank shall have no obligation to make any advance to or for the account of either Borrower under the Guarantee Facility unless at the time of such advance the following terms and conditions have been satisfied:

- (i) the conditions set forth in Section 8(a) shall have been satisfied;
- (ii) the Bank shall have received a corresponding performance security guarantee from EDC on terms and conditions satisfactory to the Bank with a validity period and expiry date consistent with the individual guarantee requested; and
- (iii) the Bank shall have received an effectiveness notification from EDC in relation to the corresponding guarantee including full satisfaction of the individual premium amount required.

9. REPRESENTATIONS AND WARRANTIES

Each Borrower represents, warrants and covenants with respect to itself and also with respect to each of its Subsidiaries that as at the time of each drawing under or other utilization of the Credit Facilities:

- (a) it has been duly incorporated and organized, is properly constituted, is subsisting and is entitled to conduct its business in all jurisdictions in which it carries on business or has assets;

- (b) the execution of the Facility Letter and the Security Documents and the incurring of liability and indebtedness to the Bank does not and will not contravene:
 - (i) any Legal Requirement applicable to it, respectively; or
 - (ii) any provision contained in any other loan or credit agreement or borrowing instrument or contract to which it, respectively, is a party;
- (c) the Facility Letter and the Security Documents to which it is a party have been duly authorized, executed and delivered by it, and constitute valid and binding obligations of it, as the case may be, and are enforceable in accordance with their respective terms except to the extent that the enforceability thereof may be limited by applicable bankruptcy, insolvency, moratorium, reorganization and other laws of general application and/or equitable principles limiting the enforcement of creditors' rights generally and the fact that the courts may deny the granting or enforcement of equitable remedies;
- (d) all necessary Legal Requirements have been met and all other authorizations, approvals, consents and orders have been obtained with respect to the Credit Facilities and the execution and delivery of the Security Documents;
- (e) its property and assets are located in those jurisdictions specified in Schedule "B" and in no other jurisdiction, other than tangible collateral in transit to or from such locations;
- (f) it shall use the proceeds of the Credit Facilities solely for the purposes set out in Section 3;
- (g) it has good and defensible title (or valid leasehold interests) to its assets as reflected on its most recent consolidated balance sheet furnished to the Bank (except for assets sold or otherwise disposed of in the ordinary course of business or in compliance with the Facility Letter), subject to no liens other than the following (collectively, "Permitted Liens");
 - (i) liens for taxes, assessments or governmental charges or levies not at the time due or delinquent or the validity of which are being contested in good faith by appropriate proceedings and as to which reserves are being maintained in accordance with generally accepted accounting principles so long as forfeiture of any part of such property or assets will not result from the failure to pay such taxes, assessments or governmental charges or levies during the period of such contest and in respect of which shall have been deposited with the Bank cash collateral in an amount sufficient to pay such taxes, assessments, governmental charges or levies together with any interest thereon and costs in respect thereof;
 - (ii) the lien of any judgment rendered or the lien of any claim filed which is being contested in good faith by appropriate proceedings and as to which reserves are being maintained in accordance with generally accepted accounting principles so long as forfeiture of any part of such property or assets will not result from the failure to satisfy such judgment or claim during the period of such contest and in respect of which shall have been deposited with the Bank cash collateral in an amount sufficient to pay such judgment or claim together with any interest thereon and costs in respect thereof;
 - (iii) restrictions, easements, rights of way, reciprocal easements and operating agreements, servitudes, covenants, and security therefor, or other similar rights in

land granted to or reserved by other persons which in the aggregate do not materially impair the usefulness, in the operation of the business of the Borrowers or any of their Subsidiaries, of the property subject to such restrictions, easements, rights of way, servitudes, covenants, and security therefor, or other similar rights in land granted to or reserved by other persons;

- (iv) security given to a public utility or any municipality or governmental or other public authority when required by such utility or other authority in connection with the operations of either Borrower or any Subsidiary of either of them, all in the ordinary course of business;
- (v) the reservations, limitations, provisos and conditions, if any, expressed in any original grants of real property from the Crown, provided such restrictions have been complied with and will not materially impair the use of the property for which it is held;
- (vi) applicable municipal and other governmental restrictions affecting the use of land or the nature of any structures which may be erected thereon, provided such restrictions have been complied with and will not materially impair the use of the property for which it is held;
- (vii) liens to secure the payment of and up to the amount of the purchase price or the repayment of monies borrowed to pay the purchase price of any equipment hereafter or previously acquired by either Borrower or any Subsidiary of either of them up to the maximum aggregate amount of \$2,000,000, including capital leases and provided that any such lien does not at any time encumber any property other than such equipment and its proceeds;
- (viii) liens in favour of the Bank;
- (ix) the extension, renewal or refinancing of any Permitted Lien, provided that the amount so secured does not exceed the original amount secured immediately prior to such extension, renewal or refinancing and the lien is not extended to any additional property; and
- (x) other liens consented to in writing by the Bank, which consent may be withheld in its sole discretion;

provided that the use of the term "Permitted Liens" to describe such interests and liens shall mean that they are permitted to exist (whether in priority to or subsequent in priority to the Security Documents, as determined by applicable law), and shall not be interpreted as meaning that such interests and liens are entitled to priority over the Security Documents and/or the security interests, mortgages, charges, hypothecs, assignments and liens granted by the Borrowers or any Subsidiary to the Bank;

- (h) as at the date hereof, there is no litigation or governmental or arbitration proceeding or labour controversy pending, nor to its knowledge threatened, against it or any of its property which, individually or in the aggregate, would reasonably be expected to have a material adverse effect;

- (i) it has never established, sponsored, maintained nor contributed to any pension plans or multiemployer plans and has no liability in respect of any pension plans or multiemployer plans, contingent or otherwise;
- (j) it is in compliance with the requirements of all federal, provincial and local laws, rules and regulations applicable to or pertaining to its property or business operations, except where any such non-compliance, individually or in the aggregate, would not reasonably be expected to have a material adverse effect;
- (k) it has placed insurance, including property, boiler and machinery and liability insurance, in appropriate amounts and for appropriate risks as would be considered prudent for similar businesses;
- (l) as of the date hereof, no guarantees or other financial assistance has been granted by it (other than guarantees in favour of the Bank);
- (m) it is not in default under the terms of any covenant, indenture or agreement of or affecting it or any of its property, which default if uncured, would reasonably be expected to have a material adverse effect;
- (n) it is solvent on a "going concern" basis, is able to pay its debts as they become due, and has sufficient capital to carry on its business and all businesses in which it is or are about to engage;
- (o) no Default or Event of Default has occurred and is continuing;
- (p) it is not in violation of any applicable laws relating to the prevention of terrorism or money laundering; and
- (q) the amounts represented from time to time by it to the Bank as owing in respect of each account, general intangible and chattel paper constituting collateral by each party obligated to pay it (each, an "Account Debtor") or by all Account Debtors will be and are the correct amounts actually and unconditionally owing by such Account Debtor or Account Debtors individually and in the aggregate, except for normal cash discounts where applicable, and except for inadvertent errors which are not material.

Each Borrower acknowledges that the Bank shall rely upon the representations and warranties contained herein or in any Security Document or in any certificates given pursuant hereto or thereto in connection with the establishment and continuation of the Credit Facilities. For greater certainty, each of the representations set out in this Section shall be true and correct and shall be deemed to be given on the occurrence of the making of each borrowing hereunder, and on each day any borrowing is outstanding, in each case by reference to the facts and circumstances existing on the date of such borrowing or issuance (except where expressly given as of a specified date, in which case the representations shall be true and correct as of such date). Notwithstanding any investigations which may be made by the Bank, the said representations and warranties shall survive the execution and delivery of the Facility Letter until full and final payment and satisfaction of all obligations owing to the Bank hereunder.

Each Borrower also represents and warrants to the Bank that all financial and other information provided to the Bank in connection with the Credit Facilities are true, accurate and complete, and

acknowledges that the offer of credit contained in the Facility Letter is made in reliance on the truth and accuracy of this information and the above representations and warranties.

10. **EVENTS OF DEFAULT AND REMEDIES**

- (a) Events of Default. Any one or more of the following shall constitute an "Event of Default" hereunder:
- (i) default in the payment when due of all or any part of the principal of or interest owing hereunder (whether at the stated maturity thereof or at any other time provided for in the Facility Letter) or of any fee or other obligation payable hereunder or under any Security Document, which default, in the case of interest or fees, is not remedied within three (3) Business Days;
 - (ii) default in the observance or performance of any covenant contained in paragraphs 2, 3, 6, 7, 8, 9, 15 and 16 under the Section entitled Covenants in Schedule "A" attached hereto which is not remedied within fifteen (15) days after the earlier of (i) the date on which such failure shall first become actually known to the chief executive officer, the chief financial officer or any other executive officer of either Borrower or (ii) written notice thereof is given to either Borrower by the Bank;
 - (iii) default in the observance or performance of any covenant set forth herein other than those covenants referred to in subparagraph 10(a)(ii) above;
 - (iv) default in the observance or performance of any covenant of any Security Document which is not remedied within fifteen (15) days after the earlier of (i) the date on which such failure shall first become actually known to the chief executive officer, the chief financial officer or any other executive officer of either Borrower or (ii) written notice thereof is given to either Borrower by the Bank, provided that such fifteen (15) day cure period shall only apply to any covenant in such Security Document which is equivalent to the covenants described in subparagraph 10(a)(ii) above;
 - (v) any representation or warranty made herein or in any Security Document or in any certificate furnished to the Bank pursuant hereto or thereto or in connection with any transaction contemplated hereby or thereby proves untrue as of the date of the issuance or making or deemed making thereof;
 - (vi) the Facility Letter or any of the Security Documents shall for any reason not be or shall cease to be in full force and effect or is declared to be null and void, or any of the Security Documents shall for any reason fail to create a valid and perfected first priority Lien in favour of the Bank in any material portion of the collateral purported to be covered thereby except as expressly permitted by the terms thereof or by the terms of the Facility Letter, or either Borrower or any of its Subsidiaries takes any action for the purpose of terminating, repudiating or rescinding the Facility Letter or any Security Document executed by it or any of its obligations thereunder;
 - (vii) default shall occur under any indenture, agreement or other instrument evidencing any indebtedness issued, assumed or guaranteed by either Borrower or any of its Subsidiaries aggregating in excess of \$500,000; and, in all cases, such default shall

continue until the expiration of any applicable cure period (whether or not such maturity is in fact accelerated) and shall not have been waived by the holder or holders of such indebtedness;

- (viii) any judgment or judgments, writ or writs or warrant or warrants of attachment, or any similar process or processes, or any fines, penalties or other similar monetary obligations, shall be entered, filed against or imposed upon either Borrower or any of its Subsidiaries, or against any of its property, in an aggregate amount in excess of \$500,000 (except to the extent fully covered by insurance pursuant to which the insurer has accepted liability therefor in writing), and which remains undischarged, unvacated, unbonded, unstayed or unpaid for a period of forty-five (45) days;
 - (ix) any change of control of either Borrower or any of its Subsidiaries shall occur, except with the prior written consent of the Bank;
 - (x) an Insolvency Event shall occur; or
 - (xi) the perfection or priority of any lien or encumbrance on any item or items of collateral having a fair market value in excess of \$500,000 securing the obligations owing hereunder shall be adversely affected in any material respect.
- (b) **Non-Bankruptcy Defaults.** When any Event of Default other than an Insolvency Event has occurred and is continuing, the Bank may, by written notice to the Borrowers: (a) terminate the remaining commitments and all other obligations of the Bank hereunder on the date stated in such notice (which may be the date thereof); (b) declare the principal of and the accrued interest on all outstanding loans hereunder to be forthwith due and payable and thereupon all outstanding loans hereunder, including both principal and interest thereon, shall be and become immediately due and payable together with all other amounts payable hereunder and under the Security Documents without further demand, presentment, protest or notice of any kind; and (c) demand that the Borrowers immediately pay to the Bank the full amount then available for drawing under each or any LC or LG, and the Borrowers agree to immediately make such payment and acknowledges and agrees that the Bank would not have an adequate remedy at law for failure by the Borrowers (or either of them) to honour any such demand and that the Bank, shall have the right to require the Borrowers (or either of them) to specifically perform such undertaking whether or not any drawings or other demands for payment have been made under any LC or LG.
- (c) **Insolvency Event.** When an Insolvency Event has occurred and is continuing, then all outstanding loans hereunder shall immediately become due and payable together with all other amounts payable hereunder and under the Security Documents without presentment, demand, protest or notice of any kind, the obligation of the Bank to extend further credit pursuant to any of the terms hereof shall immediately terminate and the Borrowers shall immediately pay to the Bank the full amount then available for drawing under all outstanding LC's and LG's, the Borrowers acknowledging and agreeing that the Bank would not have an adequate remedy at law for failure by the Borrowers (or either of them) to honour any such demand and that the Bank, shall have the right to require the Borrowers (or either of them) to specifically perform such undertaking whether or not any draws or other demands for payment have been made under any of the LC's or LG's.
- (d) **Appointment of a Monitor.** If an Event of Default has occurred and is continuing, the Bank may appoint a monitor to review the operations of the Borrowers and make

recommendations to the Bank in respect thereof. The Borrowers shall provide the monitor with full access to all books and records, operations and management of the Borrowers. The reasonable costs and fees of such monitor shall be for the account of the Borrowers.

11. **NON-MERGER AND NON-ASSIGNMENT**

This Facility Letter shall, on execution by the Borrowers, amend and restate the provisions of the facility letter dated April 10, 2015 (the "Original Facility Letter") by the Bank in favour of 2460623 Ontario Inc. (being a predecessor of Innovative Steam Technologies Inc.) and shall not be considered a novation thereof. Any provision hereof which differs from or is inconsistent with a provision of the Original Facility Letter constitutes an amendment to the Original Facility Letter with each such amendment being effective as and from the date hereof. This Facility Letter will not discharge or constitute a novation of any debt, obligation, covenant or agreement contained in the Original Facility Letter or in any Security Document, agreements, certificates and other documents executed and delivered by or on behalf of any person in respect thereof or in connection therewith, but same shall remain in full force and effect save to the extent same are amended by the provisions of this Facility Letter. All representations and warranties set out in this Facility Letter are freshly made on the date hereof, but nothing herein shall release or otherwise affect the Borrowers' liability, without duplication, in connection with the representations and warranties contained in the Original Facility Letter. Each Borrower hereby represents, warrants, acknowledges and agrees with the Bank that all Security Documents, agreements, certificates and other documents executed and delivered by it to the Bank prior to the date of this Facility Letter is valid and enforceable in accordance with its terms and continues in full force and effect. Any reference to the Original Facility Letter in any Security Document, agreement, certificate or document shall be deemed to constitute a reference to this Facility Letter. The benefits conferred by this Facility Letter shall enure to the benefit of the Bank and its successors and assigns, and may not be assigned by either Borrower.

12. **CONSENT TO DISCLOSURE**

The Borrowers consent to and acknowledge that they are aware that credit, financial and personal inquiries regarding each Borrower and its Subsidiaries may be gathered, made, maintained and/or used at any time in connection with: (i) the credit assessment for the credit facility for which application has been made to the Bank, (ii) any funding of such credit facility by investors or participants or any assignment or sale of such credit facility by the Bank, and (iii) the enforcement of any remedies that the Bank may have under such credit facility, and either Borrower and its Subsidiaries consent to the making of any such inquiries by or on behalf of the Bank and consents, without restriction and without further notice to or further consent of either Borrower and its Subsidiaries, to disclosure of any such information to any prospective investor, participant, assignee or purchaser of all or any part of such credit facility. Each Borrower and each of its Subsidiaries irrevocably waives, to the extent permitted under applicable law, any and all rights it may have to notice of or to prohibit such disclosure, including, without limitation, any right of privacy.

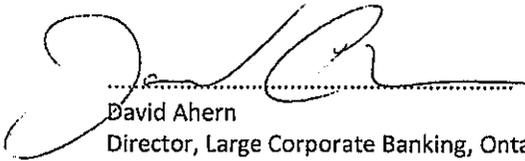
13. **SCHEDULE**

The terms and conditions contained in the attached Schedules are incorporated into and form an integral part of this Facility Letter. In the event of a conflict between the terms of this Facility Letter and the terms of any of the attached Schedules, the terms of this Facility Letter shall prevail.

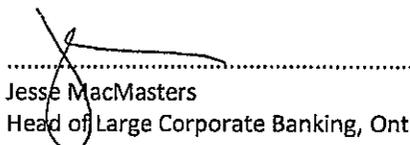
(The remainder of this page has been intentionally left blank; signature pages follow.)

This Facility Letter may be accepted by the Borrowers by signing, dating and returning to the Bank by 5:00 p.m. on April 1, 2016 the enclosed copy of this letter executed by the Borrowers as set out below and on acceptance cancels and supersedes all such previous letters addressed to either Borrower (including any predecessor thereto). Failing such acceptance, this offer shall be of no further force or effect.

Yours very truly,
HSBC Bank Canada



.....
David Ahern
Director, Large Corporate Banking, Ontario



.....
Jesse MacMasters
Head of Large Corporate Banking, Ontario

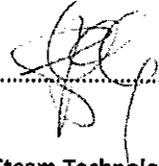
AGREED TO and ACCEPTED this ____ day of ____, 2016.

Fulcrum Capital Partners Inc.



Per:

Per:



Innovative Steam Technologies Inc.

Per:

Per:

IST Boiler Components Inc.

Per:

Per:

AGREED TO and ACCEPTED this 29 day of MAR 2016.

Fulcrum Capital Partners Inc.

Per:

Per:.....

Innovative Steam Technologies Inc.

Per: R. Daulton.....

Per: [Signature].....

IST Boiler Components Inc.

Per: R. Daulton.....

Per: [Signature].....

SCHEDULE TO FACILITY LETTER
FROM HSBC BANK CANADA
TO INNOVATIVE STEAM TECHNOLOGIES INC.
and IST BOILER COMPONENTS INC.
DATED: March 28, 2016

The credit facilities as described in the Facility Letter shall be governed by the following terms and conditions:

Definitions

For the purpose of the Facility Letter, the following terms shall have the meanings indicated below:

"Acceleration Date" means the date on which an Acceleration Event occurs.

"Acceleration Event" means the earlier of: (i) the occurrence of an Insolvency Event; and (ii) the delivery by the Bank to the Borrowers of a written notice that the indebtedness owing by the Borrowers (or either of them) are immediately due and payable, following the occurrence and during the continuation of an Event of Default other than an Insolvency Event.

"Acceptable Inventory" means the value, determined by the Bank from its review of the most recent financial statements and inventory declaration provided by the Borrowers, based on the lower of cost and fair market value of all materials owned by a Borrower for resale or for production of goods for resale, excluding work in progress, and over which the Bank holds a first mortgage, first ranking transfer or first security interest;

"Acceptable Receivables" means the aggregate of accounts receivable of each Borrower and its Subsidiaries, determined by the Bank from the most recent financial statements and aged list of accounts receivable of each Borrower and its Subsidiaries, over which the Bank holds a first assignment or first security interest from customers approved by the Bank and which have been outstanding for no more than (i) ninety (90) days from invoice date; and/or (ii) at the Bank's discretion, more than thirty (30) days past due date (available to customers during special holiday shipping who are subject to extended dating terms) from which shall be excluded accounts receivable from affiliated corporations and accounts which are disputed by either Borrower's customers or are subject to set off or holdback.

"Banker's Acceptances" means, with respect to the Bank, a draft drawn by the Borrowers in Canadian dollars and accepted by the Bank.

"Bank's Prime Rate" means the floating annual rate of interest established and recorded as such by the Bank from time to time as a reference rate for purposes of determining rates of interest it will charge on loans denominated in Canadian dollars.

"Bank's U.S. Base Rate" means the floating annual rate of interest established and recorded as such by the Bank from time to time as a reference rate for purposes of determining rates of interest it will charge on loans denominated in United States Dollars in Canada based on a year of three hundred and sixty (360) days.

"Business Day" means a day upon which the Bank's main branch in Toronto, Ontario is open for business in the branch first above written.

"CAD" means the Canadian dollar.

"CAD Equivalent" means at any time on any date in relation to any amount in a currency other than Canadian dollars, the amount of Canadian dollars required for the Borrowers (or either of them) to purchase that amount of such other currency at the rate of exchange quoted by the Bank at or about 8:00 a.m. Eastern time on such date, including all premiums and costs of exchange.

"Compensating Amount" means, with reference to any advance which is repaid, prepaid or cancelled, an amount sufficient to (a) compensate the Bank for any loss of profit which the Bank suffers by reason of any such action and (b) indemnify the Bank and hold the Bank harmless from any cost or expense suffered or incurred by the Bank as a result of such action including, without limitation, the costs and expenses of the liquidation or redeployment of deposits or other funds acquired by the Bank to effect or maintain the applicable advance and any interest or other charges payable to lenders of funds borrowed by the Bank in order to maintain the advance, together with any other charges, costs or expenses incurred by the Bank with respect to the foregoing. A certificate of an officer of the Bank setting out the basis for the determination of the amount necessary to meet the Borrowers' obligations under this provision shall be conclusive evidence, absent manifest error, of the correctness of that determination.

"Default" means an event which has occurred and which, with the giving of notice or the lapse of time or both, would constitute an Event of Default.

"Distribution" means with respect to either Borrower or any of its Subsidiaries, any payment made by it to or on behalf of its shareholders or to any officer, director or employee thereof by any direct or indirect means whatsoever, including payments in respect of salary, bonuses, commissions, employee loans, management fees, directors' fees, dividends, returns on capital, distributions, investments, advances, loans, the redemption or purchase for cancellation of shares, and payments on account of principal, interest or fees in respect of indebtedness due by either Borrower or any of its Subsidiaries to such persons; and whether payments are made to such persons in their capacity as shareholders, directors, officers, employees, creditors or otherwise; provided that (i) any payment of salary or bonuses to employees or management in the ordinary course of business and in accordance with either Borrower's or such Subsidiary's historical practice, and (ii) Distributions from a Guarantor to either Borrower or from either Borrower to a Guarantor, shall not be considered a "Distribution" hereunder.

"Event of Default" has the meaning ascribed thereto in Section 10.

"Facility Letter" means the amended and restated letter from the Bank to the Borrowers to which this Schedule "A" is attached, together with this Schedule "A" and all other Schedules attached thereto, and includes all amendments and replacements thereof.

"Funding Period" shall end on and include the day which numerically corresponds to the first day of such Funding Period in the calendar month which is one (1), two (2) or three (3) months, as the case may be, after the commencement of such Funding Period, provided however, that:

- (i) if such day is not a Business Day such Funding Period shall end on and include the next succeeding Business Day or, if such day falls in the next calendar month, the next preceding Business Day; and
- (ii) if in such calendar month there is no day which numerically corresponds to the first day of such Funding Period, such Funding Period shall end on and include the last Business Day of such calendar month.

"Government Authority" means any government legislature, regulatory authority, agency, commission, board or court or other law, regulation or rule making entity having or purporting to have jurisdiction on behalf of any nation, state, country or other subdivision.

"Guarantor(s)" means the party or parties that are to execute a guarantee or guarantees of the indebtedness of the Borrowers to the Bank as part of the Security Documents.

"Initial Closing Date" means April 10, 2015.

"Insolvency Event" means, in respect of either Borrower or any of its Subsidiaries:

- (i) such person ceases to carry on its business; or commits an act of bankruptcy or becomes insolvent (as such terms are used in the *Bankruptcy and Insolvency Act (Canada)*); or makes an assignment for the benefit of creditors, files a petition in bankruptcy, makes a proposal or commences a proceeding under Insolvency Legislation; or petitions or applies to any tribunal for, or consents to, the appointment of any receiver, trustee or similar liquidator in respect of all or a substantial part of its property; or admits the material allegations of a petition or application filed with respect to it in any proceeding commenced in respect of it under Insolvency Legislation; or takes any corporate action for the purpose of effecting any of the foregoing; or
- (ii) any proceeding or filing is commenced against such person seeking to have an order for relief entered against it as debtor or to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding-up, reorganization, arrangement, adjustment or composition of it or its debts under any Insolvency Legislation, or seeking appointment of a receiver, trustee, custodian or other similar official for it or any of its property or assets; unless (i) such proceeding is stayed, or (ii) (A) such person is diligently defending such proceeding in good faith and on reasonable grounds as determined by the Bank and (B) such proceeding does not in the reasonable opinion of the Bank materially adversely affect the ability of such person to carry on its business and to perform and satisfy all of its obligations hereunder.

"Insolvency Legislation" means legislation in any applicable jurisdiction relating to reorganization, arrangement, compromise or re-adjustment of debt, dissolution or winding-up, or any similar legislation, and specifically includes for greater certainty the *Bankruptcy and Insolvency Act (Canada)*, the *Companies' Creditors Arrangement Act (Canada)* and the *Winding-Up and Restructuring Act (Canada)*.

"Insured Receivables" means those Acceptable Receivables of the Borrowers or any Guarantor which are insured for payment by the Canadian Export Development Corporation or similar insurer approved by and assigned to the Bank.

"Legal Requirement" means all laws, statutes, codes, ordinances, orders, awards, judgments, decrees, injunctions, rules, regulations, authorizations, consents, approvals, orders, permits, franchises, licenses, directions and requirements of all Governmental Authorities.

"LIBOR" means with respect to a particular LIBOR Period, the rate of interest (rounded upwards if necessary to the nearest full multiple of one-sixteenth (1/16) of one percent) at which the Bank, in accordance with its normal practice, would be prepared to offer to leading banks on the London prime inter-bank market for delivery on the first day of the applicable LIBOR Period approved by the Bank and for a period equal to such LIBOR Period based on the number of days comprised therein, a deposit of comparable amount of USD to be outstanding during such LIBOR Period, at or about 11:00 a.m. London, England local time, two (2) Business Days prior to the commencement of the LIBOR Period.

"LIBOR Period" means a period of one (1), two (2), three (3), four (4), five (5) or six (6) months or three hundred and sixty (360) days but expiring not later than the Maturity Date.

"Maturity Date" means April 10, 2020.

"Permitted Liens" shall have the meaning ascribed thereto in Section 9(g).

"Potential Prior-Ranking Claims" means all amounts owing or required to be paid, where the failure to pay any such amount could give rise to a claim pursuant to any law, statute, regulation or otherwise, which ranks or is capable of ranking in priority to the Bank's security or otherwise in priority to any claim by the Bank for repayment of any amounts owing under the Facility Letter.

"Required Notice" means a notice in form and content approved by the Bank given to the branch of the Bank referred to above not later than 10:30 a.m. local time two (2) Business Days immediately preceding the date on which:

- (i) an advance is to be made;
- (ii) a rollover is to be made from one interest option to another;
- (iii) a BA is to be issued for acceptance by the Bank; or
- (iv) a DC or LG is issued;

as the case may be, stating the date, amount and term of the requested advance or rollover, or particulars of the BA, DC or LG.

"Subsidiary" means (i) any corporation or company of which at least a majority of the outstanding shares having by the terms thereof ordinary voting power to elect a majority of the board of directors of such corporation or company is at the time directly, indirectly or beneficially owned or controlled by one or more persons and its Subsidiaries and (ii) any partnership, trust, entity or other person of which, at the time, a person and its Subsidiaries (y) directly, indirectly or beneficially own or control at least a majority of the income, capital, beneficial or ownership interests thereof, or (z) is a general partner, in the case of a limited partnership, or is a partner or has authority to bind a partnership, in all other cases;

"Target Acquisition" means the acquisition by 2460623 Ontario Inc. of certain of the capital stock of the Innovative Steam Technologies Inc. and IST Boiler Components Inc. pursuant to the Target Purchase Agreement.

"USD" means the United States of America dollar.

Governing Law

This Facility Letter shall be governed by and construed in accordance with the laws of the Province of Ontario.

Authorization

The Borrowers for good and valuable consideration authorize the Bank to accept telex and telecopier communications on behalf of the Borrowers (or either of them) as full and sufficient authority to act in accordance with communications as received by the Bank from the Borrowers (or either of them).

The Borrowers shall be bound by all such telex, and telecopier communications from itself in the same manner and extent as if such communications were originally handwritten and signed by the Borrowers, and the Borrowers shall hold the Bank at all times fully indemnified from all claims and demands in respect of all such instructions, in the event such telex, and telecopier communications, were made without authority or otherwise.

Interest, Fees and Payment

1. Interest on the daily balance of principal advanced under the Credit Facilities and remaining unpaid from time to time shall be payable by the Borrowers as set out in the Facility Letter both before and after default and judgment.
2. In the case of interest based on the Bank's Prime Rate and the Bank's U.S. Base Rate, interest shall be compounded and payable on the last day of each month.
3. In the case of interest based on LIBOR, interest shall be payable on the expiration of the LIBOR Period selected by the Borrowers or every three (3) months, whichever is earlier.
4. If the Borrowers repay any portion of the Credit Facilities accruing interest based on LIBOR on a date other than the LIBOR Period, whether as a result of a demand for repayment by the Bank or otherwise, it shall also concurrently pay to the Bank the applicable Compensating Amount.
5. Interest based on the Bank's U.S. Base Rate and on LIBOR shall be computed on the basis of a year of three hundred and sixty (360) days and for actual days that the amounts are outstanding under the Credit Facilities on this basis. For the purpose of the *Interest Act* (Canada), the annual rate of interest to which interest computed on the basis of a year of three hundred and sixty (360) days is equivalent is the rate of interest as provided in the Facility Letter multiplied by the number of days in such year and divided by three hundred and sixty (360).
6. Credit Facilities made available based on LIBOR and BA's, shall be drawn in the minimum amount of CAD 500,000 and integral multiples of CAD 100,000 for periods of one (1), two (2), three (3), four (4), five (5) or six (6) months in the case of BA's.
7. Upon the expiration of a LIBOR Period or Funding Period, or on payment by the Bank on the maturity of a banker's acceptance, unless another interest rate option is selected by a Borrower, interest shall accrue at the applicable rate in the Facility Letter based on the Bank's Prime Rate or the Bank's U.S. Base Rate, as the case may be, depending on whether the funds are outstanding in Canadian or United States dollars.
8. Each payment to be made by either Borrower and any Guarantor under this Facility Letter or any Security Document shall be made free and clear of, and without deduction for or an account of, any tax or other deduction (except for taxes on the net income or capital of the Bank) unless either Borrower or any Guarantor is required to make such a payment subject to the deduction or withholding of tax, in which case the sum otherwise payable by either Borrower or Guarantor shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the net sum received and retained shall be equal to the sum otherwise payable had no such deduction or withholding been, or required to be, made;
9. The fees collected by the Bank shall be its property as consideration for the time, effort and expense incurred by it in the review of documents and financial statements, and the Borrowers acknowledge and agree that the determination of these costs is not feasible and that the fees set out in the Facility Letter represent a reasonable estimate of such costs.
10. Any amounts which become payable to the Bank under the Facility Letter or the Security Documents and which are not paid when due shall accrue interest and be payable from the due date at the Bank's Prime Rate plus 3% per annum, compounded and payable monthly on the last day of each

month, both before and after default and judgment, if no other interest rate is expressed for such amounts.

11. All payments by the Borrowers (or either of them) to the Bank shall be made at the address of the branch of the Bank set out on the first page of the Facility Letter or at such other place as the Bank may specify in writing from time to time. Any payment delivered or made to the Bank by 1:00 p.m. local time at the place where such payment is to be made shall be credited as of that day, but if made afterwards shall be credited as of the next day on which the said branch is open for business.
12. Notwithstanding anything to the contrary contained in the Facility Letter, the Bank may, in its discretion, make an advance under the Credit Facilities to pay any unpaid interest or fees which have become due under the terms of the Facility Letter.
13. The obligation of the Borrowers to make all payments under the Facility Letter and the Security Documents shall be joint and several, absolute and unconditional and shall not be limited or affected by any circumstance, including, without limitation:
 - (a) any set-off, compensation, counterclaim, recoupment, defense or other right which either Borrower may have against the Bank or anyone else for any reason whatsoever; or
 - (b) any insolvency, bankruptcy, reorganization or similar proceedings by or against either Borrower.
14. If, by reason of the introduction of any change in law or regulation or compliance with any request, direction or requirement (whether or not having the force of law) from any competent governmental or other fiscal, monetary or other authority, there shall be any increase in the cost to the Bank of making, funding or maintaining any advance under this Credit Facility or there shall be imposed on the Bank any reserve or special deposit requirement in respect of loans or deposits, the Bank shall in a reasonable time give to the Borrowers notice and reasonable particulars of the effect thereof and then the Borrowers shall from time to time, upon demand pay to the Bank such amount as it requires to compensate it for such increased cost. Any such demand shall set out reasonable particulars of the computation of the amount claimed.
15. The Borrowers acknowledge that the actual recording of the amount of any advance or repayment thereof under the Credit Facilities, and interest, fees and other amounts due in connection with the Credit Facilities, in an account of the Borrowers (or either of them) maintained by the Bank shall constitute *prima facie* evidence of the Borrowers' indebtedness and liability from time to time under the Credit Facilities; provided that the obligation of the Borrowers to pay or repay any indebtedness and liability in accordance with the terms and conditions of the Credit Facilities shall not be affected by the failure of the Bank to make such recording. The Borrowers also acknowledge being indebted to the Bank for principal amounts shown as outstanding from time to time in the Bank's account records, and all accrued and unpaid interest in respect of such amounts, in accordance with the terms and conditions of the Facility Letter.

Conditions Precedent

In addition to the conditions precedent previously set out, it shall also be a condition precedent to the continued availability of the Credit Facilities that the Bank shall have received:

1. the Security Documents completed and, where necessary, registered in form and manner satisfactory to the Bank's solicitors;

2. satisfactory banker's and/or other agency reports on the financial position of the Borrower, the Guarantors and such customers of the Borrowers as the Bank may specify from time to time;
3. verification of insurance arranged by the Borrowers conforming to the Bank's requirements;
4. if deemed necessary by the Bank, an environmental assessment, by a consultant and in form and content, acceptable to the Bank;
5. satisfactory review of Bank statements for the most recent consecutive twelve (12) month period;
6. satisfactory review of the Borrowers' margin package for the most recent consecutive three (3) month period; and
7. confirmation that the Borrowers are in compliance with each of the terms and conditions of the Facility Letter.

Covenants

In addition to the conditions previously set out, the following conditions shall apply until the Credit Facilities are repaid in full and cancelled:

1. each Borrower shall not, and shall ensure that each of the Subsidiaries does not, without the prior written consent of the Bank:
 - (a) other than Permitted Liens, grant or allow any lien, charge, privilege, hypothec or other encumbrance, whether fixed or floating, to be registered against or exist on any of its assets, and in particular, without limiting the generality of the foregoing, shall not grant a trust deed or other instrument in favour of a trustee;
 - (b) become guarantor or endorser or otherwise become liable upon any note or other obligation or give any financial assistance other than in the normal course of its business;
 - (c) make any Distributions or permit its Subsidiaries to make any Distributions, except that (i) from and after the Initial Closing Date, a one (1) time Distribution in the form of a shareholder loan to Caleb Lawrence in the maximum principal amount of CAD 50,000 may be made, and (ii) Distributions may be made if (x) both before and immediately after each such Distribution no Default or Event of Default has occurred and is continuing, (y) both before and immediately after each such Distribution, the Borrowers are in *pro-forma* compliance with all financial covenants;
 - (d) permit any reorganization or change of control of either Borrower or any Guarantor; or
 - (e) conduct the purchase or sale of any assets outside the normal course of business;
2. each Borrower agrees that it will, and will cause each of its Subsidiaries to, keep its property taxes paid up to date at all times;
3. each Borrower agrees that it will, and will cause each of its Subsidiaries to, file all material tax returns which are to be filed by it from time to time, to pay or make provision for payment of all taxes (including interest and penalties) and Potential Prior-Ranking Claims when due, and to provide adequate reserves for the payment of any tax, the payment of which is being contested;

4. each Borrower shall not, and shall ensure that each of its Subsidiaries does not, repay any funded debt including without limitation any subordinated debt other than in accordance with the terms of any subordination agreement entered into by a subordinated lender with the Bank, except for the debt owing hereunder;
5. each Borrower shall, and shall cause each of its Subsidiaries to, preserve and maintain its existence and to continue to conduct its business as currently conducted by it;
6. each Borrower shall, and shall cause each of its Subsidiaries to, preserve and keep in force and effect all licenses, permits, franchises, approvals, patents, trademarks, trade names, trade styles, copyrights, and other proprietary rights necessary to the proper conduct of its business where the failure to do so would reasonably be expected to have a material adverse effect;
7. each Borrower shall, and shall cause each of its Subsidiaries to, maintain, preserve, and keep its property, plant, and equipment in good repair, working order and condition (ordinary wear and tear excepted), and shall from time to time make all needful and proper repairs, renewals, replacements, additions, and betterments thereto so that at all times the efficiency thereof shall be fully preserved and maintained. Should either Borrower or any Subsidiary neglect or fail to maintain its property, plant or equipment as set forth above, or fail to make the necessary repairs following receipt of notice by the Bank to that effect, or if any property is left vacant or unoccupied for a minimum of thirty (30) days, the Bank may, upon prior notice to the Borrowers, without prejudice to its rights and recourses, enter the subject property for the purpose of doing the work required or taking any appropriate or reasonable measures, the whole at the Borrowers' expense;
8. each Borrower shall, and shall cause each of its Subsidiaries to, insure and keep insured with good and responsible insurance companies, all insurable property owned by it which is of a character usually insured by persons similarly situated and operating like properties against loss or damage from such hazards and risks, and in such amounts, as are insured by persons similarly situated and operating like properties; and each Borrower shall, and shall cause each of its Subsidiaries to, insure such other hazards and risks (including, without limitation, business interruption, employers' and public liability risks) as and to the extent usually insured by persons similarly situated and conducting similar businesses, all of which policies of insurance shall be in such amounts as are customary in the industry for similar businesses and properties, and shall include a standard mortgage clause approved by the Insurance Bureau of Canada; and the interest of the Bank shall be noted on such policies (except liability insurance policies) as first mortgagee and loss payee; and the Bank shall be named as an additional insured under such liability insurance policies. Each Borrower shall, and shall cause each of its Subsidiaries to, upon the request of the Bank, furnish to the Bank a certificate setting forth in summary form the nature and extent of the insurance maintained pursuant to this Section. Each Borrower shall, and shall cause each of its Subsidiaries to, promptly notify the Bank of any loss or damage to any collateral in an amount exceeding \$100,000;
9. each Borrower shall, and shall cause each of its Subsidiaries to, permit the Bank and each of its duly authorized representatives and agents to visit and inspect any of its property, corporate books, and financial records, to examine and make copies of its books of accounts and other financial records, and to discuss its affairs, finances, and accounts with, and to be advised as to the same by, its officers, employees and independent chartered accountants (and by this provision each Borrower and each Subsidiary hereby authorizes such accountants to discuss with the Bank the finances and affairs of the Borrowers) at such reasonable times and intervals as the Bank may designate and, so long as no Default or Event of Default exists, with reasonable prior notice to either Borrower;

10. without the prior written consent of the Bank, each Borrower shall not, and shall ensure that each of its Subsidiaries does not, form or acquire any Subsidiaries;
11. each Borrower shall not, and shall ensure that each of its Subsidiaries does not, assign, sell or transfer any shares of capital stock or other equity interests of a Subsidiary;
12. each Borrower shall, and shall cause each of its Subsidiaries to, comply in all respects with the requirements of all federal, provincial, and local laws, rules, regulations, ordinances and orders applicable to or pertaining to its property or business operations, where any such noncompliance, individually or in the aggregate, would reasonably be expected to have a material adverse effect or result in a lien upon any of its property;
13. each Borrower shall not, and shall ensure that each of its Subsidiaries does not, change its fiscal year from its present basis;
14. each Borrower shall use the credit extended under the Facility Letter solely for the purposes set forth in Section 3 of the Facility Letter;
15. each Borrower shall, and shall cause each of its Subsidiaries to, promptly notify the Bank of any additional owned real property, leased locations or other location at which any property or assets owned by it is located which are not listed on Schedule "B" hereto as of the date hereof, and shall promptly provide to the Bank an updated Schedule "B";
16. each Borrower shall, and shall cause each of its Subsidiaries to, promptly notify the Bank of any change to the jurisdiction of location of its chief executive office, name, form or jurisdiction of organization;
17. the Bank shall have the right to waive the delivery of any Security Documents or the performance of any term or condition of the Facility Letter, and may advance all or any portion of the Credit Facilities prior to satisfaction of any of the aforesaid conditions precedent, but waiver by the Bank of any obligation or condition shall not constitute a waiver of such obligation or condition for any future advance;
18. all financial terms and covenants shall be determined in accordance with generally accepted accounting principles, applied consistently;
19. if the amount outstanding under any Credit Facilities in CAD plus the CAD Equivalent of the amount outstanding under any Credit Facility in USD at any time exceeds the amount authorized under that Credit Facility, the Bank may, from time to time, in its sole discretion:
 - (a) limit the further utilization of that Credit Facility;
 - (b) convert all or part of the amount outstanding under that Credit Facility to CAD in which event, interest shall accrue and be paid on such converted amounts at the rate set out in the Facility Letter for CAD advances accruing interest with reference to the Bank's Prime Rate. If no such rate is set out in the Facility Letter, interest shall accrue on the amount so converted at the Bank's Prime Rate plus 3% per annum, compounded and payable monthly on the last day of each month, both before and after default and judgment, until paid;
 - (c) require the Borrowers to pay off the excess;

20. any amount payable by the Borrowers (or either of them) to the Bank under the Facility Letter or the Security Documents may be debited from any account of the Borrowers or any Subsidiary with the Bank;
21. the Borrowers and the Guarantors shall indemnify the Bank against any loss incurred by it as a result of any judgment or order being given or made for the payment of any amount due under the Facility Letter or the Security Documents, where:
- (a) such judgment or order is expressed and paid in a currency (the "Judgment Currency") other than the currency of an outstanding loan (the "Loan Currency"); and
 - (b) there is a variation between:
 - (i) the rate of exchange at which the Loan Currency amount is converted into the Judgment Currency for the purposes of such judgment or order, and
 - (ii) the rate of exchange at which the Bank is able to purchase the Loan Currency with the amount of the Judgment Currency when actually received by the Bank.

The foregoing indemnity shall constitute a separate and independent obligation of the Borrowers and shall apply irrespective of any indulgence granted to the Borrowers from time to time, and shall continue in full force and effect notwithstanding any such judgment or order as aforesaid. The term "rate of exchange" shall include any premiums and costs of exchange payable in connection with the purchase of, or conversion into, the relevant currency.

Hazardous Substances

22. To the best of each Borrower's knowledge after due and diligent inquiry, no regulated, hazardous or toxic substances are being stored on any of the premises of either Borrower or any of its Subsidiaries (the "Premises") or any adjacent property, nor have any such substances been stored or used on the Premises or any adjacent property prior to the ownership, possession or control of the Premises by either Borrower or any of its Subsidiary. Each Borrower agrees to provide written notice to the Bank immediately upon either Borrower becoming aware that the Premises or any adjacent property are being or have been contaminated with regulated, hazardous or toxic substances. Each Borrower will not, and shall ensure that each of its Subsidiaries does not, permit any activities on the Premises which directly or indirectly could result in the Premises or any other property being contaminated with regulated, hazardous or toxic substances. For the purposes of the Facility Letter, the term "regulated, hazardous or toxic substances" means any substance, defined or designated as hazardous or toxic wastes, hazardous or toxic material, a hazardous, toxic or radioactive substance or other similar term, by any applicable federal, provincial or local statute, regulation or ordinance now or in the future in effect, or any substance or materials, the use or disposition of which is regulated by any such statute, regulation or ordinance;
23. Each Borrower shall, and shall cause each of its Subsidiaries to, promptly comply with all statutes, regulations and ordinances, and with all orders, decrees or judgments of governmental authorities or courts having jurisdiction, relating to the use, collection, storage, treatment, control, removal or cleanup of regulated, hazardous or toxic substances in, on, or under the Premises or in, on or under any adjacent property that becomes contaminated with regulated, hazardous or toxic substances as a result of construction, operations or other activities on, or the contamination of, the Premises, or incorporated in any improvements thereon. The Bank may, but shall not be obligated to, enter upon the Premises and take such actions and incur such costs and expenses to effect such compliance as it

deems advisable and the Borrowers shall reimburse the Bank on demand for the full amount of all costs and expenses incurred by the Bank in connection with such compliance activities; and

24. The assets of each Borrower and its Subsidiaries which are now or in the future encumbered by the Security Documents are hereby further mortgaged and charged to the Bank, and the Bank shall have a security interest in such assets, as security for the repayment of such costs and expenses and interest thereon, as if such costs and expenses had originally formed part of the Credit Facilities.

Bank Visits

Representatives of the Bank shall be entitled to attend at the Borrowers' and Subsidiaries' business premises and to view all financial records of the Borrowers at any time, on reasonable notice, and in any event not less frequently than annually in conjunction with the annual review of the Credit Facilities.

Legal and Other Expenses

The Borrowers shall pay all reasonable legal fees and disbursements in respect of the Credit Facilities, the preparation and issue of the Security Documents, the enforcement and preservation of the Bank's rights and remedies, sub-searches from time to time, including in connection with any draw and all reasonable fees and costs relating to appraisals, insurance consultation, credit reporting and responding to demands of any government or any agency or department thereof, whether or not the documentation is completed or any funds are advanced under the Credit Facilities.

Syndication

The Bank shall have the right to syndicate all or any portion of the Credit Facilities.

Waiver or Variation

No term or condition of the Facility Letter or any of the Security Documents may be waived or varied orally or by any course of conduct of any officer, employee or agent of the Bank. Any amendment to the Facility Letter or the Security Documents must be in writing and signed by a duly authorized officer of the Bank.

Credit Reporting

The Borrowers and each Guarantor consent to the Bank obtaining from any credit reporting agency or from any person such information as the Bank may require at any time, and consents to the disclosure at any time of any information concerning each Borrower and any Guarantor to any credit grantor with whom each Borrower and any Guarantor has financial relations or to any credit reporting agency.

Time of Essence

Time shall be of the essence of the Facility Letter.

Obligations Joint and Several

The obligations of each Borrower under this Facility Letter are joint and several. The failure of either Borrower to carry out its obligations hereunder shall not relieve the other Borrower of any of its obligations hereunder.

**SCHEDULE "B" TO FACILITY LETTER
FROM HSBC BANK CANADA
TO INNOVATIVE STEAM TECHNOLOGIES INC.
and IST BOILER COMPONENTS INC.
DATED: March 28, 2016**

Asset Jurisdictions

Ontario
British Columbia

Owned Property

Nil

Leased Property

Suite 100, 6425 River Road, Delta, British Columbia
Suite 100, Natura Way, Cambridge, Ontario
Goeman Borgesuistam 777, 3315
ET Utrecht, Netherlands
549 Conestoga Blvd. Cambridge, Ontario

Any other locations property located at

Nil

TAB G

THIS IS EXHIBIT "G" REFERRED TO IN THE
AFFIDAVIT OF JOHN BORCH SWORN BEFORE
ME THIS 27th DAY OF APRIL, 2018.



A Commissioner for Taking Affidavits, etc.

Innovative Steam Technologies Inc.

Indebtedness as at:

27-Apr-18

<u>Facility</u>	<u>Account #</u>	<u>Currency</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Overdraft	002-710072-001	CAD	2,701,078.29	7,843.08	2,708,921.37
Demand Loan	002-710072-600	CAD	10,319,703.50	37,267.98	10,356,971.48
Demand Loan	002-710072-601	CAD	0.10	-	0.10
Demand Loan	002-710072-602	CAD	0.10	-	0.10
M/C - Yves Sans-Cartier	5193 9140 0053 4162	CAD	53,570.62	-	53,570.62
M/C - Christopher Ritchie	5193 9140 0059 7722	CAD	2,845.65	-	2,845.65
		CAD	13,077,198.26	45,111.06	13,122,309.32

<u>Facility</u>	<u>Account #</u>	<u>Currency</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Standby L/C (Expiry Dec 31/18)*	PEB263HTI333	USD	2,998,840.00	-	2,998,840.00

* In favour of HSBC Bank Middle East Limited

TAB H

THIS IS EXHIBIT "H" REFERRED TO IN THE
AFFIDAVIT OF JOHN BORCH SWORN BEFORE
ME THIS 27th DAY OF APRIL, 2018.

A handwritten signature in blue ink, appearing to read "Panic", written in a cursive style.

A Commissioner for Taking Affidavits, etc.

ASSIGNMENT OF SHARE PURCHASE AGREEMENT

THIS IS AN AGREEMENT made as of April 10, 2015 by 2460623 Ontario Inc. (the "Assignor") in favour of HSBC Bank Canada (the "Assignee").

WHEREAS:

1. The Assignor, as borrower, and the Assignee, as lender, are parties to a facility letter issued by the Assignee to the Assignor dated as of April 10, 2015, as amended by a side letter dated April 10, 2015 and as it may be further amended from time to time, the "**Facility Letter**";
2. The Assignor, as purchaser and Aecon Construction Group Inc. (the "**Vendor**"), are parties to a share purchase agreement dated April 10, 2015 (the "**Purchase Agreement**"), a true and complete copy of which is attached hereto as Schedule "A";
3. The Assignor will acquire all of the shares held by the Vendor in each of Innovative Steam Technologies Inc. and IST Boiler Components Inc.; and
4. As a condition to the provision of credit or otherwise making financial accommodations available to the Assignor under the Facility Letter, the Assignee has required, among other things, that the Assignor agrees to assign to the Assignee, as continuing security, all of the Assignor's present and future rights and interests in and to the Purchase Agreement;

NOW THEREFORE THIS AGREEMENT WITNESSES that for good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by the Assignor) the Assignor covenants, agrees and declares in favour of the Assignee as follows:

ARTICLE 1
INTERPRETATION

1.1 Interpretation

Each word and expression (capitalized or not) defined or given an extended meaning in the Facility Letter, and not otherwise defined herein, is used in this Agreement with the respective defined or extended meaning assigned in the Facility Letter.

1.2 Severability.

If any term or provision contained in this Agreement or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, and the application of such term or provision to persons and circumstances other than those in respect of which it is held invalid or unenforceable, shall not be affected thereby and each term and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

1.3 Governing Law.

This Agreement shall be governed by, and interpreted and enforced in accordance with, the laws of the Province of Ontario and the laws of Canada applicable therein. The Assignor irrevocably attorns to, and submits to the non-exclusive jurisdiction of, the courts of Ontario with respect to any matter arising hereunder or related hereto.

1.4 Binding On Successors, Etc.

This Agreement and everything contained in this Agreement shall enure to the benefit of the Assignee and its successors and assigns and shall be binding upon the Assignor and its successors and permitted assigns; "successors" includes any corporation resulting from the amalgamation of a

corporation with any other corporation. The Assignor may not assign any of its rights or obligations under this Agreement without the prior written consent of the Assignee.

1.5 Purchase Agreement.

The Assignor represents and warrants to the Assignee that the recitals contained herein are true and correct in all respects. The Assignor represents and warrants that a true copy of the Purchase Agreement is attached hereto as **Schedule "A"** and that the Assignor is in compliance with all provisions of the Purchase Agreement as of the date hereof and that there have been no amendments to the Purchase Agreement, other than as disclosed above.

ARTICLE 2 **ASSIGNMENT, ETC.**

2.1 Assignment.

Upon and subject to the terms, conditions and provisions contained in this Agreement, the Assignor by this Agreement, unconditionally and irrevocably assigns, transfers and sets over to and in favour of the Assignee for the benefit of the Assignee as and by way of a fixed and specific assignment, and grants to the Assignee a continuing security interest in, all of such Assignor's present and future right, title, estate and interest in, to, under and in respect of:

- (a) the Purchase Agreement and all rights, entitlements, privileges, benefits, powers, licences and advantages of the Assignor to be derived from the Purchase Agreement (including for greater certainty the right to indemnification pursuant to Section 6.2 of the Purchase Agreement);
- (b) all covenants, obligations and agreements to exercise and enforce the rights, entitlements, privileges, benefits, powers, licences and advantages of the Assignor under, in connection with or in respect of the Purchase Agreement;
- (c) all indemnities (contractual, statutory or otherwise) under, in connection with or in respect of the Purchase Agreement (including for greater certainty the right to indemnification pursuant to Section 6.2 of the Purchase Agreement) and all rights, entitlements, privileges, benefits, powers, licences and advantages of the Assignor to be derived from all such indemnities and otherwise to exercise and enforce the rights, entitlements, privileges, benefits, powers, licences and advantages of the Assignor in respect of all such indemnities;
- (d) all revenues and other moneys or amounts now due and payable, or which may in the future become due and payable, to the Assignor under or in connection with the Purchase Agreement or which are now, or may in the future become, receivable by the Assignor pursuant to or in connection with the Purchase Agreement; and
- (e) all rights of the Assignor to perform and exercise all of its rights, entitlements, privileges, benefits, powers, licences and advantages under, in connection with or with respect to, and all remedies in connection with, the Purchase Agreement and all rights or claims of the Assignor to damages arising out of, or for, breach or default in respect of the Purchase Agreement

(collectively, the "**Assigned Interests**"),

to be held by the Assignee as general and continuing security for the due payment and performance of all present and future indebtedness, liabilities and obligations, direct or indirect, absolute or contingent, now or at any time and from time to time hereafter due or owing to the Assignee from or by the Assignor and the Assignor including without limitation under or pursuant to the Facility Letter (collectively, the "**Obligations**").

2.2 No Liability.

Nothing contained in this Agreement shall render the Assignee, or any of its agents, employees or any other persons for whom the Assignee is in law responsible, liable to any person for the fulfillment or non-fulfillment of the obligations, covenants and agreements (including, but not limited to, the payment of any monies under or in respect of the Purchase Agreement) of the Assignor under the Purchase Agreement.

2.3 Attorney of the Assignor.

The Assignee, as attorney or agent of the Assignor and in its name, may, at any time and from time to time after an Event of Default, exercise any of the rights, entitlements, privileges, powers, benefits, licences, advantages, authorities and discretions which under the terms of the Assigned Interests could be exercised by the Assignor with respect to the Assigned Interests.

2.4 Performance Until an Event of Default.

Until an Event of Default has occurred, the Assignor, subject to any other agreement between the Assignee and the Assignor, shall, in a manner which would not cause an Event of Default and which is not inconsistent with the terms and provisions of the Facility Letter: (a) be entitled to deal with the Assigned Interests and to enforce all of the benefits, advantages and powers under the Purchase Agreement as though the security interest created by this Agreement had not been made; and (b) perform all covenants and obligations to be performed by it under the terms of the Purchase Agreement. After an Event of Default has occurred, the Assignee may, but shall not be obligated to, exercise all rights, powers, benefits, advantages, authority and discretions of the Assignor in respect of the Assigned Interests and to exercise the rights granted to the Assignee under this Agreement in respect of the Assigned Interests in the place and stead of the Assignor, all of which are hereby consented to by the Assignor.

2.5 No Amendment/Notice of Default.

The Assignor shall not restate, replace or make any material amendment to the Purchase Agreement without the prior written consent of the Assignee, such consent not to be unreasonably withheld or delayed. Non-material amendments may be made to the Purchase Agreement provided that the Assignor shall deliver copies of such amendments concurrently to the Assignee when entering into same. The Assignor undertakes to provide written notice to the Assignee forthwith upon receiving any notice of default or event of default in connection with the Purchase Agreement.

ARTICLE 3
DEFAULT**3.1 Rights of Assignee upon an Event of Default**

After an Event of Default has occurred, without limiting the rights of the Assignee under or pursuant to this Agreement, any other security or agreement provided by the Assignor to the Assignee or any other person pursuant to or in connection with any of the Obligations or otherwise provided by law, the Assignee shall have the authority:

- (a) to enforce, realize, sell, assign, transfer, require continued performance under or otherwise deal with the Assigned Interests, upon such terms and conditions and at such time or times as may seem to it advisable, and to charge on its own behalf and pay to others reasonable sums for expenses incurred and for services rendered (expressly including legal advice and services) in connection with so collecting, realizing, or obtaining performance of the Assigned Interests, and to add the amount of such sums to the Obligations;

- (b) to renew, amend or otherwise deal with the Assigned Interests (including, without limitation, the authority to demand, sue for, recover, receive and give receipts for all work, services and goods to be provided under the Assigned Interests and to give consents or waivers with respect to, or otherwise enter into agreements, understandings or arrangements respecting, the Assigned Interests);
- (c) to perform at the Assignor's expense any and all obligations or covenants of the Assignor under the Assigned Interests or in respect thereof and to enforce performance by each of the parties to the Purchase Agreements of their respective obligations, covenants and agreements thereunder (any and all such expenses incurred by the Assignee shall be repaid by the Assignor to the Assignee on demand and shall form part of the Obligations and interest shall accrue thereon at the same rate as set out in the Facility Letter;
- (d) to deal with the Assigned Interests to the same extent as the Assignor could do; and
- (e) by instrument in writing appoint any person to be a receiver (which term shall include a manager and a receiver and manager) of the Assigned Interests and may remove any receiver so appointed and appoint another in his stead; and any receiver so appointed shall have the authority to do any of the acts specified in this Section and further to take possession of and collect the revenues and other moneys of all kinds payable to the Assignor in respect of the Assigned Interests and pay therefrom all reasonable expenses of completing, maintaining, preserving, protecting the Assigned Interests, the payment of which may be necessary or desirable to complete, preserve and protect the Assigned Interests,

the whole without any liability or responsibility of any kind on the part of the Assignee or its agents or receivers (other than by reason of the gross negligence or wilful misconduct of such persons).

3.2 No Obligation to Enforce Assigned Interests.

The Assignee shall not be liable or accountable for any future failure to enforce or otherwise deal with the Assigned Interests and the Assignee shall not be bound to institute proceedings for the purpose of enforcing or otherwise dealing with the Assigned Interests or for the purpose of preserving any rights of the Assignee, the Assignor, or any other person in respect of the same. No failure to exercise or any delay on the part of the Assignee in exercising any right, power or remedy provided in this Agreement or by law shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any further or other exercise of the same right, power or remedy or the exercise of any other such right, power or remedy. Where any discretionary powers under this Agreement are vested in the Assignee or its agents or receiver, such powers may be exercised by an officer or manager of the Assignee or its appointed agents or receiver, as the case may be.

3.3 Application of Assigned Interests.

All monies or other amounts collected or received by the Assignee in respect to the Assigned Interests may be applied on account of such part of the Obligations as to the Assignee seems best, or held by the Assignee in a collateral account maintained by it for such time as to the Assignee seems best and then applied on such part of the Obligations as to the Assignee seems best.

ARTICLE 4 **GENERAL**

4.1 No Release.

This Agreement shall remain in full force and effect without regard to, and the obligations of the Assignor hereunder shall not be affected or impaired by: (a) any amendment, modification, replacement of or addition or supplement to the Facility Letter, or any other agreement or security provided to the Assignee, or any other person with respect to any Obligations; (b) any exercise or non-exercise of any

right, remedy, power or privilege in respect of the Facility Letter, the Obligations or any other agreement or security provided to the Assignee; (c) any waiver, consent, extension, indulgence or other action, inaction or omission under or in respect of the Facility Letter or any other agreement or security provided to the Assignee with respect to any Obligations; (d) any default by the Assignor under, or any invalidity or unenforceability of, or (subject to Section 4.2) any limitation of the liability of the Assignor or on the method or terms of payment under, or any irregularity or other defect in, the Facility Letter or any other agreement or security provided to the Assignee with respect to any Obligations; (e) any merger, consolidation or amalgamation of the Assignor or any partners of the Assignor into or with any other person or any change in the persons who are from time to time partners of the Assignor; or (f) any insolvency, bankruptcy, liquidation, reorganization, arrangement, composition, winding-up, dissolution or similar proceeding involving or affecting the Assignor or any partners of the Assignor.

4.2 Termination of this Agreement.

Upon payment and fulfillment by the Assignor, its successors or permitted assigns, of all Obligations and provided that the Assignee is no longer under any obligation (conditional or otherwise) to make any further loan or extend any other type of credit to the Assignor or to any other Person, the payment of which is secured, directly or indirectly, by this Agreement, the Assignee shall, upon request in writing by the Assignor, and at the Assignee's expense, discharge this agreement.

4.3 No Partnership.

Nothing contained in this Agreement shall be deemed or construed as creating the relationship of principal and agent or of partnership or of joint venture between the Assignor and the Assignee; it being understood and agreed that none of the provisions contained in this Agreement or any acts of the Assignee or of the Assignor, shall be deemed to create any relationship between the Assignee and the Assignor other than the relationship of assignee and assignor.

4.4 Rights and Remedies Cumulative.

The rights and remedies given to the Assignee under this Agreement shall be cumulative of and not substituted for any rights and remedies to which the Assignee may be entitled under any other agreement or security provided to the Assignee with respect to any Obligations or under statute, at law or in equity, and may be exercised whether or not the Assignee has pursued or is then pursuing any other such rights and remedies. Further, nothing in this Agreement shall curtail or limit the remedies of the Assignee as permitted by law or in any statute to a creditor, all such remedies being in addition to and not in substitution for any other rights of the Assignee under this Agreement, or any other agreement or security provided to the Assignee with respect to any Obligations.

4.5 Time of Essence.

Time shall be of the essence of this Agreement.

4.6 Notices.

All notices and other communications given under or with respect to this Agreement shall be given to:

To Assignor:

2460623 Ontario Inc.
594 Conestoga Blvd.
Cambridge, Ontario N1R 7P9

Attention:
Email:

To Assignee:

HSBC Bank Canada
70 York Street
Toronto, ON M5J 1S9

Attention:
Email:

4.7 Waiver.

No consent or waiver, express or implied, by the Assignee to or of any breach or default by the Assignor in performance of its obligations under this Agreement shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance by the Assignor under this Agreement. Failure on the part of the Assignee to complain of any act or failure to act of the Assignor or to declare the Assignor in default, irrespective of how long such failure continues, shall not, by itself, constitute a waiver by the Assignee of its rights under this Agreement.

4.8 Amendments.

This Agreement may not be modified or amended except with the written consent of the Assignor and the Assignee.

4.9 Continuing Security.

This Agreement and the rights and remedies it creates are a continuing agreement and security, and shall bind the parties until discharge of this Agreement as provided in Section 4.2 of this Agreement.

4.10 Indemnity.

The Assignor shall be liable for, and shall indemnify and save the Assignee harmless of and from, all manner of actions, causes of action, demands, claims, losses, costs, damages and expenses of any and every nature whatsoever which the Assignee may sustain, pay or incur in respect of or in connection with (a) the Assigned Interests, (b) any and all actions of the Assignor pursuant to the exercise by the Assignor of any of its rights, duties or obligations under or in respect of the Assigned Interests, and (c) the lawful and proper exercise or performance by the Assignee of any of its rights and powers as authorized under this Agreement (other than by reason of the gross negligence or wilful misconduct of the Assignee).

4.11 Expenses.

The Assignor shall pay to the Assignee on demand all reasonable out-of-pocket costs and expenses incurred by the Assignee in connection with the preparation, execution, delivery and administration of this Agreement and all related documentation and the amendment and enforcement of, and the preservation and protection of any of the Assignee's rights under, this Agreement and such related documentation (including the reasonable fees and out-of-pocket expenses of counsel for the Assignee for services provided in connection with the foregoing matters and all sales, goods and services and other similar taxes payable under the laws of any applicable jurisdiction with respect thereto) and shall pay to the Assignee interest thereon, calculated from and including the due date thereof and payable on demand, at the highest per annum rate of interest from time to time applicable to the Obligations, all of which amounts shall be added to, and be deemed to form part of, the Obligations.

4.12 Statutory Waivers.

To the fullest extent permitted by law, the Assignor waives all of the rights, benefits and protections given by the provisions of any existing or future statute or regulation which imposes limitations on the powers, rights or remedies of a secured party or on the methods of realization of security,

including, without limitation, any seize or sue or anti-deficiency statute or any similar provision of any other statute.

4.13 Receipt.

The Assignor acknowledges receipt of an executed copy of this Agreement.

[THE REMAINDER OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF the Assignor has duly executed this Agreement as of the date indicated on the first page of this Agreement.

2460623 ONTARIO INC.

By: 
Name: Greg Collaps
Title: Secretary

SCHEDULE "A"
SHARE PURCHASE AGREEMENT

AECON CONSTRUCTION GROUP INC.

- and -

2460623 ONTARIO INC.

SHARE PURCHASE AGREEMENT

April 10, 2015

TABLE OF CONTENTS

ARTICLE 1

INTERPRETATION.....	1
1.1 Definitions.....	1
1.2 Exhibits and Schedules	11
1.3 Actions on Non-Business Day	11
1.4 Calculation of Time.....	12
1.5 Calculation of Interest.....	12
1.6 Invalidity of Provisions.....	12
1.7 Entire Agreement	12
1.8 Waiver, Amendment	12
1.9 Knowledge	12
1.10 Additional Rules of Interpretation.....	13

ARTICLE 2

PURCHASE AND SALE.....	14
2.1 Agreement to Purchase and Sell Purchased Shares	14
2.2 Purchase Price	14
2.3 Estimated Closing Statement	14
2.4 Closing Payment	14
2.5 Final Purchase Price (less Deferred Payment or Substitute Payment).....	14
2.6 Deferred Payment.....	16

ARTICLE 3

REPRESENTATIONS AND WARRANTIES.....	20
3.1 By the Vendor	20
3.2 By the Purchaser	34
3.3 No Finder's Fees	35
3.4 Independent Investigation	35

ARTICLE 4

ADDITIONAL AGREEMENTS OF THE PARTIES	35
4.1 Post-Closing Tax Matters.....	36
4.2 Transfer Taxes.....	37
4.3 Restrictive Covenants.....	37
4.4 Preservation of Records	37
4.5 Vendor Delivered Services	38
4.6 Vendor Intellectual Property	38
4.7 Benefit Plans	38
4.8 Transition Services.....	39

4.9	York Energy Centre	39
ARTICLE 5		
	CLOSING ARRANGEMENTS	40
5.1	Closing	40
5.2	Closing Deliveries of the Vendor.....	40
5.3	Closing Deliveries of the Purchaser.....	41
ARTICLE 6		
	SURVIVAL AND INDEMNIFICATION	41
6.1	Survival of Representations, Warranties, Covenants and Agreements	41
6.2	Indemnification by the Vendor	42
6.3	Indemnification by the Purchaser.....	43
6.4	Notice of Claim	43
6.5	Third Party Claims	44
6.6	Direct Claims	45
6.7	Additional Rules and Procedures.....	45
6.8	Characterization of Indemnification Payments	47
6.9	Remedies Exclusive	47
6.10	No Effect of Knowledge	47
6.11	Right of Set-Off	48
ARTICLE 7		
	DISPUTE RESOLUTION	48
7.1	Disputes.....	48
7.2	Dispute Resolution Procedure.....	48
ARTICLE 8		
	GENERAL MATTERS.....	49
8.1	Public Notices	49
8.2	Expenses.....	49
8.3	Successors and Assigns.....	49
8.4	Notices	49
8.5	Time of Essence	51
8.6	Further Assurances.....	51
8.7	Counterparts.....	51
8.8	Specific Performance	51
8.9	Limitation of Damages.....	52
8.10	Governing Law; Submission to Jurisdiction	52
8.11	Mutual Drafting.....	52

SHARE PURCHASE AGREEMENT

THIS AGREEMENT is made as of this 10th day of April, 2015,

AMONG:

AECON CONSTRUCTION GROUP INC., a corporation incorporated under the Laws of Canada

(the “Vendor”)

- and -

2460623 ONTARIO INC., a corporation incorporated under the Laws of Ontario

(the “Purchaser”)

RECITALS:

- A. The Vendor owns all of the issued and outstanding shares of Innovative Steam Technologies Inc. (“IST”), a corporation incorporated under the Laws of Ontario.
- B. The Vendor owns all of the issued and outstanding shares of IST Boiler Components Inc. (“Boilers”), a corporation incorporated under the Laws of the Province of Alberta.
- C. The Vendor wishes to sell all of the issued and outstanding shares of IST and Boilers to the Purchaser, and the Purchaser wishes to purchase all of such shares, on and subject to the terms and conditions of this Agreement.

NOW THEREFORE in consideration of the mutual covenants and agreements contained in this Agreement and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement,

- 1.1.1. “**2015 Financial Statements**” means the audited, combined financial statements of the IST Entities in respect of the 2015 Fiscal Year, prepared in accordance with IFRS, on a basis that is consistent with the Financial Statements, consisting of a balance sheet and the accompanying statements of profit and loss, retained earnings and changes in financial position for the year then ended and all notes for such statements;
- 1.1.2. “**2015 Fiscal Year**” means the twelve month period commencing January 1, 2015 and ending December 31, 2015;

- 1.1.3. **"2016 Financial Statements"** means the audited, combined financial statements of the IST Entities in respect of the 2016 Fiscal Year, prepared in accordance with IFRS, on a basis that is consistent with the 2015 Financial Statements, consisting of a balance sheet and the accompanying statements of profit and loss, retained earnings and changes in financial position for the year then ended and all notes for such statements;
- 1.1.4. **"2016 Fiscal Year"** means the twelve month period commencing January 1, 2016 and ending December 31, 2016;
- 1.1.5. **"Adjustment Amount"** means an amount equal to the difference between the Final Purchase Price (excluding the Deferred Payment, if any) and the Estimated Purchase Price;
- 1.1.6. **"Affiliate"** means, with respect to any Person, any other Person that, directly or indirectly, through one or more intermediaries, Controls or is Controlled by such Person, or is under common Control with such Person;
- 1.1.7. **"Agreement"** means this agreement and all Exhibits and Schedules attached to this agreement;
- 1.1.8. **"arm's length"** has the meaning ascribed to such term under the ITA;
- 1.1.9. **"Base Purchase Price"** means an amount equal to \$35,000,000;
- 1.1.10. **"Base Working Capital"** means \$10,000,000;
- 1.1.11. **"Benefit Plans"** means all written plans, arrangements, agreements, programs, policies or undertakings with respect to some or all of the current or former directors, officers, employees, independent contractors or agents of any IST Entity which provide for or relate to:
 - 1.1.11.1. bonus, profit sharing or deferred profit sharing, performance compensation, deferred or incentive compensation, share compensation, share purchase or share option purchase, share appreciation rights, phantom stock, vacation or vacation pay, sick pay, employee loans, or any other compensation in addition to salary; or
 - 1.1.11.2. insured or self-insured benefits for or relating to income continuation or other benefits during absence from work (including short term disability, long term disability and workers compensation), hospitalization, health, welfare, legal costs or expenses, medical or dental treatments or expenses, life insurance, accident, death or survivor's benefits, supplementary employment insurance, day care, tuition or professional commitments or expenses or similar employment benefits;
- 1.1.12. **"Boilers"** has the meaning attributed to such term in the preamble hereto;
- 1.1.13. **"Business"** means the business carried on by the IST Entities, including designing, engineering, manufacturing and installing heat recovery steam generators for power generation and enhanced oil recovery steam generators for heavy oil applications and matters ancillary thereto;
- 1.1.14. **"Business Day"** means any day, other than Saturday, Sunday or any statutory holiday in the Province of Ontario;
- 1.1.15. **"Business IP"** has the meaning attributed to such term in Section 3.1.25.1;

- 1.1.16. **"Claim"** has the meaning attributed to such term in Section 6.4;
- 1.1.17. **"Claimant"** has the meaning attributed to such term in Section 7.2.1;
- 1.1.18. **"Closing"** means the completion of the sale and purchase of the Purchased Shares in accordance with the terms of this Agreement;
- 1.1.19. **"Closing Cash Consideration"** means the aggregate of (x) the aggregate cash consideration actually received in respect of the Sale Transaction at closing (for avoidance of doubt, cash consideration deposited in escrow shall not be considered to have actually been received until such funds have been released from escrow), and (y) the fair market value of any securities or other non-cash consideration received in respect of such Sale Transaction by the recipient thereof;
- 1.1.20. **"Closing Date"** means the date first above written;
- 1.1.21. **"Closing Indebtedness"** means the outstanding amount of Indebtedness as of 12:01 a.m. (Toronto time) on the Closing Date, representing the amount necessary to pay in full and discharge all of such Indebtedness, excluding any Indebtedness taken into account in Working Capital;
- 1.1.22. **"Confidential Memorandum"** has the meaning attributed to such term in Section 3.4.3.1;
- 1.1.23. **"Consent"** means any consent, approval, permit, waiver, ruling or exemption required from, and any notice required to, any Person (other than the Vendor and its Affiliates, including the IST Entities, or the Purchaser) in connection with the purchase and sale of the Purchased Shares contemplated by this Agreement, other than any Regulatory Approval;
- 1.1.24. **"Consultation Period"** has the meaning attributed to such term in Section 2.5.4;
- 1.1.25. **"Control"** means the possession, directly or indirectly, of the power to direct the management and policies of a Person, whether through the ownership of voting securities, by contract, by virtue of provisions contained in the constitutional documents or otherwise, and **"Controls," "Controlling"** and **"Controlled"** have corresponding meanings;
- 1.1.26. **"Current Policy"** has the meaning attributed to such term in Section 3.1.24;
- 1.1.27. **"Deferred Cash Consideration"** means the aggregate of any cash consideration actually received in respect of such Sale Transaction subsequent to the closing of such Sale Transaction (for avoidance of doubt, cash consideration deposited in escrow shall be considered to be received subsequent to closing at the time that such funds have been released from escrow);
- 1.1.28. **"Deferred Payment Period Financial Statements"** means, with respect to the Deferred Payment Period, the 2015 Financial Statements and the 2016 Financial Statements;
- 1.1.29. **"Deferred Payment Period"** means the 2015 Fiscal Year and the 2016 Fiscal Year;
- 1.1.30. **"Deferred Payment"** has the meaning attributed to such term in Section 2.6.1;
- 1.1.31. **"Direct Claim"** has the meaning attributed to such term in Section 6.4;

- 1.1.32. “**Disputes**” has the meaning attributed to such term in Section 7.1;
- 1.1.33. “**Draft Closing Statements**” has the meaning attributed to such term in Section 2.5.1;
- 1.1.34. “**Draft Working Capital Statement**” has the meaning attributed to such term in Section 2.5.1;
- 1.1.35. “**Draft Working Capital**” has the meaning attributed to such term in Section 2.5.1;
- 1.1.36. “**EBITDA**” means the combined earnings of the IST Entities before interest, Taxes, depreciation and amortization, adjusted to remove the effect of: (i) any contributions or losses derived from any acquisitions of assets, shares or other interests from any Person, or divestitures of any assets or shares of either of the IST Entities outside the ordinary course of business, or any costs and expenses associated with any other transaction involving either of the IST Entities outside of the ordinary course of business, any costs of future financings or refinancing, any costs and expenses associated with changes to employee compensation inconsistent with historical practices, or any expenses related to the transactions contemplated by this Agreement, including without limitation, the Transaction Expenses; and (ii) any other extraordinary gains or losses realized or incurred outside of the ordinary course of business (including, without limitation, any sale of the Owned Real Property and any rent paid in respect of such Owned Real Property after the completion of such sale);
- 1.1.37. “**EBITDA Calculation Statement**” has the meaning attributed to such term in Section 2.6.2;
- 1.1.38. “**Encumbrance**” means any security interest, lien, charge, pledge, encumbrance, mortgage, adverse claim or title retention agreement of any nature or kind;
- 1.1.39. “**Environmental Claim**” means, with respect to any Person, any written notice or claim by any other Person alleging or asserting liability or potential liability for investigatory costs, clean-up costs, response costs, corrective action, damage to natural resources and fines or penalties, in each case, arising out of, based on or resulting from (i) the presence or release into the environment of any Hazardous Material or (ii) any violation, or alleged violation, of any Environmental Law;
- 1.1.40. “**Environmental Law**” means any Law enacted and in effect on or prior to the Closing Date, concerning pollution or protection of the environment, including all those relating to the use, production, generation, handling, transportation, treatment, storage, disposal, distribution, labeling, testing, processing, discharge, release, threatened release, control or clean-up of any Hazardous Material;
- 1.1.41. “**Estimated Purchase Price**” means an amount equal to (i) the Base Purchase Price, (ii) *minus* the amount of the Closing Indebtedness and the Transaction Expenses paid in accordance with Section 2.4, and (iii) either (a) *plus* the amount, if any, by which the Estimated Working Capital is greater than the Base Working Capital or (b) *minus* the amount, if any, by which the Estimated Working Capital is less than the Base Working Capital;
- 1.1.42. “**Estimated Working Capital**” has the meaning attributed to such term in Section 2.3;
- 1.1.43. “**Final Closing Statement**” has the meaning attributed to such term in Section 2.5.5;
- 1.1.44. “**Final Purchase Price**” means an amount equal to (i) the Base Purchase Price, (ii) *minus* the amount of the Closing Indebtedness and the Transaction Expenses paid in accordance with

Section 2.4, (iii) either (a) *plus* the amount, if any, by which the Final Working Capital is greater than the Base Working Capital or (b) *minus* the amount, if any, by which the Final Working Capital is less than the Base Working Capital and (iv) *plus* the Deferred Payment or Substitute Payment, if any, determined in accordance with Section 2.6;

- 1.1.45. “**Final Working Capital**” has the meaning attributed to such term in Section 2.5.5;
- 1.1.46. “**Final Working Capital Statement**” has the meaning attributed to such term in Section 2.5.5;
- 1.1.47. “**Financial Statements**” means the unaudited financial statements of the IST Entities (consisting of combined statements of income, combined balance sheets and combined statements of cash flows) for the years ended December 31, 2014 and December 31, 2013;
- 1.1.48. “**Fundamental Representations**” has the meaning attributed to such term in Section 6.1.1.1;
- 1.1.49. “**Governmental Authority**” means any multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, tribunal, arbitral body, commission, board, bureau, or agency, domestic or foreign and any quasi-governmental or self-regulatory organization or instrumentality exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;
- 1.1.50. “**Hazardous Material**” means any hazardous material, toxic substance, pollutant or hazardous waste (including any petroleum products or byproducts) defined or regulated as such under any Environmental Law;
- 1.1.51. “**IFRS**” means International Financial Reporting Standards;
- 1.1.52. “**Indebtedness**” means the liability of either IST Entity to any Person for the following:
 - 1.1.52.1. the principal, accrued and unpaid interest, prepayment and redemption premiums or penalties (if any), unpaid fees or expenses and other monetary obligations in respect of (A) indebtedness of either such IST Entity for money borrowed, and (B) indebtedness evidenced by notes, debentures, bonds or other similar instruments;
 - 1.1.52.2. actual amounts due and payable in respect of all obligations to reimburse the issuer of any letter of credit, banker’s acceptance or similar credit transaction;
 - 1.1.52.3. all obligations under interest rate or currency swap transactions;
 - 1.1.52.4. unpaid cumulative dividends and any amounts owing to any shareholder of an IST Entity, including under shareholders’ loans;
 - 1.1.52.5. all obligations of the type referred to in clauses 1.1.52.1 through 1.1.52.4 of the definition of Indebtedness of either such IST Entity for the payment of which such IST Entity is responsible or liable for as obligor, guarantor or surety;
 - 1.1.52.6. for greater certainty, Indebtedness does not include: (A) capital leases in respect of which payments are up to date, leasehold improvements, deferred or future Taxes, deferred rent, deferred or prepaid revenue, other liabilities in connection

with equipment lease agreements, or accounts payable created or assumed in the ordinary course; or (B) any amounts owing by and between the IST Entities that would be eliminated if the financial statements of such entities were consolidated;

including for greater certainty and without duplication or limitation all amounts owing in connection with any existing bank Indebtedness and the current portion of any long term debt, except for any debt owed for money borrowed between the IST Entities;

- 1.1.53. **“Indemnified Party”** means a Person or Persons that is or may be entitled to indemnification pursuant to this Agreement;
- 1.1.54. **“Indemnifying Party”** means, in relation to an Indemnified Party, the Person or Persons that is or may be required to indemnify such Indemnified Party pursuant to this Agreement;
- 1.1.55. **“Independent Accountant”** has the meaning attributed to such term in Section 2.5.5;
- 1.1.56. **“Initial Threshold”** has the meaning attributed to such term in Section 2.6.12;
- 1.1.57. **“Intellectual Property”** means:
 - 1.1.57.1. trademarks, registered or unregistered, trademark applications, trade names, certification marks, logos, slogans and brand names;
 - 1.1.57.2. business names, corporate names, telephone numbers, domain names, domain name registrations, website names and worldwide web addresses, any and all social media or similar accounts and profiles, including Twitter, Facebook and LinkedIn and other communications addresses, as well as any administrative rights to such addresses;
 - 1.1.57.3. patents, patent rights, patent applications, issued patents, issued patents or patent applications in the form of continuations, continuations in part, divisional applications or analogous types of patents or patent applications and unpatented inventions;
 - 1.1.57.4. copyrights, copyright applications, and copyright registrations;
 - 1.1.57.5. know-how, formulae, processes, technical expertise, research data and trade secrets, engineering and other technical drawings and manuals, technology, blueprints, research and development reports, technical information, technical assistance, engineering data, design and engineering specifications, and similar materials recording or evidencing expertise or information;
 - 1.1.57.6. industrial design rights, registered industrial designs, applications for industrial designs, design patent rights, issued design patents, applications for design patents, designs; and
 - 1.1.57.7. other similar intellectual property, whether registered or unregistered, and includes all other intellectual property rights owned, licenced, or used provided,

however, that Intellectual Property does not include off-the-shelf desktop computer application software, shrink-wrap, or click-through software licences;

- 1.1.58. **“Inventory”** means all inventory, goods, raw materials and work-in-process stored by or for either of the IST Entities;
- 1.1.59. **“Investment Canada Act”** means the *Investment Canada Act* (Canada);
- 1.1.60. **“IST”** has the meaning attributed to such term in the preamble hereto;
- 1.1.61. **“IST Entities”** means IST and Boilers;
- 1.1.62. **“ITA”** means the *Income Tax Act* (Canada);
- 1.1.63. **“Labour Agreements”** has the meaning attributed to such term in Section 3.1.18.1.4;
- 1.1.64. **“Law”** means any statute, law, ordinance, regulation, rule, code, constitution, treaty, common law, decree or other rule of law of any Governmental Authority;
- 1.1.65. **“Leased Real Property”** means real property leased, subleased or licensed to any of the IST Entities;
- 1.1.66. **“Losses”** means losses, damages, obligations, liabilities, judgments, awards, fees, costs, fines, penalties, interest and expenses (including reasonable legal fees and expenses of counsel);
- 1.1.67. **“Material Adverse Effect”** means any event, occurrence, fact, condition or change that is materially adverse to the Business, results of operations, financial condition or assets of the IST Entities on a combined basis; *provided, however*, that **“Material Adverse Effect”** shall not include any event, occurrence, fact, condition or change arising out of, attributable to or resulting from, directly or indirectly: (i) any change in securities, financial, commodity or credit markets (including any disruption thereof or any change in interest rates, exchange rates or the availability of financing or in the general economic, business, regulatory or market conditions in Canada, the United States of America or elsewhere in the world); (ii) events, occurrences, facts, conditions or changes that generally affect the industries or markets in which the IST Entities operate; (iii) an action required or permitted by this Agreement (excluding any obligation to act in the ordinary course of business); (iv) acts of terrorism or war (whether or not declared); (v) the announcement or completion of the transactions contemplated by this Agreement, the identity of the Purchaser or its Affiliates or the performance by any Party of its obligations under this Agreement, including the impact thereof on relationships with any employee, customer, supplier, contractual counterparty or Governmental Authority; (vi) the Pre-Closing Reorganization; (vii) any changes to existing Law (including the interpretation thereof), the enactment of any new Law or the implementation of any new Law; (viii) any changes to IFRS or the adoption, implementation or proposal of any new accounting principles; (ix) any IST Entity failing to meet any projections, forecasts or revenue or earning predictions for a period (x) changes in political conditions; (xi) hurricanes, earthquakes, storms, floods or other natural disasters, epidemics, pandemics or acts of God; or (xii) any action consented to in writing by the Purchaser; *provided, further*, that any event, occurrence, fact, condition or change referred to in clause (i), (ii), (iv), (vii), (x) or (xi) above shall be taken into account in determining whether a Material Adverse Effect has occurred to the extent that, such event, occurrence, fact, condition or change has a materially disproportionate effect on the IST Entities on a combined basis compared to other participants in

the industries in which the IST Entities operate, and references in certain Sections to dollar amounts are not intended to be, and shall not be deemed to be, illustrative for purposes of determining whether a “Material Adverse Effect” has occurred;

- 1.1.68. “**Material Contract**” has the meaning attributed to such term in Section 3.1.17;
- 1.1.69. “**Negotiation Period**” has the meaning attributed to such term in Section 7.2.3;
- 1.1.70. “**Non-Competition Agreements**” has the meaning attributed to such term in Section 5.2.1;
- 1.1.71. “**Notice of Disagreement**” has the meaning attributed to such term in Section 2.5.3;
- 1.1.72. “**Notice of Dispute Resolution**” has the meaning attributed to such term in Section 7.2.1;
- 1.1.73. “**Order**” means any order, judgment, decree, injunction, decision, ruling, award or writ of any Governmental Authority;
- 1.1.74. “**ordinary course**” and “**ordinary course of business**” means the ordinary and usual course of the operations of the Business, consistent with past practice;
- 1.1.75. “**Owned Real Property**” has the meaning attributed to such term in Section 3.1.19;
- 1.1.76. “**Parties**” means the Vendor and the Purchaser;
- 1.1.77. “**Pension Plans**” means all written plans, arrangements, agreements, programs, policies or undertakings with respect to some or all of the current or former directors, officers, employees, independent contractors or agents of any IST Entity which provide for or relate to retirement or retirement savings, including registered or unregistered pension plans, pensions, supplemental pensions, registered retirement savings plans and retirement compensation arrangements;
- 1.1.78. “**Permit**” means any permit, licence, approval, authorization, certificate, registration or franchise of or from any Governmental Authority;
- 1.1.79. “**Permitted Encumbrance**” means any (i) Encumbrance for Taxes not yet due or delinquent or Taxes being contested in good faith by appropriate proceedings, (ii) Encumbrance in respect of any judgment rendered or claim filed which are being contested in good faith by appropriate proceedings and which are listed in Schedule 3.1.22, (iii) mechanics’, carriers’, workmen’s and repairmen’s Encumbrance provided that such Encumbrances are related to underlying obligations that are not delinquent, and are not registered against title to any of either IST Entities’ assets, (iv) imperfection of title or similar Encumbrance, easement, right of way, zoning, land use or other restriction, or by-law regulations, development agreements, subdivision agreements, site plan agreements, building restrictions or ordinances of any Governmental Authority which would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect or to materially impair the use of any real property for the purposes for which it is held or presently used, provided that there has been compliance with the provisions thereof, (v) Encumbrance granted to a public utility or Governmental Authority, as required in the ordinary course of business, (vi) rights of any landlord or any Person under any lease of real property and any Encumbrance, reservations and renewals of freehold interest in any such property having priority to any such leases, (vii) rights of lessors under any lease for personal property, (viii) reservations, limitations, provisos and conditions expressed in any original grant from the Crown with respect

- to any real property and all unregistered rights, interests and privileges in favor of the Crown pursuant to any applicable Law, provided that the latter do not materially impair the use of any real property for the purposes for which it is held or presently used, (ix) Encumbrance that will be satisfied at or prior to the Closing, (x) Encumbrance or title retention arrangement arising under conditional sales contracts, leases or to secure the payments of the purchase price or the repayment of moneys borrowed to pay the purchase price of any assets, property or properties hereafter or previously acquired by such Person, and (xi) Encumbrance set forth in Schedule 3.1.22;
- 1.1.80. **“Person”** means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, or Governmental Authority however designated or constituted;
- 1.1.81. **“Pre-Closing Reorganization”** means the reorganization of the IST Entities in accordance with the steps set forth in Exhibit A;
- 1.1.82. **“Pre-Closing Tax Period”** means any Tax period that ends prior to the Closing Date and the portion of any Straddle Period that ends immediately prior to the Closing Date;
- 1.1.83. **“Proceeding”** means any court, administrative, regulatory or similar proceeding (whether civil, quasi-criminal or criminal); arbitration or other dispute settlement procedure; or investigation or inquiry by any Governmental Authority;
- 1.1.84. **“Purchased Shares”** means all of the issued and outstanding common shares of IST and all of the issued and outstanding Class A shares of Boilers;
- 1.1.85. **“Purchaser”** has the meaning attributed to such term in the preamble hereto;
- 1.1.86. **“Regulatory Approval”** means any consent, approval, permit, waiver, ruling or exemption required from, and any notice required to, any Governmental Authority pursuant to applicable Law or the conditions of any Order in connection with the purchase and sale of the Purchased Shares contemplated by this Agreement;
- 1.1.87. **“Respondent”** has the meaning attributed to such term in Section 7.2.1;
- 1.1.88. **“Review Period”** has the meaning attributed to such term in Section 2.5.2;
- 1.1.89. **“Sale Transaction”** and **“Sale Transaction Price”** have the respective meanings attributed to such terms in Section 2.6.12;
- 1.1.90. **“Straddle Period”** means any Tax period that includes the Closing Date but does not begin or end on that date;
- 1.1.91. **“Subsidiary”** means, with respect to any Person, any other Person that is Controlled, directly or indirectly, through one or more intermediaries, by such Person;
- 1.1.92. **“Substitute Payment”** has the meaning attributed to such term in Section 2.6.12;

- 1.1.93. **“Tax Returns”** means all returns, declarations, reports, estimates, information returns and statements required by applicable Law to be filed with any Governmental Authority in respect of any Taxes, including any schedule or attachment thereto or amendment thereof;
- 1.1.94. **“Taxes”** means all federal, provincial, local, foreign and other taxes, imposts, levies or other assessments of any kind whatsoever, including all net income, franchise, profits, gross receipts, capital, sales, use, ad valorem, value added, transfer, gains, inventory, capital stock, licence, withholding, payroll, employment, workers’ compensation, social security, unemployment, excise, goods and services, harmonized sales, severance, stamp, occupation, real or personal property and customs duties, together with any interest and any penalties, fines, additions to tax or additional amounts thereon, imposed by any Governmental Authority;
- 1.1.95. **“Third Party”** means, with respect to an Indemnified Party, any Person other than such Indemnified Party and its Affiliates;
- 1.1.96. **“Third Party Claim”** has the meaning attributed to such term in Section 6.4;
- 1.1.97. **“Threshold”** has the meaning attributed to such term in Section 6.7.1;
- 1.1.98. **“Trademark License Agreement”** has the meaning attributed to such term in Section 5.2.10;
- 1.1.99. **“Transaction Expenses”** means all fees and expenses payable by either of the IST Entities to any Person in connection with the negotiation, execution and delivery of this Agreement and the consummation of the transactions contemplated hereby or under any other document contemplated by this Agreement, including any amounts payable to any existing directors, employees and consultants of the IST Entities with respect to any change of control, employee retention bonuses, commission or other similar payments payable in connection with the transactions contemplated hereunder or under the other document contemplated by this Agreement; for greater certainty, “Transaction Expenses” does not include costs and expenses of existing employees and consultants of the IST Entities in connection with the negotiation, execution and delivery of any document contemplated by this Agreement or in connection with the consummation of the transactions contemplated hereby (except the amounts described above with respect to change of control, employee retention bonuses, commission or other similar payments);
- 1.1.100. **“Transfer Taxes”** has the meaning attributed to such term in Section 4.2;
- 1.1.101. **“Transition Services Agreement”** has the meaning attributed to such term in Section 4.8;
- 1.1.102. **“Vendor”** has the meaning attributed to such term in the preamble hereto;
- 1.1.103. **“Vendor Benefit Plans”** has the meaning attributed to such term in Section 3.1.18.3;
- 1.1.104. **“Vendor Delivered Services”** has the meaning attributed to such term in Section 3.1.21;
- 1.1.105. **“Vendor Intellectual Property”** means all Intellectual Property owned by or licensed by the Vendor or any Affiliate of the Vendor, including the name and trademark “AECON”, but not including all Intellectual Property owned by the IST Entities or licensed by the IST Entities from third parties;

1.1.106. “Vendor’s Proposed Calculations” has the meaning attributed to such term in Section 2.6.4; and

1.1.107. “Working Capital” means the combined working capital of the IST Entities calculated on the basis set forth in Schedule 2.3 and the illustrative calculation included therein (and, for greater certainty, the Transaction Expenses and Closing Indebtedness shall not be a liability for this purpose).

1.2 Exhibits and Schedules

The following are the Exhibits and Schedules attached to this Agreement:

Exhibit A	-	Pre-Closing Reorganization
Exhibit B	-	Purchase Price Allocation
Exhibit C	-	Form of Non-Competition Agreement
Exhibit D	-	Form of Mutual Release
Exhibit E	-	Form of Trademark License Agreement
Schedule 2.3	-	Sample Working Capital Calculation
Schedule 3.1.5	-	Capital of the IST Entities
Schedule 3.1.9	-	No Contravention
Schedule 3.1.10	-	Regulatory Approvals
Schedule 3.1.11	-	Consents
Schedule 3.1.13	-	Liabilities and Guarantees
Schedule 3.1.14	-	Indebtedness
Schedule 3.1.15	-	Absence of Unusual Transactions and Events
Schedule 3.1.16	-	Non-Arm’s Length Transactions
Schedule 3.1.17	-	Material Contracts
Schedule 3.1.18	-	Employment and Labour Matters
Schedule 3.1.19	-	Owned Real Property
Schedule 3.1.20	-	Leased Real Property
Schedule 3.1.21	-	Vendor Delivered Services
Schedule 3.1.22	-	Title to Assets
Schedule 3.1.23	-	Tax, etc. Matters
Schedule 3.1.24	-	Insurance
Schedule 3.1.25	-	Intellectual Property
Schedule 3.1.26	-	Permits
Schedule 3.1.29	-	Product Warranty
Schedule 3.1.30	-	Backlog
Schedule 3.1.32	-	Litigation and Other Proceedings
Schedule 3.1.36	-	Customers and Suppliers
Schedule 3.1.38	-	Bank Accounts
Schedule 4.6.3	-	Canadian Cancellation Agreement (TMA810857)
Schedule 4.6.4	-	US Cancellation Agreement (Registration no. 3972891)

1.3 Actions on Non-Business Day

If any payment is required to be made or other action (including the giving of notice) is required to be taken pursuant to this Agreement on a day that is not a Business Day, then such payment or action shall be considered to have been made or taken in compliance with this Agreement if made or taken on the next succeeding Business Day.

1.4 Calculation of Time

Unless otherwise indicated in this Agreement, a period of days shall be deemed to begin on the first day after the event that began the period and to end at 5:00 p.m. (Toronto time) on the last day of the period. If any period of time is to expire hereunder on any day that is not a Business Day, the period shall be deemed to expire at 5:00 p.m. (Toronto time) on the next succeeding Business Day.

1.5 Calculation of Interest

In calculating interest payable under this Agreement for any period of time, the first day of such period shall be included and the last day of such period shall be excluded.

1.6 Invalidity of Provisions

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof. To the extent permitted by applicable Law, the Parties waive any provision of Law which renders any provision of this Agreement invalid or unenforceable in any respect.

1.7 Entire Agreement

This Agreement constitutes the entire agreement between the Parties pertaining to the subject matter of this Agreement. There are no warranties, conditions, or representations (including any that may be implied by statute) and there are no agreements in connection with such subject matter except as specifically set forth or referred to in this Agreement. No reliance is placed on any warranty, representation, opinion, advice or assertion of fact made either prior to, contemporaneous with, or after entering into this Agreement, or any amendment or supplement thereto, by any Party or its directors, officers, trustees, employees or agents, to any other Party or its directors, officers, trustees, employees or agents, except to the extent that the same has been reduced to writing and included as a term of this Agreement or referred to in this Agreement, and none of the Parties has been induced to enter into this Agreement or any amendment or supplement by reason of any such warranty, representation, opinion, advice or assertion of fact. Accordingly, there shall be no liability, either in tort or in contract, assessed in relation to any such warranty, representation, opinion, advice or assertion of fact, except to the extent contemplated above.

1.8 Waiver, Amendment

Except as expressly provided in this Agreement, no waiver of this Agreement shall be binding unless executed in writing by the Party to be bound by it. No waiver of any provision of this Agreement shall constitute a waiver of any other provision nor shall any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided. Except as expressly provided in this Agreement, no amendment of this Agreement shall be binding unless executed in writing by the Purchaser and the Vendor.

1.9 Knowledge

Where any representation, warranty or other statement in this Agreement is expressed to be made by the Vendor to its knowledge or is otherwise expressed to be limited in scope to facts or matters known to the Vendor or of which the Vendor is aware, it shall mean such knowledge as is actually

known to the President & Chief Executive Officer and Chief Financial Officer of the Vendor, the Executive Vice President of Aecon Energy and the Vice President, Finance of Aecon Energy (being those persons employed by the Vendor or one of its Affiliates with direct responsibility for the affairs of the IST Entities and to whom management of the IST Entities report), after reasonable inquiry by such individuals (including consultation with management of the IST Entities) and review of documents with respect to the relevant matter.

1.10 Additional Rules of Interpretation

In this Agreement,

- 1.10.1. words in one gender include all genders and words in the singular include the plural and *vice versa*;
- 1.10.2. unless otherwise indicated, all dollar amounts are stated in Canadian dollars;
- 1.10.3. the inclusion of headings of Articles and Sections and the provision of a table of contents are for convenience of reference only and are not intended to be full or precise descriptions of the text to which they refer or to affect the interpretation of this Agreement;
- 1.10.4. unless otherwise indicated, references to articles, sections, schedules or exhibits are to Articles, Sections, Schedules or Exhibits of this Agreement;
- 1.10.5. wherever the words “include”, “includes” or “including” are used, they shall be deemed to be followed by the words “without limitation” and the words following “include”, “includes” or “including” shall not be considered to set forth an exhaustive list;
- 1.10.6. the words “hereof”, “herein”, “hereto”, “hereunder”, “hereby” and similar expressions shall be construed as referring to this Agreement in its entirety and not to any particular Article, Section or portion of it;
- 1.10.7. all references to any statute include the regulations thereunder, in each case as amended, re-enacted, consolidated or replaced from time to time and in the case of any such amendment, re-enactment, consolidation or replacement, reference herein to a particular provision shall be read as referring to such amended, re-enacted, consolidated or replaced provision and also include, unless the context otherwise requires, all applicable guidelines, bulletins or policies made in connection therewith;
- 1.10.8. unless otherwise indicated, all references to any agreement (including this Agreement), document, Benefit Plan, Pension Plan or instrument mean such agreement, document, Benefit Plan, Pension Plan or instrument as amended, supplemented, modified, varied, restated or replaced from time to time in accordance with the terms thereof and, unless otherwise specified therein, includes all schedules and exhibits attached thereto;
- 1.10.9. all references to a Person include the successors and permitted assigns of such Person; and
- 1.10.10. nothing in the Schedules is intended to broaden the scope of any representation or warranty contained in this Agreement. The mere inclusion of an item in the Schedule as an exception to a representation or warranty will not be deemed an admission that such item (or any non-disclosed item or information of comparable or greater significance) represents a material exception or fact,

event or circumstance or that such item has had, or would reasonably be expected to have, a Material Adverse Effect.

ARTICLE 2 PURCHASE AND SALE

2.1 Agreement to Purchase and Sell Purchased Shares

Subject to the terms of this Agreement, at the Closing the Vendor shall sell the Purchased Shares to the Purchaser and the Purchaser shall purchase the Purchased Shares from the Vendor.

2.2 Purchase Price

The aggregate purchase price for the Purchased Shares shall be an amount equal to the Final Purchase Price, which amount shall be paid in accordance with Section 2.4, Section 2.5.6 and Section 2.6. The Parties agree that, subject to Section 2.6.10, for all purposes (including Tax purposes) the Final Purchase Price shall be allocated among the Purchased Shares in the manner set forth in Exhibit B.

2.3 Estimated Closing Statement

At least one Business Day prior to the Closing Date, the Vendor shall deliver to the Purchaser an estimated balance sheet of the IST Entities as of the Closing Date and a statement of the estimated Working Capital as of the Closing Date to be calculated in accordance with IFRS applied in a manner consistent with its application in connection with the Financial Statements and in accordance with the indicative Working Capital calculations set forth in Schedule 2.3 (the “**Estimated Working Capital**”), and on the basis of that information, the good faith estimate of the Estimated Purchase Price.

2.4 Closing Payment

The Parties acknowledge that it is not possible to determine the Final Purchase Price until after the Closing. Accordingly, at the Closing, the Purchaser shall pay:

- (a) an amount equal to the Estimated Purchase Price to the Vendor by wire transfer of immediately available funds to an account or accounts designated in writing by the Vendor prior to the Closing Date;
- (b) on behalf of and as directed by the applicable IST Entity, the amounts necessary to pay the Closing Indebtedness; and
- (c) on behalf of and as directed by the applicable IST Entity, the amounts necessary to pay the Transaction Expenses.

2.5 Final Purchase Price (less Deferred Payment or Substitute Payment)

- 2.5.1. As promptly as practicable, but in any event within 60 days after the Closing Date, the Purchaser shall prepare, or cause to be prepared, and deliver to the Vendor: (a) an unaudited balance sheet of the IST Entities as of the time of Closing, which shall be prepared in accordance with IFRS applied in a manner consistent with its application in connection with the Financial Statements (the “**Draft Closing Statements**”) and (b) a statement of Working Capital as of the time of Closing (the “**Draft Working Capital Statement**”) based on the Draft Closing Statements,

which such Draft Working Capital Statement shall set out draft Working Capital as of the time of Closing (the “**Draft Working Capital**”) to be calculated on a basis consistent with the calculation of Estimated Working Capital in Section 2.3 (and, for greater certainty, the Transaction Expenses and Closing Indebtedness shall not be a liability for this purpose). The Vendor shall reasonably cooperate with the Purchaser and its accountants to the extent required to prepare the Draft Closing Statements and the Draft Working Capital Statement.

- 2.5.2. During the 30 days immediately following the Vendor’s receipt of the Draft Closing Statements and the Draft Working Capital Statement (the “**Review Period**”), the Vendor and its representatives shall be entitled to review all work papers of the Purchaser relating to the Draft Closing Statements and the Draft Working Capital Statement.
- 2.5.3. The Vendor shall notify the Purchaser in writing (the “**Notice of Disagreement**”) prior to the expiration of the Review Period if the Vendor disagrees with the Draft Closing Statements or the Draft Working Capital Statement. The Notice of Disagreement shall set forth in reasonable detail the basis for such disagreement, the amounts involved and the Vendor’s determination of the calculation of Working Capital as of the time of Closing. If no Notice of Disagreement is received by the Purchaser on or prior to the expiration date of the Review Period, then the Draft Closing Statements and the calculation of Draft Working Capital contained the Draft Working Capital Statement provided by the Purchaser shall be deemed to have been accepted by the Vendor and shall become final and binding upon the Parties in accordance with the last sentence of Section 2.5.5.
- 2.5.4. If a Notice of Disagreement is delivered to the Purchaser prior to the expiration of the Review Period, then during the 15 Business Days immediately following the receipt of the Notice of Disagreement (the “**Consultation Period**”), the Vendor and the Purchaser shall seek in good faith to resolve any disagreement that they may have with respect to the matters specified in the Notice of Disagreement.
- 2.5.5. If, at the end of the Consultation Period, the Vendor and the Purchaser have been unable to resolve all disagreements that they may have with respect to the matters specified in the Notice of Disagreement, then the Vendor and the Purchaser shall submit all matters that remain in dispute (along with a copy of the Draft Closing Statements and Draft Working Capital Statement as of the time of Closing marked to indicate those items that are in dispute) to an independent chartered accounting firm in Canada of national recognition mutually agreeable to the Vendor and the Purchaser (the “**Independent Accountant**”). Within 30 days after the submission of such matters to the Independent Accountant, or as soon as practicable thereafter, the Independent Accountant, acting as an expert and not as an arbitrator, shall make a final determination, binding on the Parties, in accordance with this Section 2.5.5, of the appropriate amount of each of the items in the Draft Closing Statements and Draft Working Capital Statement as of the time of Closing that remain in dispute as specified in the Notice of Disagreement. With respect to each disputed item, such determination, if not in accordance with the position of either the Vendor or the Purchaser, shall not be in excess of the higher, nor less than the lower, of the highest or lowest amount, as the case may be, advocated by the Vendor in the Notice of Disagreement or the Purchaser in the Draft Closing Statements or Draft Working Capital Statement with respect to such disputed item. For greater certainty, the Independent Accountant shall not review any items or make any determination with respect to any matter other than those matters in the Notice of Disagreement that remain in dispute. The fees and expenses of the Independent Accountant shall be borne equally by the Purchaser, on the one hand, and the Vendor, on the other hand. The balance sheet

of the IST Entities as of the time of Closing, the Working Capital Statement and the calculation of Working Capital based thereon as of the time of Closing, prepared in accordance with IFRS applied in a manner consistent with its application in connection with the Financial Statements, that is final and binding on the Parties, as determined either through agreement of the Vendor and the Purchaser (deemed or otherwise) pursuant to Section 2.5.3, through resolution pursuant to Section 2.5.4, or through the determination of the Independent Accountant pursuant to this Section 2.5.5, is referred to herein as the “**Final Closing Statement**”, the “**Final Working Capital Statement**” and the “**Final Working Capital**”, respectively.

- 2.5.6. As soon as practicable, and in any event within three Business Days, after the determination of the Final Closing Statement:
- 2.5.6.1. if the Estimated Purchase Price exceeds the Final Purchase Price (excluding the Deferred Payment, if any), the Vendor shall pay the Adjustment Amount to the Purchaser; or
 - 2.5.6.2. if the Final Purchase Price (excluding the Deferred Payment, if any) exceeds the Estimated Purchase Price, the Purchaser shall pay the Adjustment Amount to the Vendor.
- 2.5.7. Any payments contemplated by Section 2.5.6 shall be paid by wire transfer of immediately available funds to an account or accounts designated in writing by the Vendor or the Purchaser, as applicable.
- 2.5.8. The determination and adjustment of the Purchase Price in accordance with the provisions of this Section 2.5 shall not limit or affect any other rights or causes of action either the Purchaser or the Vendor may have with respect to the representations, warranties, covenants and indemnities in its favour contained in this Agreement.

2.6 Deferred Payment

- 2.6.1. In the event that the IST Entities achieve, in the aggregate, on a combined basis in respect of the 2015 Fiscal Year and the 2016 Fiscal Year EBITDA of at least \$21,000,000, the Purchaser shall pay to the Vendor a payment (the “**Deferred Payment**”) based on the table set out below. The Deferred Payment shall be paid by wire transfer of immediately available funds to an account or accounts designated in writing by the Vendor. The Parties hereby confirm that the maximum Deferred Payment payable by the Purchaser shall be \$10,000,000 and that no Deferred Payment shall be payable by the Purchaser if the aggregate EBITDA, on a combined basis in respect of the 2015 Fiscal Year and the 2016 Fiscal Year is less than \$21,000,000. Except as otherwise provided in this Section 2.6, the Purchaser shall pay to the Vendor the Deferred Payment on the earlier of: (i) 30 days following completion of the audit of the 2016 Financial Statements and (ii) April 20, 2017.

EBITDA of IST Entities for Deferred Payment Period	Deferred Payment
Less than \$21,000,000	\$0
Between \$21,000,000 to \$21,999,999	\$5,000,000

Between \$22,000,000 to \$22,999,999	\$5,500,000
Between \$23,000,000 to \$23,999,999	\$6,000,000
Between \$24,000,000 to \$24,999,999	\$6,500,000
Between \$25,000,000 to \$25,999,999	\$7,000,000
Between \$26,000,000 to \$26,999,999	\$7,500,000
Between \$27,000,000 to \$27,999,999	\$8,000,000
Between \$28,000,000 to \$28,999,999	\$8,500,000
Between \$29,000,000 to \$29,999,999	\$9,000,000
Between \$30,000,000 to \$30,999,999	\$9,500,000
\$31,000,000 or greater	\$10,000,000

- 2.6.2. The Purchaser shall deliver the 2015 Financial Statements to the Vendor as soon as such 2015 Financial Statements are available and, in any event, within 60 days of the end of the 2015 Fiscal Year. The Purchaser shall deliver to the Vendor the 2016 Financial Statements, together with a calculation of EBITDA for the Deferred Payment Period, on a combined and aggregate basis (as reasonably derived from the applicable Deferred Payment Period Financial Statements) and the Deferred Payment, if any (the **"EBITDA Calculation Statement"**), within 60 days of the end of the 2016 Fiscal Year.
- 2.6.3. During the 30-day period after receipt of the 2015 Financial Statements, the Vendor shall be entitled, at its own expense, to carry out a quality of earnings investigation of the IST Entities (including all work papers, facilities, schedules and calculations used in the preparation of the 2015 Financial Statements) by providing written notice to the Purchaser, provided such investigation does not unreasonably interfere with the business of the IST Entities. Following the completion of the Vendor's quality of earnings investigation, the Vendor and the Purchaser shall seek in good faith to resolve any issues arising from such investigation.
- 2.6.4. During the 30-day period after receipt of the 2016 Financial Statements and the EBITDA Calculation Statement, the Purchaser shall grant the Vendor and its accountants and other representatives reasonable access to all work papers, facilities, schedules and calculations used in the preparation of the 2016 Financial Statements and the EBITDA Calculation Statement, including as required for the Vendor to carry out a quality of earnings investigation of the IST Entities. Within 30 days after receipt of the 2016 Financial Statements and the EBITDA Calculation Statement, the Vendor shall notify the Purchaser in writing of its agreement or disagreement with the EBITDA Calculation Statement. In the event of a disagreement, the Vendor shall also submit to the Purchaser its proposed alternative calculations (the **"Vendor's Proposed Calculations"**) of the amount of the EBITDA for the Deferred Payment Period, on a combined and aggregate basis.

- 2.6.5. If the Vendor does not dispute any aspect of the EBITDA Calculation Statement within such 30-day period, then the EBITDA Calculation Statement shall be conclusive and binding upon the Purchaser and the Vendor and the Vendor and the Purchaser shall make the Deferred Payment to the Vendor in accordance with the EBITDA Calculation Statement within 15 days following the expiry of such 30-day dispute period.
- 2.6.6. If the Purchaser does not reject the Vendor's Proposed Calculations by written notice given to the Vendor within 30 days after the Purchaser's receipt of the Vendors' Proposed Calculations, then the EBITDA Calculation Statement, as modified by the Vendor's Proposed Calculations, shall be conclusive and binding upon the Purchaser and the Vendor and the Purchaser shall make the Deferred Payment to the Vendor in accordance with the EBITDA Calculation Statement, as modified by the Vendor's Proposed Calculations within 15 days following the expiry of the 30 day rejection period. If the Purchaser rejects the Vendor's Proposed Calculations by written notice given to the Vendor within 30 days after the Purchaser's receipt of the Vendor's Proposed Calculations, then, within 15 days after the date that the Purchaser delivers its written notice of rejection to the Vendor, the Parties shall jointly select an Independent Accountant to resolve the dispute by conducting an independent review and verification of the EBITDA Calculation Statement, and thereafter selecting either the Purchaser's EBITDA Calculation Statement, or the Vendor's Proposed Calculations, or an amount in between the two. The Purchaser and the Vendor shall be bound by the determination of the dispute by the Independent Accountant. Each of the Purchaser and the Vendor agrees to execute, if requested by the Independent Accountant, an engagement letter containing reasonable and customary terms. The Independent Accountant shall act as an arbitrator to determine only the dispute and the determination of the dispute shall be made in accordance with the procedures set forth in this Section 2.6. Within 15 days following the determination by the Independent Accountant, the Purchaser shall make the Deferred Payment, if any, to the Vendor in accordance with such determination.
- 2.6.7. The Purchaser, on the one hand, and the Vendor, on the other hand shall each pay their own costs and expenses incurred under this Section 2.6. The costs and expenses of the Independent Accountant shall be allocated equally between the Purchaser, on the one hand, and the Vendor, on the other hand.
- 2.6.8. The Vendor acknowledges and agrees that any and all rights to receive the Deferred Payment shall be non-assignable by the Vendor, except with the prior written consent of the Purchaser.
- 2.6.9. The Purchaser agrees to act in good faith during the Deferred Payment Period, agrees to exercise commercially reasonable business judgment to promote the interests of the IST Entities and the Business during the Deferred Payment Period and agrees to not undertake any actions during the Deferred Payment Period the primary purpose of which is to impede the ability of the Vendor to receive the Deferred Payment or the Substitute Payment. Without limiting the generality of the foregoing, the Purchaser shall at all times during the Deferred Payment Period carry on the Business through the IST Entities.
- 2.6.10. The Parties shall allocate the Deferred Payment on account of the Final Purchase Price among the Purchased Shares in respect of an IST Entity based on the proportion that the portion of the EBITDA attributable to such IST Entity for the Deferred Payment Period is of the EBITDA for the Deferred Payment Period, provided that if the portion of EBITDA otherwise attributable to an IST Entity is less than nil, the Deferred Payment shall be allocated on account of the Final Purchase Price entirely to the Purchased Shares of the other IST Entity.

2.6.11. The Parties acknowledge and agree that:

- 2.6.11.1. the purchase and sale of the Purchased Shares are intended to be effected at fair market value;
- 2.6.11.2. the Deferred Payment relates to underlying goodwill the definitive value of which has not been otherwise agreed upon; and
- 2.6.11.3. the Deferred Payment in respect of the EBITDA for the Deferred Payment Period on a combined and aggregate basis is a material factor in determining the valuation of the Purchased Shares.

2.6.12. **Substitute Payment.** The Parties agree that, notwithstanding anything contained in this Section 2.6, in the event of a transaction or series of transactions occurring prior to the end of the Deferred Payment Period whereby the Purchaser, directly or indirectly, sells, transfers, assigns, conveys or otherwise disposes of all or a majority of its shares in the IST Entities or all or substantially all of the assets of the Business or completes a merger, amalgamation or other business combination involving the IST Entities with any other Person that is not an Affiliate of the Purchaser (except where (a) the Purchaser retains control of a majority of the voting shares of the entity resulting from such merger, amalgamation or other business combination, and (b) the provisions set forth in this Agreement regarding EBITDA and the Deferred Payment continue to apply) or a similar transaction for aggregate consideration (including, subject to the terms hereof, any earn-out or similar provision) that, in the aggregate, attributes a value to the IST Entities and/or the Business in excess of \$35,000,000 (in each case, adjusted for such adjustments that would be made pursuant to the calculation of EBITDA) (such transaction, a “**Sale Transaction**” and such consideration, the “**Sale Transaction Price**”), the Purchaser shall pay to the Vendor the following in lieu of the Deferred Payment: (A) the amount by which the Sale Transaction Price exceeds \$35,000,000 (the “**Initial Threshold**”), up to a maximum of \$5,000,000, plus (B) 50% of the amount by which the Sale Transaction Price exceeds \$40,000,000, provided that the total amount to be paid to the Vendor under this Section 2.6.12 shall not exceed \$10,000,000. Any amount payable pursuant to this Section 2.6.12 (the “**Substitute Payment**”) shall constitute an adjustment to the Final Purchase Price and shall be paid by wire transfer of immediately available funds to an account or accounts designated in writing by the Vendor as follows:

- 2.6.12.1. the portion of the Substitute Payment attributable to Closing Cash Consideration, as determined by the Purchaser, acting reasonably, shall be paid to the Vendor within 10 days following the actual receipt of the Closing Cash Consideration; and
- 2.6.12.2. the portion of the Substitute Payment attributable to the Deferred Cash Consideration will be paid by the Purchaser to the Vendor within 15 days following the actual receipt of such Deferred Cash Consideration.

Notwithstanding the foregoing, (a) no amount shall be paid, nor value attributed, in respect of Deferred Cash Consideration (including an earn-out or similar provision) until the value of such Deferred Cash Consideration is determined in accordance with the terms of the Sale Transaction; and (b) if the Sale Transaction Price includes Deferred Cash Consideration of any type (such as an earn-out or similar provision), which renders it unclear as to whether the Sale Transaction Price exceeds the Initial Threshold, no payment in respect of the Substitute Payment shall be made until the full amount of any such Deferred Cash Consideration shall be determined in

accordance with the Sale Transaction, at which point the Substitute Payment shall be promptly made in accordance with the foregoing provisions. Any dispute regarding the determination or payment of the Substitute Payment shall be determined by the Independent Accountant in accordance with Section 2.6.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.1 By the Vendor

The Vendor represents and warrants to the Purchaser as follows and acknowledges that the Purchaser is relying upon the following representations and warranties in connection with the transactions contemplated hereby:

- 3.1.1. **Organization.** The Vendor is duly incorporated and validly existing under the Laws of Canada.
- 3.1.2. **Power, Capacity and Due Authorization.** The Vendor has the corporate power and capacity to enter into, and to perform its obligations under, this Agreement and the agreements, contracts and instruments required by this Agreement to be delivered by it at the Closing. This Agreement has been duly executed and delivered by the Vendor and is a valid and binding obligation of the Vendor, enforceable in accordance with its terms, subject to the usual exceptions as to bankruptcy and the availability of equitable remedies. At the Closing, the agreements, contracts and instruments required by this Agreement to be delivered by the Vendor at the Closing will be duly executed and delivered by the Vendor, and will be valid and binding obligations of the Vendor, enforceable in accordance with their respective terms, subject to the usual exceptions as to bankruptcy and the availability of equitable remedies.
- 3.1.3. **Incorporation and Qualification of the IST Entities.** Each IST Entity is duly incorporated and validly existing under the Laws of its jurisdiction of incorporation. Each IST Entity is duly registered, licensed and qualified to do business as an extra-provincial or foreign corporation, as applicable, in the jurisdictions, if any, where it is required to be so registered, licensed or qualified and is up-to-date, in all material respects, in the filing of all corporate and similar returns under the Laws of each of the jurisdictions where such returns are necessary. Correct and complete copies of the articles, by-laws and other constating documents of each IST Entity and each extra-provincial and foreign registration, license or qualification have been made available to the Purchaser.
- 3.1.4. **Corporate Power of the IST Entities.** Each IST Entity has the corporate power and capacity to own or lease its assets and to carry on its business as the same is presently conducted.
- 3.1.5. **Capital of the IST Entities.** Schedule 3.1.5 sets out particulars of all of the authorized and issued shares of each IST Entity as of the date hereof, the names of the Persons who are the registered and beneficial owner of such shares, and the number and class of shares owned by such Persons. All the shares indicated on Schedule 3.1.5 as being issued and outstanding have been validly issued in accordance with applicable Laws and are outstanding as fully paid and non-assessable shares. There are no shareholders agreements, pooling agreements, voting trusts or other agreements or understandings with respect to the voting of such shares, or any of them.
- 3.1.6. **Title to, and Right to Sell, Purchased Shares.** As of the date hereof, the Vendor is the sole registered and beneficial owner of all of the Purchased Shares with good and marketable title

thereto, free of all Encumbrances. There are no agreements or restrictions which in any way limit or restrict the transfer to the Purchaser of any of the Purchased Shares other than share transfer restrictions contained in the articles or by-laws of the IST Entities. At or prior to the Closing, such agreements and restrictions will have been complied with or terminated, and at the Closing the Vendor will have full legal right, power and authority to sell the Purchased Shares to the Purchaser free of all Encumbrances. No Person has any agreement, option, understanding or commitment, or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement, option or commitment for the purchase from the Vendor of any of the Purchased Shares.

- 3.1.7. **No Obligations to Issue Securities.** There are no agreements, options, warrants, rights of conversion, exchange or other rights pursuant to which any IST Entity is, or may become, obligated to issue any shares or other securities convertible into or exchangeable for any shares of such IST Entity.
- 3.1.8. **No Subsidiaries.** None of the IST Entities has any Subsidiaries. None of the IST Entities own an equity interest, membership interest or other ownership interest in any Person.
- 3.1.9. **No Contravention.** Except as set out in Schedule 3.1.9, subject to receipt of all Consents, none of the entering into of this Agreement, the completion of the transactions contemplated by this Agreement (including, for greater certainty, the Pre-Closing Reorganization), the sale of the Purchased Shares or the performance by the Vendor of any of its obligations under this Agreement shall, in any material respect, contravene, breach or result in any default under the articles, by-laws or other constating documents of any IST Entity or the Vendor or under any applicable Law or Order having applicability to the Vendor or either of the IST Entities.
- 3.1.10. **Regulatory Approvals.** No Regulatory Approval is required in connection with the execution, delivery or performance of this Agreement by the Vendor or the completion of the transactions contemplated by this Agreement (including, for greater certainty, the Pre-Closing Reorganization), except (i) as set out in Schedule 3.1.10 or (ii) where the failure to obtain any such Regulatory Approval would not reasonably be expected to have a Material Adverse Effect.
- 3.1.11. **Consents.** No Consent from any Person is required pursuant to the terms of any Material Contract in connection with the execution, delivery or performance of this Agreement by the Vendor or the completion of the transactions contemplated by this Agreement (including, for greater certainty, the Pre-Closing Reorganization), except as set out in Schedule 3.1.11. Subject to obtaining the Consents set out in Schedule 3.1.11, none of the entering into of this Agreement, the sale of the Purchased Shares, the completion of the transactions contemplated by this Agreement (including, for greater certainty, the Pre-Closing Reorganization) or the performance by the Vendor of any of its obligations under this Agreement shall, in any material respect, contravene, breach or result in any default under or result in any right of termination or acceleration under any Material Contract.
- 3.1.12. **Financial Statements.** The Financial Statements are based on the books and records of the IST Entities and present fairly, in all material respects, the financial position of the IST Entities as of the dates and throughout the periods indicated, and the results of their operations and cash flows for the periods then ended in accordance with IFRS applied on a consistent basis. Correct and complete copies of the Financial Statements have been made available to the Purchaser.

3.1.13. **Liabilities and Guarantees.** Except as set out in Schedule 3.1.13, none of the IST Entities has any material outstanding liabilities, contingent or otherwise, and none of the IST Entities is a party to or bound by any agreement of guarantee, support, indemnification, assumption, or endorsement of, or any other similar commitment with respect to the obligations, liabilities (contingent or otherwise) or indebtedness of any Person (other than another IST Entity), in each case other than:

3.1.13.1. those set out in the Financial Statements or the Final Closing Statement; and

3.1.13.2. those incurred or entered into after December 31, 2014 in the ordinary course of business.

3.1.14. **Indebtedness.** None of the IST Entities has outstanding any bonds, debentures, notes, mortgages or other indebtedness and none of the IST Entities has agreed to create or issue any bonds, debentures, notes, mortgages or other indebtedness, in each case other than:

3.1.14.1. as set out in the Final Closing Statement; or

3.1.14.2. indebtedness owing to another IST Entity and set out in Schedule 3.1.14.

3.1.15. **Absence of Unusual Transactions and Events.** Except (i) as set out in Schedule 3.1.15 or (ii) in connection with the Pre-Closing Reorganization, none of the IST Entities has, since December 31, 2014:

3.1.15.1. paid or satisfied any liability or obligation (other than current liabilities reflected in the Financial Statements), except in the ordinary course of business;

3.1.15.2. waived or cancelled any material rights or claims, except in the ordinary course of business;

3.1.15.3. sold or otherwise disposed of any fixed or capital assets having a fair market value, in the case of any single sale or disposition, in excess of \$50,000 and, in the case of all sales and dispositions, in excess of \$150,000 in the aggregate;

3.1.15.4. made any capital expenditures, in the case of any single capital expenditure, in excess of \$100,000 and, in the case of all capital expenditures, in excess of \$200,000 in the aggregate;

3.1.15.5. made any material change in any method of accounting or auditing practices or procedures, except for any such change as a result of a change in IFRS or applicable Law;

3.1.15.6. made any material change in the manner of its billings, or the credit terms made available by it, to any of its customers;

3.1.15.7. made any material increase in the compensation payable to its employees, except as required by Law or the terms of any Labour Agreement, other than general salary increases in the ordinary course of business;

- 3.1.15.8. incurred any indebtedness for borrowed money or issued any long term debt securities or assumed, guaranteed or endorsed such obligations of any other Person, except for indebtedness incurred in the ordinary course of business;
 - 3.1.15.9. amended or approved any amendment to its articles, by-laws or other constating documents;
 - 3.1.15.10. failed to pay or satisfy when due any material liability of either of the IST Entities;
 - 3.1.15.11. mortgaged, pledged or otherwise encumbered any material assets of either of the IST Entities, except for Permitted Encumbrances;
 - 3.1.15.12. declared or paid any cash dividends or cash distributions upon any of the capital of either of the IST Entities;
 - 3.1.15.13. suffered any material damage, destruction or loss of any of the material assets of either of the IST Entities (whether or not covered by insurance);
 - 3.1.15.14. compromised or settled any Proceeding by any Person that relates to either of the IST Entities' properties, assets, or business;
 - 3.1.15.15. sold, assigned or transferred of any of the material assets of either of the IST Entities, except to the extent such assets are sold or disposed of in the ordinary course of business or described in Section 3.1.15.3;
 - 3.1.15.16. experienced any event, occurrence, fact, condition or change that would constitute a Material Adverse Effect;
 - 3.1.15.17. carried on business other than in the ordinary course of business; or
 - 3.1.15.18. authorized or agreed or otherwise become committed to do any of the foregoing.
- 3.1.16. **Non-Arm's Length Transactions.** Except (i) as contemplated by the Pre-Closing Reorganization, (ii) as set out in Schedule 3.1.16, (iii) for the Vendor Delivered Services, (iv) as provided for in the Trademark License Agreement, or (v) for salaries and other employment compensation made available to officers, directors and employees of either of the IST Entities in the ordinary course of business:
- 3.1.16.1. (a) none of the IST Entities has any outstanding loan to, or is indebted to, the Vendor or its Affiliates, or any officer, former officer, director, former director, shareholder, former shareholder, employee or former employee of the Vendor or its Affiliates or, to the Vendor's knowledge, any Person not dealing at arm's length with any of the foregoing Persons and, to the Vendor's knowledge, none of the foregoing Persons has any direct or indirect ownership interest in any Person which competes with the Business or (b) none of the Vendor or its Affiliates, or any officer, former officer, director, former director, shareholder, former shareholder, employee or former employee of the Vendor or its Affiliates or, to the Vendor's knowledge, any Person not dealing at arm's length with any

of the foregoing Persons owns, directly or indirectly, any property or assets used by either of the IST Entities in the operation of the Business;

- 3.1.16.2. none of the IST Entities is a party to any existing contract, arrangement or agreement with the Vendor or its Affiliates, or any officer, former officer, director, former director, shareholder, former shareholder, employee or former employee of the Vendor or its Affiliates or, to the Vendor's knowledge, any Person not dealing at arm's length with any of the foregoing Persons, other than for contracts of employment entered into in the ordinary course of business;
- 3.1.16.3. since December 31, 2014, none of the IST Entities has made or authorized any payments to or conferred any benefits on the Vendor or its Affiliates or any officer, former officer, director, former director, shareholder, former shareholder, employee or former employee of the Vendor or its Affiliates or, to the Vendor's knowledge, any Person not dealing at arm's length with any of the foregoing Persons, except for salaries and other employment compensation payable to employees of such IST Entity in the ordinary course of business and at the regular rates payable to them and the reimbursement of expenses properly incurred in accordance with the applicable IST Entity's reimbursement expense policies; and
- 3.1.16.4. there are no: (A) bonus, golden parachute, retirement, retention, change of control, termination, severance, unemployment compensation, or other benefit or enhanced benefit arrangements with respect to any directors, officers, employees, shareholders or consultants of either of the IST Entities, (B) material increases in benefits otherwise payable under any Benefit Plans, (C) entitlements of any employee of any of either of the IST Entities to any job security or similar benefit or enhanced benefits, other than an implied right to reasonable notice on termination without cause, or (D) acceleration of the time of payment or vesting of any benefits otherwise payable under any Benefit Plans or termination of such plan other than at the sole and unfettered discretion of the applicable IST Entity, in each case, resulting from the execution and delivery of this Agreement, the performance of each IST Entity's obligations under this Agreement or the consummation of any of the transactions contemplated in this Agreement.

3.1.17. Material Contracts.

- 3.1.17.1. Except as set out in Schedule 3.1.17, none of the IST Entities is a party to or bound by any:
 - 3.1.17.1.1. licence or royalty agreement or other agreement relating to Intellectual Property owned, licensed or otherwise used by either of the IST Entities, other than commercial, off the shelf software;
 - 3.1.17.1.2. agreement or contract relating to any joint venture, partnership or other arrangement involving sharing of costs, liabilities, profits or losses, or relating to the ownership of an equity interest in any Person;

3.1.17.1.3. continuing agreement or contract for the purchase of materials, supplies or services that requires payments from such IST Entities in excess of \$250,000 per year, except for purchases in the ordinary course of business;

3.1.17.1.4. continuing agreement or contract for the sale of goods or services that requires payments to such IST Entities in excess of \$5,000,000 per year;

3.1.17.1.5. agreement or contract for the purchase or sale of any equipment or fixed or capital assets having a fair market value in excess of \$250,000;

3.1.17.1.6. agreement or contract which materially restricts, limits or impedes the ability of the IST Entities to compete in or conduct any line of business or geographical area;

3.1.17.1.7. agreement or contract relating to indebtedness for borrowed money of any of the IST Entities;

3.1.17.1.8. agreement or contract which relates to the acquisition or disposition of a business or material assets not in the ordinary course of business which provides for currently enforceable indemnification obligations of any IST Entity;

3.1.17.1.9. distribution, reseller or similar agreement or contract under which the right to resell, manufacture, process, market or use any product, service or other property of either of the IST Entities has been granted, licensed or otherwise provided by either IST Entity to any agent, distributor, dealer, licensee, franchisee or other Person;

3.1.17.1.10. agreement or contract to lease, whether as lessor or lessee, in respect of personal property with payments in excess of \$100,000 per year; and

3.1.17.1.11. to the knowledge of the Vendor, other agreement or contract material to the Business which is not otherwise disclosed in this Section.

All of the agreements and contracts set out on Schedule 3.1.17, together with the agreements and contracts set forth on Schedule 3.1.18 and Schedule 3.1.20, are referred to as “**Material Contracts**”.

3.1.17.2. Correct and complete copies of all of the Material Contracts have been made available to the Purchaser.

3.1.17.3. Each Material Contract is in full force and effect and is a legal and binding obligation of the applicable IST Entity, enforceable in accordance with its terms, subject to the usual exceptions as to bankruptcy and the availability of equitable remedies. Except as set out in Schedule 3.1.17, none of the IST Entities is in default or breach, in any material respect, of any Material Contract and to the knowledge of the Vendor, no other party thereto, is in material breach or default of any provision of any Material Contract. To the knowledge of the Vendor, there exists no default or event of default or event, occurrence, condition or act (including the purchase of the Purchased Shares) which, with the giving of notice, the lapse of time or the happening of any other event or condition, would become a default or event of default under any Material Contract.

3.1.18. Employment and Labour Matters.

- 3.1.18.1. Except as set out in Schedule 3.1.18, none of the IST Entities is a party to or is bound by any:
- 3.1.18.1.1. agreement or contract for the employment or retainer of any individual with cash compensation in excess of \$150,000 per year;
 - 3.1.18.1.2. agreement or contract providing for severance, termination or similar payments, including upon a change of control of such IST Entity, in excess of any statutory minimum;
 - 3.1.18.1.3. Benefit Plans or Pension Plans, other than those comprising the Vendor Employee Plans; or
 - 3.1.18.1.4. labour agreement, collective bargaining agreement, work rules or practices, or any other labour related agreements or arrangement with any labour union or labour organization (collectively, "**Labour Agreements**").
- 3.1.18.2. All Benefit Plans and Pension Plans set out in Schedule 3.1.18 have been maintained and operated in all material respects in accordance with the terms of the documents that support such Benefit Plans or Pension Plans and any applicable Law.
- 3.1.18.3. The Benefit Plans and Pension Plans that are provided by the Vendor or its Affiliates are set out in Schedule 3.1.21 (the "**Vendor Benefit Plans**"). Descriptions of the material terms of the Vendor Benefit Plans have been made available to the Purchaser.
- 3.1.18.4. None of the current directors, officers, employees, independent contractors or agents of any IST Entity participate in, nor are they entitled to any benefits from, the defined benefit provisions of the Vendor's Pension Plans.
- 3.1.18.5. Except as set forth in Schedule 3.1.18 or pursuant to the Labour Agreements set forth thereon, no employee of the IST Entities is currently represented by a union or similar employee representative and, to the knowledge of the Vendor, there are no pending or threatened attempts to organize for collective bargaining purposes any employees of the IST Entities.
- 3.1.18.6. Except as set forth in Schedule 3.1.18, there are no material labour proceedings or unfair labour practice complaints pending or, to the knowledge of the Vendor, threatened before any Governmental Authority in any jurisdiction with respect to any of the IST Entities. There is not currently, nor has there been in the last three years, any labour strike, work stoppage, slowdown, labour dispute, lockout or other concerted action affecting employees of the IST Entities, including any material arbitration or grievance, pending or, to the knowledge of the Vendor, threatened against any of the IST Entities.

- 3.1.18.7. The Vendor has furnished to the Purchaser complete and correct copies of all applicable Labour Agreements and each respective IST Entity is in material compliance with all terms and conditions of such Labour Agreements.
- 3.1.18.8. The IST Entities are in compliance in all material respects with all applicable Laws respecting employment standards and practices, terms and conditions of employment, wages and hours, human rights, workplace safety and insurance, pay equity or employment equity, employment insurance and Canada Pension Plan, occupational health and safety and labour relations.
- 3.1.18.9. Except as set forth in Schedule 3.1.18, there are no outstanding, pending or to the knowledge of the Vendor, threatened assessments, actions, causes of action, claims, complaints, grievances, demands, orders, prosecutions or suits against any of the IST Entities or their respective directors, officers or agents pursuant to or under any requirement under any Law, including, employment standards and practices, terms and conditions of employment, wages and hours, human rights, workplace safety and insurance, pay equity or employment equity, employment insurance and Canada Pension Plan, occupational health and safety and labour relations.
- 3.1.18.10. Schedule 3.1.18 contains a no-names list of all of the employees, consultants, contractors and agents who are currently employed or engaged by any of the IST Entities as the case may be, and sets out their titles, ages, years of service, material terms of their respective employment or other agreements, including salaries, benefits, vacation entitlement, bonus, options and other material compensation. Schedule 3.1.18 also identifies those employees who are on short term or long term disability leave, pregnancy or parental leave or any other leave or who are receiving any benefits pursuant to workplace safety and insurance legislation. The Vendor has made available to the Purchaser complete and correct copies of the employment agreements and other agreements described in Sections 3.1.18.1.1 and 3.1.18.1.2.
- 3.1.19. **Owned Real Property.** Set out in Schedule 3.1.19 is a complete list of the real property owned by any of the IST Entities, by legal description and/or municipal address (the “**Owned Real Property**”). Except as disclosed in Schedule 3.1.19, the applicable IST Entity is the registered and beneficial owner of each parcel of the Owned Real Property, free of all Encumbrances, except for Permitted Encumbrances. None of the IST Entities are a party to any existing leases, licences or any other agreements permitting a third party to occupy or possess the Owned Real Property. The buildings and other structures located on the Owned Real Property and the operation and maintenance thereof, as now operated and maintained, are in compliance, in all material respects, with applicable Laws. None of such buildings or other structures encroaches upon any real property that is not owned by the IST Entities and there are no restrictive covenants or municipal by-laws or other Laws which restrict or prohibit, in any material respect, the use of such Owned Real Property, buildings or structures for the purposes for which they are currently being used. To the knowledge of the Vendor, there are no threatened or pending expropriation proceedings with respect to the Owned Real Property. No Person has any written or oral agreement, option or any right for the purchase or lease of the Owned Real Property. To the knowledge of the Vendor, there are no material work orders, deficiency notices, notices of any violation, outstanding building permits, or other similar communication from any Governmental

Authority, board of insurance underwriters or otherwise that is outstanding requiring that work or repairs in connection with the Owned Real Property is necessary. The IST Entities have full and free legally enforceable rights of ingress and egress in respect of the Owned Real Property sufficient for the operation of the business in the ordinary course. To the knowledge of the Vendor, there are no tax arrears, local improvement or capital charges, special levies or other rates or charges of a similar nature associated with the Owned Real Property (other than realty taxes accruing from day to day). To the knowledge of the Vendor, the IST Entities have duly and punctually performed and observed all material covenants, conditions, agreements, statutory requirements, planning consents, by-laws, orders and regulations required to be performed or observed by it in respect of the Owned Real Property, and no notice of a breach has been received by it.

- 3.1.20. **Leased Real Property.** Set out in Schedule 3.1.20 is a complete list of all leases, subleases or licenses in respect of any Leased Real Property. Except as set out in Schedule 3.1.20, each such lease, sublease or license is a legal and binding obligation of the applicable IST Entity, enforceable in accordance with its terms, subject to the usual exceptions as to bankruptcy and the availability of equitable remedies. The IST Entities are in possession of the Leased Real Property and have not sublet, assigned, licenced or otherwise conveyed any of their rights in the Leased Real Property to a third party. None of the IST Entities is in default or breach, and to the knowledge of the IST Entities, no other party is in breach, in any material respect, of any such lease, sublease or license, except as set out in Schedule 3.1.20. Correct and complete copies of all such leases, subleases and licenses have been made available the Purchaser. To the knowledge of the Vendor, the IST Entities have duly performed and observed all material covenants, conditions, agreements and statutory requirements required to be performed or observed by it in respect of any of the leases of the Leased Real Property, and no notice of a breach has been received by it. The IST Entities have adequate rights of ingress and egress into such properties for the operation of the business in the ordinary course.
- 3.1.21. **Vendor Delivered Services.** Set out in Schedule 3.1.21 is a list of all material services provided by the Vendor or any of its Affiliates (other than the IST Entities) to the IST Entities and all material agreements between the Vendor or any of its Affiliates (other than the IST Entities), on one hand, and any of the IST Entities, on the other hand (collectively, the “**Vendor Delivered Services**”).
- 3.1.22. **Title to Assets.** Except as set out in Schedule 3.1.22, the IST Entities have good title to, or have the right to use pursuant to valid leases, licenses or other agreements, including the rights to the Vendor Delivered Services, all of the property and assets used in connection with the Business, free and clear of all Encumbrances other than Permitted Encumbrances. No Person has any written or oral agreement, option, understanding or commitment, or any right for the purchase or other acquisition from either of the IST Entities of any of its properties and assets, other than inventory to be sold in the ordinary course of business. Except as provided under the Vendor Delivered Services, no other Person owns, licenses or controls any property or assets which are being used in the Business except for the personal property leased by the IST Entities and the Intellectual Property licensed to the IST Entities. The material assets of the IST Entities utilized in the operation of the Business are in good condition, repair and (where applicable) proper working order, subject to normal wear and tear and having regard to their use and age.
- 3.1.23. **Tax Matters.** Except as set out in Schedule 3.1.23:

- 3.1.23.1. all Tax Returns required by Law to be filed by or with respect to any IST Entity have been timely filed and all such Tax Returns (including information provided therewith or with respect thereto) were, when filed, correct and complete;
- 3.1.23.2. each IST Entity has timely paid, or caused to be timely paid, all Taxes shown as being due and payable by it on such Tax Returns. All assessments and reassessments received by any IST Entity from any Governmental Authority in respect of Taxes have been paid;
- 3.1.23.3. adequate provision has been made in the Financial Statements for all Taxes not yet due and payable and that relate to any period ending on or before the period covered by such Financial Statements for which Tax Returns are not yet required to be filed. Each IST Entity has timely paid all installments on account of Taxes for its current taxation year that are due and payable by it;
- 3.1.23.4. no audit by any Governmental Authority is in progress with respect to any Taxes due from or with respect to any IST Entity. There are no reassessments of Taxes for any IST Entity that have been issued and are under dispute. No IST Entity has received any written communication from any Governmental Authority that an assessment or reassessment is proposed in respect of any Taxes;
- 3.1.23.5. there are no outstanding agreements, waivers, objections or arrangements extending the statutory period of limitations applicable to any claim for Taxes due from or with respect to any IST Entity for any taxable period, nor has any such agreement, waiver, objection or arrangement been requested in writing. No IST Entity is bound by any tax sharing, allocation or indemnification or similar agreement, other than any such agreement solely between IST Entities;
- 3.1.23.6. each IST Entity has withheld or collected any Taxes that are required by applicable Law to be withheld or collected and has timely paid or remitted the full amount of any Taxes that have been withheld or collected, and are due, to the applicable Governmental Authority;
- 3.1.23.7. no IST Entity has deducted any amount in computing its income in a taxation year which may be included in a taxation year ending after the Closing Date under section 78 of the ITA or the similar provisions of a provincial taxing statute;
- 3.1.23.8. no circumstances exist which would make any IST Entity subject to the application of section 17 or any of subsections 80 to 80.04 of the ITA or the similar provisions of a provincial taxing statute;
- 3.1.23.9. no IST Entity is or will be liable for any Taxes as a result of the Pre-Closing Reorganization;
- 3.1.23.10. for all transactions between an IST Entity and a non-resident person with which it does not deal at arm's length for the purposes of the ITA, the IST Entity has prepared and maintained records or documents that meet the requirements of paragraphs 247(4)(a) to (c) of the ITA:

- 3.1.23.11. no IST Entity has made an “excessive eligible dividend election” as defined in subsection 89(1) of the ITA in respect of any dividend paid, or deemed by any provision of the ITA to have been paid, on any class of shares in its capital stock; and
- 3.1.23.12. based on financial information available on the date hereof, it is not anticipated that any IST Entity will claim a reserve or amount for the taxation year ended December 31, 2014 or the taxation year ending as a result of the purchase and sale of the Purchased Shares pursuant to this Agreement that will be included in computing the income of such IST Entity in a taxation year ending after the Closing Date under any of the following provisions of the ITA or the similar provisions of a provincial taxing statute:
 - 3.1.23.12.1. paragraphs 20(1)(l) or 20(1)(p) in respect of doubtful debts or bad debts, respectively,
 - 3.1.23.12.2. paragraph 20(1)(m) in respect of goods or services to be delivered after the end of the taxation year,
 - 3.1.23.12.3. paragraph 20(1)(m.1) in respect of extended warranties,
 - 3.1.23.12.4. paragraph 20(1)(n) in respect of property sold in a business where proceeds are payable in a future year, or
 - 3.1.23.12.5. subsection 40(2) in respect of proceeds receivable for a capital property.
- 3.1.24. **Insurance.** Schedule 3.1.24 lists, as of the date hereof, all insurance policies currently in effect (the “**Current Policies**”) that insure the physical properties, business, operations and assets of either of the IST Entities. Each Current Policy is valid and binding and in full force and effect, all premiums due on such Current Policies have been paid and there is no material claim pending under any the Current Policies relating to the IST Entities as to which coverage has been questioned, denied or disputed. Neither IST Entity has made any untrue or misleading declaration on any insurance application which would invalidate the coverage of such Current Policy.
- 3.1.25. **Intellectual Property.**
 - 3.1.25.1. Set out in Schedule 3.1.25 is a list of all Intellectual Property that is material to the Business taken as a whole as currently conducted (the “**Business IP**”), the offices (if any) in which the same is registered, or has been issued from, and the dates of any such registrations and issuances.
 - 3.1.25.2. Except as set forth in Schedule 3.1.25: (i) one or both of the IST Entities has good and valid title to, or has the valid right to use, the Business IP, free and clear of any and all Encumbrances (unless such Encumbrances are set out in Schedule 3.1.25); (ii) to the knowledge of the Vendor, no Intellectual Property owned by or licensed by either IST Entity is being infringed by any other Person; and (iii) to the knowledge of the Vendor, the conduct of the Business and the IST Entities’ use of the Business IP does not infringe the Intellectual Property of any Person, and the Vendor and the IST Entities have not received any written notice,

complaint, threat or claim alleging infringement or misappropriation of any Intellectual Property or proprietary right of any other Person.

- 3.1.25.3. Schedule 3.1.25 sets out any agreements whereby any rights in any of the Business IP have been granted or licenced by any of the IST Entities to or from any other Person.
- 3.1.25.4. Except as provided for under the Trademark License Agreement, neither of the IST Entities requires the use of any Vendor Intellectual Property to be able to continue to carry on the Business after Closing in substantially the same manner as the Business was conducted prior to Closing.
- 3.1.26. **Permits.** The IST Entities hold all Permits which they require, or are required to have, to own their properties and assets and to carry on the Business as presently conducted by them, except (i) as set out in Schedule 3.1.26 or (ii) where the failure to hold any such Permit would not reasonably be expected to have a Material Adverse Effect. Each such Permit is in full force and effect and in good standing and each IST Entity is in compliance, in all material respects, with all the terms and conditions relating to such Permit. There are no Proceedings in progress which would reasonably be expected to result in the revocation, cancellation, suspension, rescission or any materially adverse modification of any such Permit. Correct and complete copies of each such Permit have been made available to the Purchaser.
- 3.1.27. **Environmental Matters.** To the Vendor's knowledge:
 - 3.1.27.1. the IST Entities have been for the previous two (2) years and are in compliance in all material respects with all applicable Environmental Laws;
 - 3.1.27.2. there have been no releases or threatened releases of any Hazardous Materials by any IST Entity or Person for whom an IST Entity is responsible which would, individually or in the aggregate, be reasonably likely to require remediation under applicable Environmental Law;
 - 3.1.27.3. the IST Entities have all Permits required under applicable Environmental Laws for the conduct of the Business, as presently conducted;
 - 3.1.27.4. as of the date of this Agreement, neither of the IST Entities is party to, or subject to the terms of, any Order that imposes any future liability or obligation under any Environmental Law in connection with the Business;
 - 3.1.27.5. the Owned Real Property and Leased Real Property are not impacted in any material manner by any third party's breach of any Environmental Law; and
 - 3.1.27.6. the IST Entities are not aware of any potential claim or allegation by a third party regarding any non-compliance of an IST Entity with any Environmental Law.

Correct and complete copies of any Phase I and Phase II environmental site assessments, inspections, audits and investigations prepared for the IST Entities or their Affiliates in relation to the Owned Real Property and the Leased Real Property have been made available to the Purchaser.

Notwithstanding any other provision of this Agreement to the contrary, this Section 3.1.27 contains the exclusive representations and warranties in respect of environmental matters (including any Environmental Claim or non-compliance with any Environmental Law) of any kind or conditions, liabilities or losses arising from such matters.

- 3.1.28. **Inventory.** All Inventory of the IST Entities reflected on the Financial Statements is net of reserves for excess, obsolete goods and other valuation adjustments and consists of raw materials, work in process and finished goods. The Inventory (i) is valued on the Financial Statements at the lower of cost or net realizable value and (ii) since December 31, 2014, has been maintained in the ordinary course of business consistent with past practices. All Inventory consists of a quality and quantity usable and saleable in the ordinary course of business, except for obsolete items, all of which have been written off or written down to net realizable value in the Financial Statements.
- 3.1.29. **Product Warranty.** Except as set forth on Schedule 3.1.29, each of the IST Entities has manufactured, sold and/or installed its products in material conformity with all applicable product specifications, within generally accepted quality variations, and in compliance, in all material respects, with its contractual obligations with the customer of such product. To the knowledge of the Vendor, as of the date hereof, except as set forth on Schedule 3.1.29, none of the IST Entities has any material liability for replacement or repair of any such products or other damages in connection therewith and there are no outstanding claims in respect of products or services manufactured, sold and/or installed by either of the IST Entities, and no such claims are forthcoming. The Vendor has made available to the Purchaser copies of all current material standard forms of warranties used by either of the IST Entities and warranties under which any material warranty obligations remain in effect.
- 3.1.30. **Backlog.** Schedule 3.1.30 sets forth the material outstanding customer purchase orders for which the IST Entities have full notice to proceed. Except as set forth on Schedule 3.1.30, all outstanding customer purchase orders included therein have been entered at prices and upon terms and conditions consistent with past practice. As of the date hereof, the IST Entities have not been informed by any customer that any order included in Schedule 3.1.30 is likely to be cancelled or terminated prior to its completion.
- 3.1.31. **Compliance with Laws.** Each IST Entity is currently conducting the Business in compliance, in all material respects, with all applicable Laws and Orders which affect the IST Entities or the Business.
- 3.1.32. **Litigation and Other Proceedings.** Except as set out in Schedule 3.1.32, (i) there is no Proceeding against or involving any IST Entity and (ii) there is no Order outstanding against any IST Entity. There are no pending or, to the knowledge of the Vendor, threatened material Proceedings against any IST Entity by any Person.
- 3.1.33. **Investment Canada Act.** The IST Entities have total assets with an aggregate book value of less than \$354 million as determined in accordance with the Investment Canada Act and the IST Entities are not engaged in a business described in subsection 14.1(5) of the Investment Canada Act.
- 3.1.34. **Residence.** The Vendor is not a “non-resident” within the meaning of the ITA.
- 3.1.35. **Books and Records.** The books and records of the IST Entities (i) have been maintained on a basis consistent with prior years, (ii) fairly present and disclose the respective material

transactions and dispositions of the assets of the IST Entities, and (iii) form the basis for the Financial Statements. Such books and records have been made available to the Purchaser. Except in respect of the Vendor Delivered Services, no information, records or systems pertaining to the operation or administration of the Business are in the possession of, recorded, stored, maintained by or otherwise dependent upon any other Person.

- 3.1.36. **Customers and Suppliers.** Schedule 3.1.36 sets out the major customers and suppliers of each of the IST Entities (being the ten most important (by dollar value) customers and ten most important (by dollar value) suppliers of each of the IST Entities) for the fiscal year ended December 31, 2014 and there has been no termination or cancellation of, and no material modification or change in, either of the IST Entities' business relationship with any major customer, supplier or group of major customers or suppliers since December 31, 2014.
- 3.1.37. **Accounts Receivable.** All accounts receivable of each of the IST Entities are reflected properly in the books and records of the IST Entities, are valid and collectible receivables subject to no setoffs, refusals to pay or counterclaims, except to the extent properly reflected in the allowance for doubtful accounts set forth in the Financial Statements.
- 3.1.38. **Bank Accounts.** Schedule 3.1.38 is a correct and complete list showing (a) the name of each bank in which either of the IST Entities has an account or safety deposit box and the names of all Persons authorized to draw on the account or to have access to the safety deposit box, and (b) the names of all Persons holding powers of attorney from either of the IST Entities. Copies of the powers of attorney have been provided to the Purchaser.
- 3.1.39. **Information Technology.** The computer systems and software used by each of the IST Entities adequately meet the information technology, data processing and other computing needs of each of the IST Entities and its operations as presently conducted in all material respects. Each of the IST Entities has taken reasonable steps and implemented reasonable procedures to ensure that such computer systems used in connection with the operation of the Business are free from any disabling codes, virus or other limiting design or routine that permits unauthorized access or the unauthorized disablement or erasure of any part of such computer systems or which would otherwise cause them to be incapable of being used in the full manner for which they were designed. To the knowledge of the Vendor, there have been no unauthorized intrusions or breaches of the security of any such computer systems in the previous 18 months.
- 3.1.40. **Restrictions on Doing Business.** Except as disclosed in Schedule 3.1.17, neither of the IST Entities is a party to or bound by any agreement which restricts or limits its right to carry on any business or activity or to solicit business from any Person or in any geographical area, impairs any business practice of either of the IST Entities, or otherwise restricts or limits the conduct of the Business as either IST Entity may determine. Neither of the IST Entities is subject to any Law or Order of any court or Governmental Authority which is not of general application to Persons carrying on a business similar to the Business.
- 3.1.41. **Absence of Certain Business Practices.** Neither the Vendor nor, to the knowledge of the Vendor, either IST Entity or agent of any such party, or any other Person acting on their behalf, acting alone or together, have, in respect of the Business: (a) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; (b) made any direct or indirect unlawful payment from corporate funds to any official or employee of any government (domestic or foreign), or any political party or candidate for office (domestic or foreign); (c) violated or is in violation of any provision of anti-corruption Laws; or

(d) made any unlawful bribe, rebate, payoff influence payment, kickback or other unlawful payment.

- 3.1.42. **Financial Matters Regarding the Vendor and its subsidiaries, etc.** The annual revenue from the operations of the Vendor and its subsidiaries has accounted for a significant portion (at least equal to 60%) of the annual revenue of Aecon Group Inc., as recognized on its audited consolidated statements of income for the 12 month period ended on December 31, 2014. The Vendor's net assets represent greater than 50% of Aecon Group Inc.'s net assets, as recognized on its audited consolidated balance sheets for the 12 month period ended on December 31, 2014. The Vendor is currently able to pay its liabilities as they become due and the realizable value of the Vendor's assets is greater than the aggregate of its liabilities and stated capital of all classes.

3.2 By the Purchaser

The Purchaser represents and warrants to the Vendor as follows and acknowledges that the Vendor is relying upon the following representations and warranties in connection with the transactions contemplated hereby:

- 3.2.1. **Organization.** The Purchaser is duly incorporated and validly existing under the laws of its jurisdiction of incorporation.
- 3.2.2. **Power, Capacity and Due Authorization.** The Purchaser has the corporate power and capacity to enter into, and to perform its obligations under, this Agreement and the agreements, contracts and instruments required by this Agreement to be delivered by the Purchaser at the Closing. This Agreement has been, and the agreements, contracts and instruments required by this Agreement to be delivered by the Purchaser at the Closing will at the Closing be, duly authorized by the Purchaser. This Agreement has been duly executed and delivered by the Purchaser and is a valid and binding obligation of the Purchaser, enforceable in accordance with its terms, subject to the usual exceptions as to bankruptcy and the availability of equitable remedies. At the Closing, the agreements, contracts and instruments required by this Agreement to be delivered by the Purchaser at the Closing will be duly executed and delivered by the Purchaser, and will be valid and binding obligations of the Purchaser, enforceable in accordance with their respective terms, subject to the usual exceptions as to bankruptcy and the availability of equitable remedies.
- 3.2.3. **No Contravention.** None of the entering into of this Agreement, the purchase of the Purchased Shares or the performance by the Purchaser of any of its other obligations under this Agreement shall, in any material respect, contravene, breach or result in any default under the articles, by-laws or other constituting documents of the Purchaser or under any applicable Law.
- 3.2.4. **Regulatory Approvals and Consents.** No Regulatory Approval or Consent is required in connection with the execution, delivery or performance of this Agreement by the Purchaser.
- 3.2.5. **Proceedings.** There is no Proceeding pending or threatened against the Purchaser, nor is there any Order outstanding against the Purchaser which, in either case, prohibits or seeks to enjoin the transactions contemplated by this Agreement.
- 3.2.6. **Purchaser an Accredited Investor.** The Purchaser is an "accredited investor" within the meaning of section 1.1 of National Instrument 45-106 *Prospectus and Registration Exemptions* and is purchasing the Purchased Shares as principal. If the Purchaser is an "accredited investor" in reliance on paragraph (m) of the definition of "accredited investor" in section 1.1 of National

Instrument 45-106 *Prospectus and Registration Exemptions*, the Purchaser was not created or used solely to purchase or hold securities as an accredited investor under that paragraph (m).

3.2.7. **Purchaser a WTO Investor.** The Purchaser is a “WTO investor” within the meaning of the Investment Canada Act.

3.3 No Finder’s Fees

Each Party represents and warrants to the other Party that such Party has not taken any action that would cause any other Party to become liable to any claim or demand for a brokerage commission, finder’s fee or other similar payment.

3.4 Independent Investigation

3.4.1. The Purchaser acknowledges and agrees that it has conducted its own independent investigation, review and analysis of the Business and each IST Entity and its results of operations, prospects, financial conditions, assets and liabilities, and acknowledges that it has been provided adequate access to the personnel, properties, assets, premises, books and records and other documents and data of each IST Entity for such purpose.

3.4.2. The Purchaser acknowledges and agrees that (i) in making its decision to enter into this Agreement and to consummate the transactions contemplated hereby, the Purchaser has relied solely upon its own investigation and the express representations and warranties of the Vendor set forth in Article 3, and (ii) none of the Vendor or any other Person makes or has made any representation or warranty as to the Business or any of the IST Entities, its results of operations, prospects, financial conditions, assets or liabilities, or the Purchased Shares except as expressly set forth in Article 3.

3.4.3. Without limiting the generality of the foregoing, the Purchaser acknowledges and agrees that none of the Vendor or any other Person makes or has made any representation or warranty as to:

3.4.3.1. any information (including projections, financial models, estimates, forecasts or budgets) contained in that certain confidential information memorandum dated as of September/October, 2014 relating to the IST Entities (the “**Confidential Memorandum**”) or in any other information, statement or document heretofore or hereafter delivered to, presented to (including, for greater certainty, in any management presentation) or made available to the Purchaser or its representatives; or

3.4.3.2. any other information, statement or documents heretofore or hereafter delivered to, presented to (including, for greater certainty, in any management presentation) or made available to the Purchaser or its representatives (including in the Confidential Memorandum, the data room or otherwise).

3.4.4. The Purchaser acknowledges and agrees that the Confidential Memorandum is not, and shall be deemed not to be, an “offering memorandum” within the meaning of the *Securities Act* (Ontario) or any other Laws.

ARTICLE 4 ADDITIONAL AGREEMENTS OF THE PARTIES

4.1 Post-Closing Tax Matters

- 4.1.1. Following the Closing, the Purchaser shall cause to be prepared and timely filed all Tax Returns required to be filed by each IST Entity after the Closing Date other than Tax Returns that relate to or include a Pre-Closing Tax Period. For any Tax Return that relates to or includes a Pre-Closing Tax Period, the Vendor will prepare such Tax Return in accordance with applicable Law and in a manner consistent with past practice of the IST Entities. The Purchaser shall be given the opportunity to review, comment upon and suggest changes or corrections to any such Tax Return that relates to or includes a Pre-Closing Tax Period. The Vendor shall provide the Purchaser with a copy of each such Tax Return that relates to or includes a Pre-Closing Tax Period at least 30 days (or in the case of a harmonized sales tax/goods and services tax return, ten days) prior to the last date for timely filing such Tax Return. If the Purchaser does not agree with the Vendor's preparation of such Tax Return, the Purchaser shall notify the Vendor of such disagreement within 15 days (or in the case of a harmonized sales tax/goods and services tax return, five days) of receiving a copy of such Tax Return. The Parties shall act in good faith to resolve such dispute. If the Parties cannot resolve such dispute, such dispute shall be resolved in accordance with Section 4.1.5. The Purchaser shall timely file all Tax Returns that relate to or include a Pre-Closing Tax Period that are prepared by the Vendor and shall pay or cause to be paid all Taxes shown due thereon which were set out in the Final Closing Statement and previously adjusted for pursuant to Section 2.5. The Vendor shall have no liability for any Taxes, interest or penalties arising solely as a result of such Tax Returns not being filed by the due date.
- 4.1.2. Any refunds or credits of Taxes of any IST Entity received after the Closing with respect thereto from the applicable Governmental Authority attributable to any Pre-Closing Tax Period (other than in respect of any Tax losses carried back from any period ending after the Closing Date) shall be paid by the Purchaser to the Vendor (as directed by the Vendor in writing) within 10 days after receipt of such refund or claim of such credit. Any amounts payable under this Section 4.1.1 shall constitute an adjustment to the Final Purchase Price.
- 4.1.3. From and after the Closing, except as otherwise required by applicable Law and except as requested by the Vendor, without the prior written consent of the Vendor (such consent not to unreasonably withheld), the Purchaser shall not cause or permit any IST Entity to make, change or revoke any Tax election or file, amend, re-file or otherwise modify (or grant an extension of any applicable statute of limitations with respect to) any Tax Return for, or agree to any settlement relating to, any Pre-Closing Tax Period or any other tax period which may result in any increase in Tax for any Pre-Closing Tax Period.
- 4.1.4. Any Tax liability attributable to a Straddle Period shall be apportioned between the portion of such period ending immediately prior to the Closing and the portion beginning on the Closing (i) in the case of real property, business personal property and any other Taxes imposed on a periodic basis, by apportioning such Taxes on a per diem basis and (ii) in the case of all other Taxes, on a closing of the books basis, provided that exemptions, allowances or deductions that are calculated on an annual basis (including, but not limited to, depreciation and amortization deductions) shall be apportioned on a per diem basis.
- 4.1.5. Any disputes, disagreements, controversies, questions or claims arising out of or relating to any matter covered in this Section 4.1 shall be resolved by an independent nationally recognized accounting firm mutually acceptable to the Vendor and the Purchaser, which resolution shall be

final, conclusive and binding on the Parties. The fees and expenses of such accounting firm shall be borne equally by the Purchaser, on the one hand, and the Vendor, on the other hand.

- 4.1.6. From and after the Closing, the Vendor and the Purchaser shall, and shall cause their respective Affiliates (including, in the case of the Purchaser, the IST Entities) to (i) execute any document (including any power of attorney) that may be necessary or reasonably helpful in connection with any Proceeding relating to Taxes or the filing of a Tax Return or refund with respect to any IST Entity, and (ii) provide such additional assistance as reasonably requested by the other Parties that may be necessary or helpful in connection with any Proceeding relating to Taxes or filing of Tax Returns of any IST Entity.
- 4.1.7. The Vendor agrees with the Purchaser that if the Canada Revenue Agency assesses either of the IST Entities under subsection 185.1(1) of the ITA in respect of an “excessive eligible dividend designation” within the meaning of subsection 89(1) of the ITA, or any relevant provincial taxing authority assesses either of the IST Entities in respect of a similar provincial taxing provision, in respect of any dividend paid, or deemed to be paid by such IST Entity on or before Closing, at the Purchaser’s request, the Vendor shall make an election with such IST Entity under subsection 185.1(2) of the ITA in respect of such dividend, in the form and within the time prescribed under the ITA. Notwithstanding the foregoing, the filing of such election does not relieve the Vendor from its indemnification obligations to the Purchaser to the extent that either of the IST Entities or the Purchaser suffers any Losses as a result of such excessive eligible dividend designation.

4.2 Transfer Taxes

All transfer, registration, stamp, documentary, sales, use and similar Taxes (including all applicable real estate transfer Taxes), any penalties, interest and additions to Tax, and fees incurred in connection with the purchase and sale of the Purchased Shares (“**Transfer Taxes**”) shall be the sole responsibility of and be timely paid by the Party liable for such Transfer Taxes under applicable Law. The Parties shall reasonably cooperate in the timely making of all filings, returns, reports and forms as may be required in connection with any Transfer Tax.

4.3 Restrictive Covenants

The restrictive covenants granted pursuant to the Non-Competition Agreement (the “**Restrictive Covenants**”) are being granted to maintain and preserve the fair market value of the Purchased Shares. The Parties acknowledge and agree that (i) the Vendor deals at arm’s length with the Purchaser; (ii) no proceeds shall be received or receivable by the Vendor or any other Person for granting the Restrictive Covenants; (iii) the Restrictive Covenants are integral to this Agreement; and (iv) the conditions set forth in subsection 56.4(7) of the ITA have been met such that subsection 56.4(5) of the ITA applies to the Restrictive Covenants.

4.4 Preservation of Records

The Purchaser shall, and shall cause the IST Entities to, preserve and keep the books and records held by them relating to the IST Entities and to the respective businesses of the IST Entities (including, for greater certainty, all Tax Returns, schedules and work papers, books, records and other documents in its or their possession relating to Tax matters) for a period of seven years from the Closing Date (or longer if required by applicable Law or if any statute of limitations for any relevant Tax period has not expired) and shall make such books and records available to the Vendor and its representatives (including the right to inspect, review and make copies thereof), at the Vendor’s cost and expense, as may

be reasonably requested by the Vendor. During such period, the Purchaser shall, and shall cause the IST Entities and their respective representatives to, provide the Vendor and its representatives with such reasonable assistance, at the Vendor's expense, as the Vendor may require in connection with the inspection, review and use of such books and records. Any information disclosed to the Vendor and its representatives shall constitute confidential information of the Purchaser and shall be subject to the confidentiality provisions contained in the Non-Competition Agreement entered into on or about the date of this Agreement between the Purchaser and the Vendor.

4.5 Vendor Delivered Services

Except as provided pursuant to Section 4.6 or Section 4.8, or unless otherwise agreed to in writing by the Vendor, all Vendor Delivered Services, and the rights of the IST Entities to the Vendor Delivered Services, shall be terminated as of the Closing Date. Neither the Vendor nor its Affiliates shall have any liability or further obligation as a result of the termination of services pursuant to this Section 4.5, except as provided pursuant to Section 4.7.2, and the Purchaser shall, at its sole expense, be solely responsible for procuring substitute or alternative services.

4.6 Vendor Intellectual Property

- 4.6.1. Except as expressly set forth in the Trademark License Agreement and as contemplated in Sections 4.6.2, 4.6.3 and 4.6.4, the Purchaser, on behalf of itself and its Affiliates, agrees, as of and following the Closing, that neither the Purchaser nor any of its Affiliates shall have any right, title or interest in, or any authority or license to use or allow others to use in any manner, whatsoever, any Vendor Intellectual Property, and any such right, title, interest, authority, license or sublicense or other arrangement relating thereto (whether written or oral) existing prior to the Closing, shall automatically terminate simultaneously with and effective as of the Closing.
- 4.6.2. The Vendor shall not contest, dispute, challenge, oppose or seek to cancel any of the Purchaser's right, title, and interest in and to the word mark "Found Energy" or the design mark . Notwithstanding the foregoing, except as provided for under the Trademark License Agreement, Purchaser shall have no right, title or interest in the FOUND ENERGY word mark or logo mark in so far as they contain the name "AECON".
- 4.6.3. Upon the terms and subject to the conditions of this Agreement, promptly following the date hereof, the Vendor or its Affiliates shall submit or have submitted to the Canadian Intellectual Property Office a voluntary request to cancel registration no. TMA810857, in the form of Schedule 4.6.3, and shall provide a copy of same to the Purchaser. To the extent necessary after the Closing Date, the Parties shall reasonably cooperate to effect the cancellation of registration no. TMA810857.
- 4.6.4. Upon the terms and subject to the conditions of this Agreement, promptly following the date hereof, the Purchaser or its Affiliates shall cause the IST Entities to apply to the United States Patent and Trademark Office, for registration no. 3972891 to be surrendered for cancellation, in the form of Schedule 4.6.4, and shall provide a copy of same to the Purchaser. To the extent necessary after the Closing Date, the Parties shall reasonably cooperate to effect the cancellation of registration no. 3972891.

4.7 Benefit Plans

- 4.7.1. Effective as of the Closing Date, all directors, officers, employees, independent contractors and

agents of the IST Entities shall cease to participate in and accrue any benefits under the Vendor Benefit Plans and shall be eligible to commence participation in the Purchaser's pension and benefit plans providing substantially equivalent benefits or cash-based equivalence, taken as a whole, in accordance with the terms and conditions of the Purchaser's plans. The Purchaser agrees to recognize such individuals' period of service or period of credited service (as recognized under the Vendor Benefit Plans) for the purpose of determining eligibility to participate in the Purchaser's pension and benefits plans. To the extent permitted under the Purchaser's pension and benefit plans, the Purchaser shall waive, or cause to be waived, any pre-existing medical or other condition restriction under such plans that would prevent immediate and full participation of any such directors, officers, employees, independent contractors and agents in such plans effective as and from the Closing Date.

- 4.7.2. For greater certainty, the Vendor and the Vendor Benefit Plans shall remain responsible for the provision of benefits to all directors, officers, employees, independent contractors and agents of the IST Entities accrued in such individuals' period of service or credited service (as recognized under the Vendor Benefit Plans) to the close of business on the day immediately preceding the Closing Date, and shall pay or cause to be paid all amounts payable by reason of events that took place prior to the Closing Date.

4.8 Transition Services

At Closing, the Vendor and the Purchaser shall enter into a transition services agreement (the "**Transition Services Agreement**") pursuant to which the Vendor shall provide, or cause its Affiliates to provide, to the Purchaser the transition services set forth therein and accordance with the terms set forth therein.

4.9 York Energy Centre

This Vendor hereby represents and warrants that the IST Entities completed the repair of two exhaust systems at the York Energy Centre prior to the Closing Date and, as of the date hereof (a) the project team has demobilized and (b) such exhaust systems and all other aspects of the installed systems are operating in accordance with specifications. The Vendor shall be subrogated to any and all rights of the IST Entities against Sound Technologies Inc. under the subcontractor agreement between IST and Sound Technologies Inc. dated as of September 2, 2010 in respect of services provided by Sound Technologies Inc. relating to the design and fabrication of noise silencing systems for two exhaust systems installed by IST at the York Energy Centre (the "**York Energy Centre Matter**"), including with respect to warranties, indemnities and similar rights. The parties agree that the Vendor shall be entitled to make and control any claims and proceedings with respect to such subrogated claims and the Purchaser agrees to, and agrees to cause the IST Entities to, reasonably cooperate with the Vendor in its pursuit of such claims and proceedings. Without limiting the generality of the foregoing, the IST Entities shall make available those employees of the IST Entities reasonably required by Vendor to assist Vendor or its counsel with any litigation or claims or preparation therefor with respect to Sound Technologies Inc. as and when required and at no cost to the Vendor, other than applicable out-of-pocket expenses, provided the commitment of any such employee does not unreasonably interfere with such employee's work obligations. The Vendor shall promptly reimburse the Purchaser or the applicable IST Entity for all applicable out-of-pocket expenses incurred in connection with meeting its obligations under this Section. On and after the Closing Date, the Purchaser shall, and shall cause the IST Entities to, (i) promptly remit to the Vendor the full amount of any amount received from Sound Technologies Inc. in respect of such claims and proceedings, less applicable Taxes and (ii) attend to any warranty repairs required to be

completed by the IST Entities in connection with the York Energy Centre Matter on reasonable and customary terms to be agreed upon between Vendor and Purchaser, acting reasonably, but at the Vendor's expense. The Parties confirm that the Vendor's rights and the Purchaser's obligations under this Section 4.9 are conditional on (i) the accuracy of the representation and warranty contained in the first sentence of this Section 4.9, (ii) the Vendor meeting its indemnification obligation under Section 6.2.7, and (iii) the Vendor acting in good faith in meeting its obligations under this Section 4.9. In addition, the Vendor shall keep the Purchaser and the IST Entities reasonably apprised of all material developments in connection with the York Energy Centre Matter.

ARTICLE 5 CLOSING ARRANGEMENTS

5.1 Closing

The Closing shall take place at 10:00 a.m. (Toronto time) on the Closing Date at the offices of Torys LLP, 79 Wellington St. W., Box 270, TD South Tower, Toronto, Ontario, M5K 1N2, or at such other time on the Closing Date or such other time and place as may be agreed in writing by the Parties.

5.2 Closing Deliveries of the Vendor

At the Closing, the Vendor shall deliver or cause to be delivered to the Purchaser the following:

- 5.2.1. certificates representing the Purchased Shares duly endorsed in blank for transfer or accompanied by duly executed powers of attorney for transfer in blank;
- 5.2.2. non-competition, non-solicitation and confidentiality agreements substantially in the form attached as Exhibit C from each of the Vendor and Aecon Group Inc. (the "**Non-Competition Agreements**");
- 5.2.3. employment agreement from each of Bob Dautovich, Chris Ritchie, Jim McArthur and Caleb Lawrence;
- 5.2.4. details concerning the Closing Indebtedness and Transaction Expenses to be paid by the Purchaser at Closing;
- 5.2.5. the minute books, share certificate books and the corporate seals for each of the IST Entities;
- 5.2.6. a certificate of compliance in respect of IST and a certificate of status in respect of Boilers;
- 5.2.7. evidence of completion of the Pre-Closing Reorganization;
- 5.2.8. evidence of each Consent obtained by the Vendor and the IST Entities;
- 5.2.9. the written resignation, effective immediately at the Closing, of all of the directors of the IST Entities and mutual full and final releases substantially in the form attached as Exhibit D signed by such directors and the IST Entities;

- 5.2.10. the trademark license agreement attached hereto as Exhibit E (the “**Trademark License Agreement**”), signed by the Vendor;
- 5.2.11. the Transition Services Agreement, signed by the Vendor; and
- 5.2.12. such other agreements, documents and instruments as are required or contemplated to be delivered at or prior to the Closing by or on behalf of the Vendor or the IST Entities pursuant to this Agreement or which otherwise may be reasonably requested by the Purchaser or its counsel.

5.3 Closing Deliveries of the Purchaser

At the Closing, the Purchaser shall deliver or cause to be delivered to the Vendor the following:

- 5.3.1. the payment contemplated by Section 2.4;
- 5.3.2. the Trademark License Agreement, signed by the Purchaser;
- 5.3.3. the Transition Services Agreement, signed by the Purchaser;
- 5.3.4. the Non-Competition Agreements signed by the Purchaser;
- 5.3.5. except as otherwise contemplated pursuant to the Transition Services Agreement, evidence that the Purchaser has entered into arrangements, effective as of the Closing, whereby the Purchaser is substituted for Vendor and/or its Affiliates (other than the IST Entities) in any guarantees, letters of comfort, indemnities or similar arrangements entered into by Vendor and/or its Affiliates in respect of the Business, which arrangements include a full and complete release of the Vendor and its Affiliates (other than the IST Entities); and
- 5.3.6. such other agreements, documents and instruments as are required or contemplated to be delivered at or prior to the Closing by or on behalf of the Purchaser pursuant to this Agreement or which otherwise may be reasonably requested by the Vendor or its counsel.

ARTICLE 6 SURVIVAL AND INDEMNIFICATION

6.1 Survival of Representations, Warranties, Covenants and Agreements

- 6.1.1. The representations, warranties, covenants and agreements set forth in this Agreement, and the right to commence any claim for indemnification in respect of any breach of such representations, warranties, covenants and agreements, shall survive the Closing for a period of 18 months from the Closing Date, except that:
 - 6.1.1.1. the representations and warranties of the Vendor set forth in Section 3.1.1, Section 3.1.2, Section 3.1.3, Section 3.1.4, Section 3.1.5, Section 3.1.6 and Section 3.1.7 (collectively, the “**Fundamental Representations**”), and the right to commence any claim for indemnification in respect of any breach of such representations and warranties, shall survive the Closing indefinitely;

- 6.1.1.2. the representations and warranties of the Vendor set forth in Section 3.1.23, and the right to commence any claim for indemnification in respect of Section 6.2.5 or any breach of such representations and warranties, shall survive the Closing until the day that is 90 days following the expiration of the applicable assessment period;
- 6.1.1.3. the representations and warranties of the Vendor set forth in Section 3.1.22 and Section 3.1.27, and the right to commence any claim for indemnification in respect of any breach of such representations and warranties, shall survive the Closing until the expiration of the date that is three (3) years from the Closing Date;
- 6.1.1.4. the representations and warranties of the Purchaser set forth in Section 3.2.1 and Section 3.2.2, and the right to commence any claim for indemnification in respect of any breach of such representations and warranties, shall survive the Closing for a period of five (5) years from the Closing Date;
- 6.1.1.5. all covenants and agreements which by their terms contemplate actions or impose obligations following the Closing shall survive the Closing and remain in full force and effect in accordance with their terms;
- 6.1.1.6. all covenants and agreements which by their terms contemplate full performance at or prior to the Closing shall survive the Closing, except that any claim for indemnification in respect of any breach or non-performance of any such covenant or agreement shall survive until the date that is 18 months after the Closing Date; and
- 6.1.1.7. any representation and warranty involving fraud or fraudulent or intentional misrepresentation by the Party giving that representation and warranty, will, in each case, survive and continue in full force and effect without limitation of time.

The Parties agree to vary the application of the basic limitation period fixed by the *Limitations Act*, 2002 (Ontario) as provided herein.

- 6.1.2. After the periods specified in this Section 6.1, any Claim in respect of any breach or non-performance of such representations, warranties, covenants or agreements shall be deemed time-barred, and no such Claim shall be made; *provided, however*, that if written notice of a Claim shall have been provided to the Vendor or the Purchaser, as applicable, within the applicable survival period and in good faith that complies with the requirements of Section 6.4, then any representations, warranties, covenants or agreements that are the subject of such Claim for indemnification that would otherwise terminate as set forth above shall survive as to such Claim, and that Claim only, until such time as such Claim is fully and finally resolved.

6.2 Indemnification by the Vendor

Subject to the terms of this Agreement, from and after the Closing, the Vendor shall indemnify and save harmless the Purchaser and its Affiliates and each of their respective directors, officers, employees, agents and other representatives from and against any and all Losses suffered by any such Indemnified Party resulting from, arising out of or related to:

- 6.2.1. any breach by the Vendor of or inaccuracy in any representation or warranty in this Agreement;
- 6.2.2. the failure by the Vendor to perform any of its covenants or agreements contained in this Agreement;
- 6.2.3. the Proceedings described on Schedule 3.1.32(a);
- 6.2.4. the Pre-Closing Reorganization;
- 6.2.5. any Taxes (other than Transfer Taxes payable the Purchaser in accordance with the terms of this Agreement or Taxes indemnified for under Section 6.2.4 hereof) assessed against any IST Entity in respect of a Pre-Closing Tax Period, except to the extent that such Tax is refundable or creditable to the Person paying such Tax upon filing a Tax Return or such Tax was included as a liability in the Final Closing Statement;
- 6.2.6. any Closing Indebtedness or Transaction Expenses not deducted when determining the Purchase Price in accordance with this Agreement;
- 6.2.7. the York Energy Centre Matter described in Section 4.9;
- 6.2.8. the employee injury described on Schedule 3.1.18; and
- 6.2.9. the Vendor Benefit Plans and in respect of the provision of benefits to all directors, officers, employees, independent contractors and agents of the IST Entities accrued in respect of such individuals' period of service or credited service (as recognized under the Vendor Benefit Plans) to the close of business on the day immediately preceding the Closing Date.

6.3 Indemnification by the Purchaser

Subject to the terms of this Agreement, from and after the Closing, the Purchaser shall indemnify and save harmless the Vendor and its Affiliates and each of their respective directors, officers, employees, agents and other representatives from and against any and all Losses suffered by any such Indemnified Party resulting from, arising out of or related to:

- 6.3.1. any breach by the Purchaser of or inaccuracy in any representation or warranty in this Agreement; and
- 6.3.2. the failure by the Purchaser to perform any of its covenants or agreements in any material respect contained in this Agreement.

6.4 Notice of Claim

Except as it relates to the Third Party Claim pursuant to Section 6.2.3, the Indemnified Party shall promptly (but in any event within 30 days) notify the Indemnifying Party, in writing, of any claim for indemnification pursuant to this Article 6 (a "Claim"); *provided, however*, that any delay or failure by the Indemnified Party to give notice to the Indemnifying Party shall relieve the Indemnifying Party of its obligations hereunder only to the extent, if at all, that the Indemnifying Party is prejudiced in a material respect by reason of such delay or failure. Such notice shall (i) specify whether such Claim arises from any Proceeding made or brought by a Third Party (a "Third Party Claim") or does not so arise (a "Direct Claim"); (ii) describe the Claim in reasonable detail, including the facts underlying each

particular Claim, and the specific sections of this Agreement pursuant to which indemnification is being sought for each such set of facts; (iii) attach copies of all material written evidence upon which such Claim is based (provided that to the extent that such evidence is not reasonably available at such time, the written notice shall instead indicate that the Indemnified Party shall, and the Indemnified Party shall, promptly provide such evidence when available to the Indemnifying Party); and (iv) set forth the estimated amount of the Losses that have been or may be suffered by the Indemnified Party.

6.5 Third Party Claims

- 6.5.1. With respect to Third Party Claims, the Indemnifying Party shall have 30 days after receipt of a written notice that complies with Section 6.4 to elect, at its own expense, to participate in or assume control of the negotiation, settlement or defense of such Third Party Claim and, in such event, the Indemnifying Party shall reimburse the Indemnified Party for all the Indemnified Party's reasonable costs and expenses as a result of such participation or assumption. If the Indemnifying Party elects to assume such control, the Indemnified Party shall cooperate with the Indemnifying Party at the cost and expense of the Indemnifying Party, shall have the right to participate in the negotiation, settlement or defense of such Third Party Claim at its own expense (provided such participation shall not have any adverse impact on the Indemnifying Party or its defense of such Third Party Claim) and except that the Indemnifying Party shall pay the costs and expenses of such separate counsel if (x) in the reasonable opinion of the Indemnified Party's counsel, a conflict or potential conflict exists between the Indemnifying Party and the Indemnified Party that cannot be waived or (y) the named parties to such third party claim include both the Indemnifying Party and the Indemnified Party and, in the reasonable opinion of the Indemnified Party's counsel, defenses are available to it that are unavailable to the Indemnifying Party. If the Indemnifying Party elects to assume such control, the Indemnified Party shall have the right to disagree on reasonable grounds with the selection and retention of counsel, in which case counsel satisfactory to the Indemnifying Party and the Indemnified Party shall be retained by the Indemnifying Party (provided that, in the case of the Third Party Claim pursuant to Section 6.2.3, the Purchaser hereby agrees that such counsel shall remain Borden Ladner Gervais LLP). Notwithstanding the foregoing, the Parties agree that the Vendor shall assume control of the negotiation, settlement and defense of any Third Party Claim pursuant to Sections 6.2.3 and 6.2.7 and the Purchaser shall not have the right to participate in such negotiation, settlement or defense or to disagree with the Vendor's selection and retention of counsel provided: (a) no such settlement adversely affects the Purchaser or either of the IST Entities in any matter, (b) the Vendor continues to exercise reasonable diligence in the defence of such Third Party Claim and (c) in respect of a Third Party Claim pursuant to Section 6.2.7, the Vendor complies with its obligations set forth in Section 4.9. If the Vendor fails to exercise reasonable diligence in the defence of such Third Party Claim pursuant to Sections 6.2.3 and 6.2.7, the Purchaser and/or the IST Entities shall be entitled to assume such control and Vendor shall be bound by the results obtained by the Purchaser and/or the IST Entities Indemnified Party with respect to such Third Party Claim. The Vendor shall keep the Purchaser and the IST Entities reasonably apprised of the status of any Third Party Claim pursuant to Sections 6.2.3 and 6.2.7 and shall inform the Purchaser and the IST Entities of all material developments in connection with such matter. The Parties confirm that the Vendor has agreed to assume control of the negotiation, settlement or defense of the Third Party Claim referenced in Sections 6.2.3 and 6.2.7.
- 6.5.2. If the Indemnifying Party, (i) does not assume or may not assume control as contemplated in Section 6.5.1 or (ii) having elected to assume control as contemplated in Section 6.5.1 thereafter fails to defend any such Third Party Claim within a reasonable time, the Indemnified Party shall

be entitled to assume such control and the Indemnifying Party shall be bound by the results obtained by the Indemnified Party with respect to such Third Party Claim, provided that in either such case, the Indemnified Party must in good faith defend the Indemnifying Party from all Third Party Claims.

6.6 Direct Claims

- 6.6.1. Following receipt of a written notice from the Indemnified Party of a Direct Claim that complies with the requirements of Section 6.4, the Indemnifying Party shall have 30 days to make such investigation of the Direct Claim as the Indemnifying Party considers necessary or desirable. For purposes of such investigation, the Indemnified Party shall make available to the Indemnifying Party all information, documents and material relied upon by the Indemnified Party to substantiate the Direct Claim. If the Indemnified Party and the Indemnifying Party agree at or prior to the expiration of such 30-day period (or any mutually agreed upon extension thereof) to the validity and amount of such Direct Claim, the Indemnifying Party shall immediately pay to the Indemnified Party the full agreed upon amount of the Direct Claim.
- 6.6.2. If the Indemnified Party and the Indemnifying Party do not agree within such period (or any mutually agreed upon extension thereof), the Indemnified Party and the Indemnifying Party agree that the indemnified party shall be entitled to bring an action in accordance with Section 8.10.2 to recover the full amount of the Direct Claim and any costs incidental to the action.

6.7 Additional Rules and Procedures

The obligation of the Indemnifying Party to indemnify the Indemnified Party in respect of Claims shall also be subject to the following:

- 6.7.1. The Indemnifying Party's obligation shall only apply to the extent that Claims in respect of which it is required to indemnify, in the aggregate, exceed an amount equal to \$300,000 (the "Threshold"), and then only to the extent of such excess, subject to the limitations set out in Sections 6.7.2 and 6.7.3. Notwithstanding the foregoing, the Threshold for Claims relating to a breach of the representations and warranties provided in Section 3.1.23 shall be \$200,000, provided that this reduced Threshold for breaches of such representations and warranties shall not affect the Threshold for all Claims (including for such representations and warranties). No Losses may be claimed by an Indemnified Party, and no Losses shall be included in calculating whether the Threshold has been exceeded, other than Losses in excess of \$10,000 resulting from any single claim or aggregated claims arising out of the same facts, events or circumstances. For purposes of determining whether the Threshold has been exceeded, all references to material or Material Adverse Effect in the representations and warranties made by the Vendor and the Purchaser shall be disregarded. Notwithstanding the foregoing, this Section 6.7.1 shall not apply to any Claims made pursuant to Sections 6.2.2, 6.2.3, 6.2.4, 6.2.5, 6.2.6, 6.2.7, 6.2.8, 6.2.9, 6.3.2, Claims made in respect of the Fundamental Representations and/or Claims based on any representation and warranty involving fraud or fraudulent or intentional misrepresentation of the Indemnifying Party;
- 6.7.2. The maximum liability of the Indemnifying Party pursuant to the indemnities provided in Section 6.2.1 or 6.3.1, as the case may be, shall not exceed an amount equal to 40% of the aggregate of the Base Purchase Price and any Deferred Payment, except: (i) in respect of the Vendor, in connection with a breach of any of the Fundamental Representations; and (ii) in respect of the Purchaser, in connection with a breach of any of the representations and warranties

contained in Sections 3.2.1 and 3.2.2. Notwithstanding the foregoing, this Section 6.7.2 shall not apply to any misrepresentation involving fraud or intentional or fraudulent misrepresentation given by the Indemnifying Party contained in this Agreement and, for greater certainty, any of the other indemnities provided for in this Article and, in each such case, the Indemnifying Party shall be liable to indemnify the Indemnified Party for all Losses with respect to such matters;

- 6.7.3. Notwithstanding Section 6.7.2, the maximum liability of the Indemnifying Party for a breach or violation of the Fundamental Representations or the representations and warranties contained in Sections 3.2.1 and 3.2.2 pursuant to this Article 6 shall not exceed an amount equal to the aggregate of the Base Purchase Price and any Deferred Payment provided that this Section 6.7.3 shall not apply to any misrepresentation involving fraud or intentional or fraudulent misrepresentation given by the Indemnifying Party contained in this Agreement and, for greater certainty, any of the other indemnities provided for in this Article and, in each such case, the Indemnifying Party shall be liable to indemnify the Indemnified Party for all Losses with respect to such matters;
- 6.7.4. In the event that any Third Party Claim is of a nature such that the Indemnified Party is required by applicable Law to make a payment to any Third Party with respect to such Third Party Claim before the completion of settlement negotiations or related Proceedings, the Indemnified Party may make such payment and the Indemnifying Party shall, promptly upon written notice, reimburse the Indemnified Party for any such payment. If the amount of any liability of the Indemnifying Party under the Third Party Claim in respect of which such a payment was made, as finally determined, is less than the amount which was paid by the Indemnifying Party to the Indemnified Party, the Indemnified Party shall, forthwith after receipt of the difference from the Third Party, pay such difference to the Indemnifying Party together with any interest received by the Indemnified Party thereupon, to extent such amount was previously reimbursed by the Indemnifying Party;
- 6.7.5. Except in the circumstances contemplated by Sections 6.5.2 and 6.7.4 and whether or not the Indemnifying Party assumes control of the negotiation, settlement or defense of any Third Party Claim, the Indemnified Party shall not negotiate, settle, compromise or pay any Third Party Claim (unless such negotiation, settlement or compromise and/or payment involves a full release of the Indemnifying Party) except with the prior written consent of the Indemnifying Party (which consent shall not be unreasonably withheld);
- 6.7.6. The Indemnified Party shall not permit any right of appeal in respect of any Third Party Claim to terminate without giving the Indemnifying Party notice thereof and an opportunity to contest such Third Party Claim;
- 6.7.7. The Indemnified Party and the Indemnifying Party shall cooperate fully with each other with respect to Third Party Claims, shall keep each other fully advised with respect thereto (including supplying copies of all relevant documentation promptly as it becomes available) and shall each designate a senior officer who shall keep informed about and be prepared to discuss the Third Party Claim with his counterpart and with counsel at all reasonable times;
- 6.7.8. Notwithstanding Section 6.5, the Indemnifying Party shall not settle any Third Party Claim or conduct any related Proceeding in a manner which would, in the opinion of the Indemnified Party, acting reasonably, have a material adverse effect on the Indemnified Party;

- 6.7.9. Except in respect of any Claims made pursuant to Sections 6.2.2, 6.2.3, 6.2.4, 6.2.5, 6.2.6, 6.2.7, 6.2.8, 6.2.9 and 6.3.2 and/or Claims based on any representation and warranty involving fraud or fraudulent or intentional misrepresentation of the Indemnifying Party, the Indemnified Party shall use commercially reasonable efforts to mitigate any Losses in respect of which the Indemnified Party is or may be entitled to indemnification under this Agreement; and
- 6.7.10. Notwithstanding anything to the contrary in this Agreement, Losses of the Indemnified Party shall be determined without duplication of any other Losses for which a Claim has been made or could be made and shall be net of any insurance or other prior or subsequent recoveries (including under or pursuant to any insurance policy, indemnity, reimbursement agreement or contract pursuant to which or under which the Indemnified Party is a party or has rights, or adjustment pursuant to Sections 2.5 or 2.6) actually received by such Indemnified Party in connection with the facts giving rise to the right of indemnification but only after taking into account premium increases resulting therefrom.

6.8 Characterization of Indemnification Payments

Unless otherwise required by applicable Law, any payment made pursuant to this Article 6 shall be treated for all Tax purposes as an adjustment to the Final Purchase Price.

6.9 Remedies Exclusive

Except in cases of fraud or intentional or fraudulent misrepresentation, the remedies provided in this Article 6 shall be the exclusive monetary remedies (including equitable remedies that involve monetary payment, such as restitution or disgorgement, other than specific performance to enforce any payment or performance due hereunder) of the Parties from and after the Closing in connection with any breach of a representation or warranty, or any failure, partial or total, to perform any covenant or agreement contained in this Agreement.

6.10 No Effect of Knowledge

The right to indemnification or other remedy of any Party based on the representations, warranties, covenants and agreements contained in this Agreement exists notwithstanding the Closing and notwithstanding any investigation or knowledge acquired by such Party or its representatives prior to the Closing. As of the Closing, each of the Parties confirms to the other Party that it is not aware of any right to indemnification or other remedy of such Party based on the representations, warranties, covenants and agreements contained in this Agreement.

6.11 Right of Set-Off

Solely to the extent that it is finally determined by a court of competent jurisdiction that the Vendor is required to indemnify the Purchaser for Losses under this Article 6, the Purchaser shall have the right to set-off such Losses against amounts otherwise payable by the Purchaser to the Vendor pursuant to this Agreement, by giving notice to the Vendor. For avoidance of doubt, prior to the time that it is finally determined that Vendor is required to indemnify Purchaser for Losses in accordance with this Article 6, the Purchaser shall not have the right to exercise the foregoing set-off rights and any such amounts then owed by Purchaser to Vendor pursuant to this Agreement shall be promptly paid in accordance with the terms hereof.

ARTICLE 7 DISPUTE RESOLUTION

7.1 Disputes

All disputes, disagreements, controversies, questions or claims arising out of or relating to this Agreement, including with respect to its formation, execution, validity, application, interpretation, performance, breach, termination or enforcement (other than (i) disputes, disagreements, controversies, questions or claims arising out of or relating to the Draft Closing Statements, the Notice of Disagreement or the calculation of the Final Working Capital which shall be resolved exclusively in accordance with Section 2.5, (ii) disputes regarding the calculation of EBITDA, the Deferred Payment and the Substitute Payment which shall be resolved exclusively in accordance with Section 2.6, (iii) disputes, disagreements, controversies, questions or claims arising out of or relating to Section 4.1, which shall be resolved exclusively in accordance with Section 4.1.5, and (iv) disputes, disagreements, controversies, questions or claims arising out of or relating to Article 6) (collectively, “Disputes”) shall be exclusively determined in accordance with Section 7.2.

7.2 Dispute Resolution Procedure

- 7.2.1. A Party involved in a Dispute (such Party, for purposes of this Section 7.2, being, the “**Claimant**”) shall commence Dispute resolution by delivering a written notice (the “**Notice of Dispute Resolution**”) to each other Party involved in such Dispute (such Party, for purposes of this Section 7.2, the “**Respondent**”).
- 7.2.2. The Notice of Dispute Resolution shall set forth (i) a general description of the Dispute, and (ii) the relief or remedy sought.
- 7.2.3. Representatives of the Claimant and the Respondent with authority to settle the Dispute shall meet to attempt in good faith to negotiate a resolution of the Dispute. Such negotiation shall occur during the period (the “**Negotiation Period**”) commencing on the day following the day the Notice of Dispute Resolution has been received or has been deemed to be received by the Respondent and shall end on the 20th Business Day thereafter or such earlier or later time as agreed to by the Claimant and the Respondent.
- 7.2.4. If, after the Negotiation Period, the Dispute remains unresolved, the Claimant or the Respondent may pursue any and all legal remedies with respect thereto, including bringing an action in accordance with Section 8.10.2 to resolve such Dispute.

- 7.2.5. Notwithstanding the foregoing, any Party may seek from a court of competent jurisdiction an injunction or injunctions to prevent breaches of this Agreement or an order to enforce specifically the terms and provisions of this Agreement without first delivering a Notice of Dispute Resolution or otherwise complying with this Section 7.2.

ARTICLE 8 GENERAL MATTERS

8.1 Public Notices

Forthwith after the execution of this Agreement, each Party shall issue its own press release regarding this Agreement and the transactions contemplated hereby, provided that the other Party shall have had the opportunity to review and provides its reasonable comment on such press release prior to it being issued. Thereafter, no press release or other announcement concerning the transactions contemplated by this Agreement shall be made by any Party without the prior written consent of the other Parties. Notwithstanding the foregoing, any Party may, without such consent, make such disclosure if the same is required by any applicable Law or any stock exchange on which any of the securities of such Party or any of its Affiliates are listed or by any securities commission or other similar regulatory authority having jurisdiction over such Party or any of its Affiliates; *provided, however*, that if such disclosure is required, the Party making the disclosure shall give prior written notice to the other Parties and shall consult with the other Parties regarding the content of any such disclosure. In addition, notwithstanding the foregoing, following the issuance of the press releases in accordance with this Section 8.1, each Party may disclose to its current and prospective banks, shareholders, Affiliates, partners, investors and advisors the name of the other Parties, the date of the transaction, the price and the key terms under this Agreement and may generally disclose such details of the transactions contemplated by this Agreement in accordance with its current practices.

8.2 Expenses

Each of the Parties shall be responsible for the expenses (including fees and expenses of legal advisers, accountants and other professional advisers) incurred by it in connection with the negotiation and settlement of this Agreement and the completion of the transactions contemplated hereby, except that the Purchaser shall pay the Transaction Expenses in accordance with Section 2.4. For greater certainty, the Vendor shall be responsible for, and shall pay, all costs and expenses incurred in connection with the completion of the Pre-Closing Reorganization.

8.3 Successors and Assigns

This Agreement shall enure to the benefit of, and be binding on, the Parties and their respective successors and permitted assigns. No Party may assign or transfer, whether absolutely, by way of security or otherwise, all or any part of its respective rights or obligations under this Agreement without the prior written consent of the other Parties. Notwithstanding the foregoing, the Purchaser may, without the consent of the other Parties hereto, assign its rights, interests and obligations under this Agreement as collateral to any financial or lending institution providing financing to the Purchaser in connection with the transactions contemplated hereunder; provided that no such assignment shall release the Purchaser from any of its obligations hereunder.

8.4 Notices

Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be given by prepaid mail, by facsimile or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice or other communication, if mailed by prepaid mail at any time other than during a general discontinuance of postal service due to strike, lockout or otherwise, shall be deemed to have been received on the fourth Business Day after the post-marked date thereof, or if sent by facsimile or other means of electronic communication, shall be deemed to have been received on the Business Day following the sending, or if delivered by hand shall be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address shall also be governed by this section. In the event of a general discontinuance of postal service due to strike, lockout or otherwise, notices or other communications shall be delivered by hand or sent by facsimile or other means of electronic communication and shall be deemed to have been received in accordance with this section. Notices and other communications shall be addressed as follows:

(a) if to the Vendor:

Aecon Group Inc.
20 Carlson Court, Suite 800
Toronto, Ontario
M9W 7K6

Attention: L. Brian Swartz, Executive Vice President,
Legal & Commercial Services
Fax: 416-940-2290
Email: bswartz@aecon.com

with a copy to:

Torys LLP
79 Wellington St. W., 30th Floor
Box 270, TD South Tower
Toronto, Ontario
M5K 1N2

Attention: Michael Siltala
Fax: 416-865-7380
Email: msiltala@torys.com

(b) if to the Purchaser:

c/o Fulcrum Capital Partners Inc.
79 Wellington Street West,
Suite 3510
Toronto Ontario
M5K 1K7

Attention: Greg Collings
Fax: 416-868-0067

Email: Greg.Collings@fulcrumcapital.ca

with a copy to:

Aird & Berlis LLP
Brookfield Place
181 Bay Street, Suite 1800
Box 754
Toronto, Ontario
M5J 2T9

Attention: Steve Kelman
Fax: 416-863-1515
Email: skelman@airdberlis.com

The failure to send or deliver a copy of a notice to counsel for any of the Parties shall not invalidate any notice given under this Section 8.4.

8.5 Time of Essence

Time is of the essence of this Agreement.

8.6 Further Assurances

Each of the Parties shall promptly do, make, execute, deliver, or cause to be done, made, executed or delivered, all such further acts, documents and things any other Party may reasonably require from time to time for the purpose of giving effect to this Agreement and shall use reasonable efforts and take all such steps as may be reasonably within its power to implement to their full extent the provisions of this Agreement.

8.7 Counterparts

This Agreement may be signed in counterparts and each such counterpart shall constitute an original document and such counterparts, taken together, shall constitute one and the same instrument. To evidence its execution of an original counterpart of this Agreement, a Party may send a copy of its original signature on the execution page hereof to the other Parties by facsimile or PDF transmission and such transmission shall constitute delivery of an executed copy of this Agreement to the receiving Party.

8.8 Specific Performance

The Parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that, without necessity of posting bond or undertaking, any Party shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and an order to enforce specifically the terms and provisions of this Agreement in accordance with this Agreement, this being in addition to any other remedy to which such Party is entitled at law or in equity. In the event that any action is brought in equity to enforce the terms and provisions of this Agreement or to enjoin a breach of the terms and provisions of this Agreement, no Party shall allege, and each Party waives the defense of counterclaim, that there is an adequate remedy at law.

8.9 Limitation of Damages

Notwithstanding anything to the contrary in this Agreement, in no event shall any Party be liable to any other Party for any special, incidental, aggravated, exemplary or punitive losses or damages, or for any loss of future revenue, profits or income (excluding any diminution in value damages), resulting from, arising out of or relating to any breach by such Party of any representation or warranty in this Agreement or any failure by such Party to perform any covenant or agreement contained in this Agreement.

8.10 Governing Law; Submission to Jurisdiction

8.10.1. This Agreement shall be governed by and construed in accordance with the Laws of the Province of Ontario and the Laws of Canada applicable therein.

8.10.2. Where any Party is permitted by the terms of this Agreement to seek an order from a court of competent jurisdiction, each of the Parties agrees that any suit, action or proceeding in respect thereof shall be brought in the Ontario Superior Court of Justice (Commercial List) in Toronto, Ontario, and each of the Parties hereby irrevocably and unconditionally attorns and submits to the exclusive jurisdiction of such court. Each of the Parties hereby irrevocably waives and agrees not to raise any objection it might now or hereafter have to the bringing of any such suit, action or proceeding in such court, including any objection that the place where such court is located is an inconvenient forum. Each of the Parties agrees that any judgment or order against such Party in any such suit, action or proceeding brought in such court shall be conclusive and binding upon such Party and consents to any such judgment or order being recognized and enforced in the courts of its jurisdiction of incorporation or any other courts, by registration or homologation of such judgment or order, by a suit, action or proceeding upon such judgment or order, or any other means available for enforcement of judgments or orders, at the option of the Party who commences the suit, action or proceeding.

8.11 Mutual Drafting

The Parties are sophisticated and have been represented by lawyers who have carefully negotiated the provisions of this Agreement. As a consequence, the Parties do not intend that the presumptions of any Laws or rules relating to the interpretation of contracts against the drafter of any particular clause should be applied to this Agreement and therefore waive their effects.

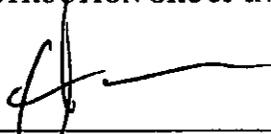
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S-1

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first written above.

AECON CONSTRUCTION GROUP INC.

by:



Authorized Signatory

[Purchase Agreement]

S-2

2460623 ONTARIO INC.

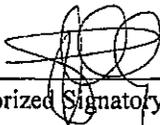
by:  _____
Authorized Signatory

EXHIBIT A
PRE-CLOSING REORGANIZATION

See attached.

MEMORANDUM



From: Franca Vercillo, Director, Taxation, Aecon Group Inc.

Date: April 2015

Re: Review of possible distributions from Innovative Steam Technologies ("IST")

We have been asked to review what excess cash was available for repatriation from IST. Based on correspondence with Chris Richie, Vice President, Finance and Administration at IST, it was recommended that ("IST") declare a dividend of its intercompany payables to Aecon Construction Group Inc. ("ACGI") in an attempt to clean up IST's balance sheet. After taking into account the tax instalments, prior years (2012) management fees and advanced billings in place to fund future project costs, it was determined that \$7.9 million of excess cash could be distributed in September 2014 and an additional \$6.0 million in November 2014.

In order to support the dividend distributions, we have estimated IST's safe income on hand for the period commencing 2007 to 2014. The computations are based on the tax returns filed and on the amount of income for tax purposes and taxes paid. The computations are based on our understanding of Canada Revenue Agency's current administrative positions. The calculations should be regarded as an estimate only, which can be affected both by reassessments and by changing policies with respect to the method of calculation.

Accordingly as at September 26, 2014, a series of dividends totaling \$7,915,000 was declared by IST on its issued and outstanding shares to ACGI. These dividends were offset against the intercompany loan made by ACGI to IST.

In addition on November 30, 2014, a series of dividends totaling \$6,000,000 was declared by IST to ACGI payable in the form of promissory notes which were immediately thereafter capitalized in the share capital as settlement for the notes.

Both dividend distributions were made based on sufficient estimated safe income on hand of \$14,134,413 as at January 1, 2014.

In addition, upon review of the final year end financials, it was determined that a management fee of \$1.5 million should be charged in respect of the 2013 and 2014 taxation years that was not previously billed, and an additional \$52,767 in respect of head off costs not previously allocated.

With respect to IST Boiler Components Inc. ("IST Boiler"), a similar analysis was undertaken whereby a dividend of \$1.3 million was declared payable to Aecon Group Inc. ("AGI") in the form of promissory notes which were immediately thereafter capitalized in the share capital as settlement for the notes.

The dividend distributions were made based on sufficient estimated safe income on hand of \$1,384,635 as at January, 2014.

In addition, upon review of the final year end financials, it was determined that a management fee of \$700,000 should be charged in respect of head off costs not previously allocated.

In order to simplify the structure, IST Boiler was sold under a purchase and sale agreement from AGI to ACGI effective December 1, 2014.

MEMORANDUM



IST estimated that the remaining safe income on hand at the "safe income determination time" within the meaning of the Income Tax Act (Canada) (i.e., September 26, 2014 - the date of the first dividend payment) after taking into account the September 26, 2014 and November 30, 2014 dividends paid by IST is approximately \$2,599,000. Accordingly, of the dividend of \$5,638,207 paid from IST to ACGI on April 8th, 2015, \$2,599,000 was paid from IST's safe income on hand and the balance of \$3,039,207 is expected to be re-characterized as proceeds of disposition pursuant to subsection 55(2) of the Income Tax Act (Canada).

The dividend of \$5,638,207 was paid by way of issuance of promissory notes from IST to ACGI. Immediately after the issuance of such promissory notes, the promissory notes were set-off against that portion of the amount of \$10,804,844 owing by ACGI to IST. As a result, the promissory notes were cancelled and the remaining amount owing by ACGI to IST is \$5,166,637. ACGI will pay the remaining balance to IST out of the proceeds of the Share Purchase Agreement between ACGI and 2460623 Ontario Inc. dated April 10, 2015.

EXHIBIT B

PURCHASE PRICE ALLOCATION

IST Entity	Purchase Price Allocation
IST	\$32,405,000
Boilers	\$2,595,000

EXHIBIT C
FORM OF NON-COMPETITION AGREEMENT

See attached.

NON-COMPETITION, NON-SOLICITATION AND CONFIDENTIALITY AGREEMENT

THIS NON-COMPETITION, NON-SOLICITATION AND CONFIDENTIALITY AGREEMENT (the "Agreement") is made this 10th day of April, 2015

BY: **AECON CONSTRUCTION GROUP INC.**
(the "Vendor")

IN FAVOUR OF: **2460623 ONTARIO INC.**
(the "Purchaser")

RECITALS:

- A. Pursuant to an agreement (the "Purchase Agreement") dated as of the date hereof between the Vendor and the Purchaser, the Purchaser agreed to purchase and the Vendor agreed to sell, all of the issued and outstanding shares of Innovative Steam Technologies Inc. and IST Boiler Components Inc. (collectively, the "IST Entities").
- B. The IST Entities carry on the business of designing, engineering, manufacturing and installing heat recovery steam generators for power generation and enhanced oil recovery steam generators for heavy oil applications and matters ancillary thereto (the "Business").
- C. The obligations of the Purchaser under the Purchase Agreement are subject to the condition that the Vendor execute and deliver this Agreement.
- D. The Vendor acknowledges that this Agreement is necessary in order for the Purchaser to receive the full benefit of the goodwill of the Business and in order to permit the Business to preserve that goodwill and, accordingly, the Vendor is willing to enter into this Agreement in order to ensure that the goodwill of the Business is not impaired by any action of the Vendor; and
- E. The Vendor acknowledges that this Agreement is an integral part of the transactions contemplated by the Purchase Agreement under which the Vendor is receiving significant benefit and that the Purchaser is relying on the agreements and acknowledgements given herein by the Vendor.

NOW THEREFORE in consideration of the foregoing, and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Vendor agrees with the Purchaser as follows:

1. Definitions

Capitalized terms used herein but not defined shall have the respective meanings assigned to such terms in the Purchase Agreement. In this Agreement,

1.1 “**Information**” means all confidential information or proprietary information, intellectual property (including trade secrets) and confidential facts relating to the Business, either of the IST Entities or the Purchaser acquired from or disclosed to the Vendor by the IST Entities or the Purchaser, or their respective directors, officers, employees or agents at any time or which was previously in the possession of the Vendor prior to the completion of the transactions contemplated by the Purchase Agreement and includes, without limitation, all financial, technical, commercial or other information, including data, customer lists, financial reports, business plans and marketing information that relate to the business, strategies or operations of either of the IST Entities or the Purchaser.

2. Non-Competition

2.1 The Vendor shall not, for a period of five (5) years from the date hereof, directly or indirectly, in any manner whatsoever including, without limitation, either individually, in partnership, jointly or in conjunction with any other Person, or principal, agent or shareholder of any other Person be engaged in any undertaking, in Canada, the United States, Israel, the Netherlands or any other country in which either of the IST Entities currently has a customer or supplier as disclosed in Schedule 3.1.36 to the Purchase Agreement, which is the same as, substantially similar to, or which does or would compete with, the Business as carried on by the Vendor prior to Closing.

2.2 Notwithstanding Section 2.2, nothing herein shall prevent the Vendor from (a) owning not more than three percent (3%) of the issued shares of a company or other enterprise, the shares of which are listed on a recognized stock exchange or traded in the over-the-counter market anywhere in the world, which carries on a business which is the same as, substantially similar to, or which does or would compete with, the Business provided the Vendor is not actively involved in the business of such company or other enterprise or (b) performance of its obligations under the transitional arrangements set forth in the Purchase Agreement.

3. Non-Solicitation

3.1 The Vendor shall not, for a period of five (5) years from the date hereof, directly or indirectly, in any manner whatsoever including, without limitation, either individually, in

partnership, jointly or in conjunction with any other Person, or principal, agent or shareholder of any other Person:

(a) solicit, interfere with or endeavour to entice away from either IST Entity, accept any business from or patronage of, sell to or contract or attempt to contract with, or render any service to, either directly or indirectly, any supplier, client or customer of the Business as of the Closing Date in relation to any business that is the same as, substantially similar to or competitive with the Business, or any part thereof, as carried on by the Vendor prior to Closing; or

(b) solicit, hire, or retain any employee or independent contractor of either IST Entity, provided that (i) the Vendor shall not be prohibited from soliciting the employment of or hiring or retaining any such employee or independent contractor after such individual has separated or has been separated from the service of either IST Entity if the Vendor did not induce such separation, and (ii) nothing in this Section 3.1(b) shall prohibit the Vendor from employing, hiring or retaining any such employee or independent contractor who (A) responds to a general solicitation in a newspaper, magazine, periodical, trade or other publication or by electronic means, such as posting on the internet, that is available to the general public, (B) contacts or is contacted by a search firm or agency conducting a generalized search not specifically targeted at any of the employees or independent contractors of the IST Entities, or (C) makes an unsolicited approach to the Vendor.

4. Confidentiality

The Vendor shall not (and shall ensure that its Affiliates and each of their respective officers, directors, employees, agents and advisors do not), at any time hereafter, directly or indirectly, use or disclose to any Person any Information provided, however, that nothing in this Section 4 shall preclude the Vendor from disclosing or using Information if:

4.1 the Information is available to the public or in the public domain at the time of such disclosure or use without breach of this Agreement; and

4.2 disclosure of the Information is requested or required to be made by any present or future Law, regulation, governmental body, authority or by court order (and in such instances, only in respect of such required disclosure).

In the event that the Vendor is requested or otherwise required to disclose any Information pursuant to Section 4.2 of this Agreement, the Vendor shall, to the extent permitted by Law, provide the Purchaser with prompt prior written notice of such request or requirement so that the Purchaser may seek a protective order or other appropriate remedy. If, in the absence of a protective order or other remedy, or the receipt of a waiver from the Purchaser, the Vendor is nevertheless legally compelled to disclose the Information, the Vendor will furnish only that portion of the Information which the Vendor is advised by its legal counsel is legally required and, at the Purchaser's cost and expense, will exercise commercially reasonable efforts to obtain reliable assurance that confidential treatment will be accorded such Information.

The Vendor acknowledges and agrees that the obligations under this Section 4 are to remain in effect in perpetuity.

5. Vendor's Acknowledgements and Agreements

The Vendor acknowledges and agrees:

- 5.1 that it has continuing obligations under this Agreement with respect to the Purchaser;
- 5.2 that the covenants contained herein are intended to ensure that the Purchaser receives the full benefit of the goodwill of the Business including, without limitation, the Vendor's relationship with customers of and suppliers to the Business and the Information relating to the Business;
- 5.3 breach of any section of this Agreement may cause serious harm to the Purchaser, the IST Entities and/or the Business; and
- 5.4 that the restrictions herein are reasonable and valid.

The Vendor agrees that the Purchaser is relying on the acknowledgements and agreements contained herein in connection with the transactions contemplated by the Purchase Agreement.

6. Invalidity of Provisions

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof. To the extent

permitted by applicable Law, the parties waive any provision of Law which renders any provision of this Agreement invalid or unenforceable in any respect.

7. Remedies

The Vendor acknowledges that a breach or threatened breach by the Vendor of any provision of this Agreement may result in the Purchaser suffering irreparable harm which cannot be calculated or fully or adequately compensated by recovery of damages alone. Accordingly, the Vendor agrees that, in addition to any other relief to which the Purchaser may become entitled, the Purchaser shall be entitled to seek equitable relief, including injunctive relief and specific performance.

8. Amendment

No modification, amendment or waiver of any of the provisions of this Agreement shall be effective unless made with the prior written consent of the other parties.

9. Enurement

This Agreement shall enure to the benefit of the parties and their respective successors and assigns and shall be binding upon the parties and their respective successors and assigns.

10. Governing Law

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

[Signature Page Follows]

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first written above.

AECON CONSTRUCTION GROUP INC.

By: _____

Name:

Title:

EXHIBIT D
FORM OF MUTUAL RELEASE

See attached.

MUTUAL RELEASE

THIS MUTUAL RELEASE (the “**Release**”) is made as of the 10th day of April, 2015.

WHEREAS Aecon Construction Group Inc. (the “**Vendor**”) and 2460623 Ontario Inc. (the “**Purchaser**”) entered into a share purchase agreement dated as of April 10, 2015 (the “**Purchase Agreement**”) pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase, all of the issued and outstanding shares of Innovative Steam Technologies Inc. and IST Boiler Components Inc. (collectively, the “**IST Entities**”). Capitalized terms used herein and not otherwise defined have the meanings ascribed thereto in the Purchase Agreement.

AND WHEREAS the parties hereto desire to enter into this Release in connection with the closing of the transactions contemplated in the Purchase Agreement.

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

1. Each of the undersigned individuals, on behalf of such individual and such individual’s heirs, executors, estates, estate trustees, personal representatives, legal representatives, administrators and assigns (collectively, the “**Releasors**”) hereby releases and forever discharges each of the IST Entities, together with its subsidiaries, affiliates, related entities, shareholders, predecessors, successors and assigns, and together with each of its and their respective past and present directors, officers, partners, employees, agents and representatives, of and from all manner of actions, causes of action, deeds, suits, proceedings, debts, dues, duties, accounts, bonds, contracts and covenants (whether express or implied), claims, demands, grievances, executions, judgments, damages, sums of money and liabilities of every nature and kind whatsoever and howsoever arising, both in law and in equity, known or unknown, suspected or unsuspected, contingent or otherwise (collectively, “**Claims**”), which any of the Releasors ever had, now has or can have by reason of or in any way arising out of the involvement of any of the Releasors as directors or officers of any of the IST Entities. Notwithstanding the foregoing, this Release shall not in any way preclude any Releasor from making any Claim to assert a right to indemnification from any of the IST Entities or their insurer(s) (i) for any statutory right of indemnification, (ii) under the terms of the articles and by-laws of the applicable IST Entity, or (iii) under any applicable director and officer insurance policy pursuant to which it is the beneficiary as at the date hereof.
2. Each of the IST Entities hereby releases and forever discharges the Releasors of and from all Claims which it ever had, now has or can have by reason of or in any way arising out of the involvement of any of the Releasors as directors or officers of such IST Entity, save except that this Release shall not be effective to release such Releasor from any claims arising out of (i) any criminal conduct (including, without limitation, fraud), (ii) willful misconduct, (iii) gross negligence or (iv) any failure by such Releasor to act honestly and in good faith with a view to the best interests of the applicable IST Entity.
3. Each Releasor and each IST Entity hereby represents and warrants that it has not transferred or assigned, or entered into an agreement to transfer or assign, to any person any of the Claims which have been released by this Release.
4. Each Releasor and each IST Entity acknowledges having had an adequate opportunity to review this Release, to obtain independent legal advice with respect to this Release, and to obtain any such other advice in regard to this Release as it may have considered advisable.

5. This Release and its effect are not dependent upon or affected by any representation, warranty, term, document or other limitation that would limit or abrogate, in any fashion, the effect or validity of this Release and the written terms of this document constitute a full and complete recitation of the terms agreed to.
6. The parties hereto covenant and agree not to join, assist, aid or act in concert in any manner whatsoever with any other person in the making of any claim or demand or in the bringing of any proceeding or action in any manner whatsoever against the other parties hereto (and not to make any claim or demand nor bring any proceeding or action in any manner whatsoever against any person who might claim contribution or indemnity from the other parties hereto) arising out of or in relation to the matters hereinbefore remised, released or discharged.
7. The provisions hereof shall enure to the benefit of the successors (including, without limitation, successors by reason of amalgamation, merger, business combination or statutory arrangement) and assigns of the parties hereto and shall be binding upon the heirs, executors, administrators, successors and assigns (including, without limitation, successors by reason of amalgamation, merger, business combination or statutory arrangement), as the case may be, of the parties hereto.
8. In the event that any provision of this Release, or part thereof, shall be found to be void or invalid by a court of competent jurisdiction, such void or invalid provision, or part thereof, shall be deemed to be severed from this Release without in any way affecting the validity, enforceability or effect of any of the remaining provisions, or parts thereof, which shall be and remain in full force and effect.
9. This Release may be executed in counterparts and delivered by means of fax or other form of electronic transmission, each of which when so executed shall be deemed to be an original and all such counterparts together shall constitute one and the same instrument.
10. This Release shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

[Signature Page Follows]

IN WITNESS WHEREOF this Release has been executed as of the date first written above.

**INNOVATIVE STEAM TECHNOLOGIES
INC.**

By: _____
Name:
Title:

IST BOILER COMPONENTS INC.

By: _____
Name:
Title:

Witness

[DIRECTOR]

EXHIBIT E
FORM OF TRADEMARK LICENSE AGREEMENT

See attached.

TRADEMARK LICENSE AGREEMENT

This TRADEMARK LICENSE AGREEMENT (this “**Agreement**”) is entered into as of April 10, 2015 (the “**Effective Date**”), by and between Aecon Construction Group Inc. (“**AECON**”), a corporation incorporated under the laws of Canada, with offices at 20 Carlson Court, Suite 800, Toronto, Ontario, Canada, M9W 7K6, and 2460623 Ontario Inc., a corporation incorporated under the laws of the Province of Ontario, with offices at 79 Wellington Street West, Suite 3510, Toronto, Ontario, Canada, M5K 1K7 (the “**Purchaser**”), Innovative Steam Technologies Inc., a corporation incorporated under the laws of Canada (“**IST**”) and IST Boiler Components Inc. a corporation incorporated under the laws of the Province of Alberta (“**Boilers**” and collectively with the Purchaser and IST, “**LICENSEE**”).

WITNESSETH

WHEREAS, pursuant to a share purchase agreement made as of the Effective Date between AECON and the Purchaser, the Purchaser has purchased from AECON, directly or indirectly, all of the issued and outstanding shares (the “**Shares**”) in the capital of IST and Boilers (collectively, the “**IST Entities**”);

WHEREAS, LICENSEE desires the right to use the Aecon name (the “**Aecon Mark**”) solely as used in the conduct of the business of the IST Entities in the ordinary course as of the Effective Date, and AECON desires to provide to LICENSEE such right, on the terms and conditions hereinafter provided; and

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in further consideration of these promises, LICENSEE’s purchase of the Shares and of the terms and conditions in this Agreement, the parties hereby agree as follows:

1. **Trademark License.** AECON hereby grants LICENSEE, and LICENSEE hereby accepts, subject to the terms and conditions of this Agreement, a worldwide, non-exclusive, fully paid-up, royalty-free right, license and privilege, to use and display the Aecon Mark, solely in association with the IST Entities’ business of designing, engineering, manufacturing and installing heat recovery steam generators for power generation and enhanced oil recovery steam generators for heavy oil applications as conducted by the IST Entities in the ordinary course as of the Effective Date (the “**Services**”) to:
 - (a) deplete the labeling, stationery, business forms, supplies, advertising and promotional materials and packaging existing in the inventory of the IST Entities at the Effective Date that bear the Aecon Mark (the “**Inventory**”); and
 - (b) market, sell or provide any Services available for sale as of the Effective Date that had used the Aecon Mark in prior performance of the Services, as well as use the Aecon Mark in association with the Services in respect of the sale of related products.
2. **Sublicenses.** LICENSEE shall not sell, license, sublicense, assign, transfer, distribute or authorize any other party to use the Aecon Mark, except that for the term of this Agreement, LICENSEE may sublicense the Aecon Mark to an affiliate or a subcontractor who performs services for LICENSEE, and only as reasonably necessary to provide the Services. Each such sublicensee shall enter into a written agreement with LICENSEE in a form substantially similar to this Agreement and LICENSEE shall ensure that its sublicensees comply with the terms of this Agreement to the extent applicable to them. LICENSEE shall remain responsible for any breach of this Agreement resulting from any action or failure to act by any of its sublicensees.
3. **Use of Marks.** LICENSEE shall not make any addition to, deletion from or otherwise modify the Aecon Mark. Upon request, LICENSEE will provide samples of the Aecon Mark as displayed by LICENSEE or its sublicensees for Services and any related advertising materials (collectively, the “**Materials**”). LICENSEE and its sublicensees shall not display the Aecon Mark in connection with any versions of the Services, Inventory and Materials that are defamatory or obscene, or that AECON reasonably considers inappropriate.
4. **Limitations.** LICENSEE acknowledges and agrees:
 - (a) that AECON is the exclusive owner of all rights in the Aecon Mark and further acknowledges its obligation to avoid any loss of distinctiveness in the Aecon Mark;
 - (b) that LICENSEE shall acquire no right, title or interest in and to the Aecon Mark except as set out herein, and any and all goodwill associated with the Aecon Mark shall enure exclusively to the benefit of AECON;
 - (c) that LICENSEE shall not dispute or contest the ownership, validity or enforceability of the Aecon Mark;
 - (d) to use the Aecon Mark in connection with the Services as approved by AECON;
 - (e) not to make any modification to the Aecon Mark without the prior written consent of AECON;

- (f) to use such form of notice as AECON may request from time to time to indicate that the Aecon Mark is being used under licence and is owned by AECON;
 - (g) not for any reason whatsoever, directly or indirectly, to dispute or contest the validity, ownership or enforceability of the Aecon Mark, nor attempt to dilute the value of the goodwill attaching to the Aecon Mark, nor counsel, procure or assist anyone else to do any of such acts;
 - (h) to ensure that the Services performed in association with the Aecon Mark comply with all applicable laws and regulatory requirements, and are of a quality which is consistent with the standards and specifications set by AECON and communicated to LICENSEE from time to time; and
 - (i) not to use the Aecon Mark as part of a domain name or other address or identifier on the Internet without the prior written consent of the AECON and then only upon such terms as required by the AECON, in its sole discretion, including that the domain name or other address or identifier be registered in the name of the AECON.
4. AECON's Goodwill and Proprietary Rights. LICENSEE acknowledges that the Aecon Mark is the exclusive property of AECON, that nothing in this Agreement grants LICENSEE or any person or entity right, title or interest therein, except for the license expressly granted to use the Aecon Mark on the conditions stated in this Agreement, and that all use of the Aecon Mark by LICENSEE shall enure to the benefit of AECON. LICENSEE hereby assigns and transfers to AECON any trademark rights that might be created by LICENSEE's use of the Aecon Mark.
 5. Term. This Agreement shall become effective on the Effective Date and shall remain in full force and effect during such time as LICENSEE is in good faith transitioning to use of other marks in connection with the Services, until the earlier of (i) such time that the Aecon Mark is no longer used by the LICENSEE in connection with the Services, or (ii) [three (3)] months, unless terminated at an earlier date as provided below.
 6. Termination. If either party breaches a material obligation under this Agreement and continues such breach for a period of thirty (30) days after written notice of breach is given to it by the other party, the other party may terminate and cancel this Agreement, upon written notice of termination given to the defaulting party.
 7. Consequences of Termination. Upon the termination of this Agreement for any reason, LICENSEE agrees to, within thirty (30) days from the date of such termination, (i) discontinue, use, directly or indirectly, in any manner whatsoever, of the Aecon Mark and any name or mark confusingly similar to the Aecon Mark; and (ii) remove the Aecon Mark from or deliver up to AECON or its duly authorized representatives all Inventory and Materials in its possession, custody or control upon which the Aecon Mark appears (except for documents not for public display or reasonably required for confidentiality or document retention purposes); provided, however, that if the conduct of LICENSEE is causing harm to AECON or the reputation and goodwill associated with the Aecon Mark, AECON reserves the right to insist on immediate cessation of the Aecon Mark.
 8. Indemnification. LICENSEE shall defend, indemnify and hold harmless AECON and its officers, directors, employees, agents and representatives from and against any and all liability, claims, demands, losses, damages, judgments, expenses and/or costs (including reasonable attorney's fees) which AECON may sustain or incur arising out of or relating to any claim made by a third party against AECON arising out of or in connection with LICENSEE's use of the Aecon Mark, such claim to be made in respect of actions or events taking place after the Effective Date. After receipt of notice of the commencement of any proceeding against it, AECON shall give prompt notice to LICENSEE of the commencement of such claim, if a claim for indemnification is to be made against LICENSEE under this section.
 9. Disclaimer. THE AECON MARK IS LICENSED TO LICENSEE "AS IS", WITHOUT ANY WARRANTIES OF ANY KIND. ALL WARRANTIES ARE SPECIFICALLY EXCLUDED INCLUDING, WITHOUT LIMITATION, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.
 10. Limitation of Liability. EXCEPT FOR INDEMNIFICATION OBLIGATIONS UNDER SECTION 8 ABOVE, IN NO EVENT SHALL EITHER PARTY HAVE ANY LIABILITY TO THE OTHER FOR ANY INDIRECT, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES, HOWEVER CAUSED, AND ON ANY THEORY OF LIABILITY, ARISING OUT OF THIS AGREEMENT, INCLUDING BUT NOT LIMITED TO LOSS OF ANTICIPATED PROFITS.
 11. Infringement. AECON shall have the sole right to decide whether or not to bring proceedings against such third-party. LICENSEE hereby waives any rights that it may have to call upon AECON to bring an action or proceeding in respect of the Aecon Mark, including, without limitation, pursuant to Section 50(3) of the *Trade-Marks Act* (R.S.C. 1985, C.T-13, as amended). AECON and LICENSEE agree to cooperate in respect of any action or proceeding in respect of the Aecon Mark.

12. Notices. All notices required under this Agreement shall be in writing and shall be sent to the other party via email, certified mail, or mail return receipt requested, at the address set forth above, unless written notification of a change of address has been provided by the other party. Notices shall be effective upon receipt.
13. Waiver, Amendment. Except as expressly provided in this Agreement, no amendment or waiver of this Agreement shall be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement shall constitute a waiver of any other provision nor shall any waiver of any provision of this Agreement constitute a continuing waiver unless otherwise expressly provided.
14. Assignment. This Agreement becomes effective only when executed by both of the parties hereto. After that time, it will be binding upon and enure to the benefit of the parties hereto and their respective successors and permitted assigns.
15. Entire Agreement. This Agreement constitutes the entire agreement of the parties relating to the subject matter of this Agreement and expressly supersedes any oral or written agreements between the parties relating to the subject matter of this Agreement up to and including the Effective Date.
16. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. Venue in any action in law or equity arising from the terms and conditions of this Agreement shall be the court of appropriate jurisdiction in Toronto, Ontario. The parties hereby waive any rights they may have to any other venue.
17. Independent Contractor. Nothing in this Agreement shall create, evidence or imply any agency, partnership or joint venture between the parties. Neither party shall act or describe itself as the agent of the other party nor shall it represent that it has any authority to make commitments on the other party's behalf.
18. Titles. The titles and subtitles used herein are not part of this Agreement and are included solely for the convenient reference to the paragraphs hereof and shall not affect the interpretation of the various terms and conditions hereof.
19. Counterparts. This Agreement may be executed in counterparts. For purposes hereof, a facsimile copy of this Agreement, including the signature page hereto, shall be deemed to be an original. Notwithstanding the foregoing, the parties shall deliver original execution copies of this Agreement to one another as soon as practicable following execution thereof.

[Signature Page Follows]

In WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed by duly authorized officers or representatives as of the Effective Date.

AECON CONSTRUCTION GROUP INC.

By: _____

Name: _____

Its: _____

2460623 ONTARIO INC.

By: _____

Name: _____

Its: _____

INNOVATIVE STEAM TECHNOLOGIES INC.

By: _____

Name: _____

Its: _____

IST BOILER COMPONENTS INC.

By: _____

Name: _____

Its: _____

SCHEDULE 2.3
SAMPLE WORKING CAPITAL CALCULATION

Attached.



**CONSOLIDATED WORKING CAPITAL (FOR PURCHASE AGREEMENT)
AS AT DECEMBER 31, 2014
(IN THOUSANDS OF CANADIAN DOLLARS) (UNAUDITED)**

	Dec 31 2014
CURRENT ASSETS	
Cash and cash equivalents	13,801
Trade and other receivables	6,356
Unbilled revenue	12,377
Inventories	3,627
Prepaid expenses	201
TOTAL CURRENT ASSETS	36,362
CURRENT LIABILITIES	
Bank line of credit	0
Trade and other payables	7,145
Accrued liabilities	1,807
Provisions	2,182
Deferred revenue	2,113
Long-term debt (Current Portion)	0
TOTAL CURRENT LIABILITIES	13,247
NET WORKING CAPITAL	23,115
NET WORKING CAPITAL (ex. CASH)	9,314

Excludes the following Accounts for Purchase Agreement Purposes:

Income taxes recoverable	817
Intercompany receivable (payable)	(5,301)
Income taxes payable	(1,562)
Total Exclusions	(6,046)

SCHEDULE 3.1.5

CAPITAL OF THE IST ENTITIES

IST Entity	Authorized Capital	Outstanding Capital	Registered and Beneficial Owner
Innovative Steam Technologies Inc.	Unlimited number of Common Shares	16,656,241 Common Shares	Aecon Construction Group Inc.
IST Boiler Components Inc.	Unlimited number of Class A, B, C and D Shares	1,300,100 Class A Shares	Aecon Construction Group Inc.

SCHEDULE 3.1.9
NO CONTRAVENTION

Nil.

SCHEDULE 3.1.10
REGULATORY APPROVALS

Nil.

SCHEDULE 3.1.11

CONSENTS

1. Lease Agreement between 1 Natura Way Limited Partnership (as landlord) and IST (as tenant), dated May 23, 2013, in respect of premises located at Suite 100, 1 Natura Way, Cambridge, Ontario, Canada;
2. Indenture between Husby Forest Products Ltd. (as landlord) and Boilers (as tenant), dated May 26, 2014, in respect of premises located at Suite 100, 6425 River Road, Delta, British Columbia, Canada;
3. Supply and Related Services Agreement between Saskatchewan Power Corporation and IST dated as of December 7, 2012.

SCHEDULE 3.1.13
LIABILITIES AND GUARANTEES

Nil.

SCHEDULE 3.1.14

INDEBTEDNESS

Nil.

SCHEDULE 3.1.15

ABSENCE OF UNUSUAL TRANSACTIONS AND EVENTS

Nil.

SCHEDULE 3.1.16

NON-ARM'S LENGTH TRANSACTIONS

1. IST conducts business with Affiliates of the Vendor for the fabrication of materials which are charged at market rates to IST. This relationship is ongoing between IST and the Vendor and is expected to continue following Closing.
2. Services and agreements listed on Schedule 3.1.21.
3. The Vendor has agreed to pay transaction bonuses to Robert Dautovich, Chris Ritchie, James McArthur and Caleb Lawrence on Closing.

SCHEDULE 3.1.17

MATERIAL CONTRACTS

1. Agreement by and between Mashav Initiating and Development Ltd. and IST, as amended on August 22, 2012;
2. Purchase order 411509932 between GE Packaged Power, Inc. and IST dated November 27, 2012, as amended January 15, 2014;
3. Purchase order 823210-001 between Quanta Power Generation and IST dated December 20, 2013;
4. Purchase order 411510717 between GE Packaged Power, Inc. and IST dated February 21, 2014;
5. Supply and Related Services Agreement between Saskatchewan Power Corporation and IST dated as of December 7, 2012;
6. Purchase order P351202 between Propak Systems Ltd. and IST dated November 29, 2013;
7. Purchase order P368250 between Propak Systems Ltd. and IST dated July 15, 2014;
8. Purchase order OP/14000053 between Bonatti S.p.A. and IST dated April 18, 2014;
9. Purchase order 4512207698 between Shell Offshore Inc. and IST dated September 22, 2014;
10. Purchase order 49-BB8E1 rev.0 between IHI Corporation and IST dated November 27, 2014.

SCHEDULE 3.1.18

EMPLOYMENT AND LABOUR MATTERS

Employment Agreements

1. Offer of employment to Robert Dautovich dated February 12, 1992.
2. Offer of employment to Robert Dautovich dated May 23, 1997.
3. Confirmation of employment acceptance by Caleb Lawrence dated August 20, 2001.
4. Offer of employment to Christopher Ritchie dated April 4, 1995.
5. Confirmation of employment acceptance by Jim McArthur dated August 14, 2000.
6. Offer of retainer to Seabreeze Enterprises Inc dated December 19, 2013.

Labour Agreements

1. The 2014-2017 Agreement between Boilers and International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers & Helpers, Lodge 359 dated May 27, 2014.

Grievances, etc.

1. On August 8, 2014, an IST employee suffered an injury performing routine maintenance and live tests on a piece of fabrication equipment. During the testing process, the employee inadvertently placed his left hand in a pinch point which resulted in a laceration to his index finger and partial amputation of his left thumb above the knuckle. The Ministry of Labour was notified of the incident and as of the date hereof, the Vendor has not been made aware of and has no knowledge of charges pending from the Ministry of Labour relating to the incident.

Employee List

Attached.

SCHEDULE 3.1.19

OWNED REAL PROPERTY

Owner	Municipal Address	Legal Description
Innovative Steam Technologies Inc.	549 Conestoga Boulevard Cambridge, Ontario, Canada	PT LT 19, 22RCP 1382 CAMBRIDGE PTS 3 TO 5 67R2486; S/T 314742; CAMBRIDGE

SCHEDULE 3.1.20

LEASED REAL PROPERTY

1. Lease Agreement between 1 Natura Way Limited Partnership (as landlord) and IST (as tenant), dated May 23, 2013, in respect of premises located at Suite 100, 1 Natura Way, Cambridge, Ontario, Canada;
2. Indenture between Husby Forest Products Ltd. (as landlord) and Boilers (as tenant), dated May 26, 2014, in respect of premises located at Suite 100, 6425 River Road, Delta, British Columbia, Canada;
3. Lease between Goeborg B.V. (as landlord) and IST (as tenant), dated September 13, 2012, in respect of premises located at Goeman Borgesiuslaan 77, 3315, ET Utrecht, Netherlands

SCHEDULE 3.1.21

VENDOR DELIVERED SERVICES

1. Pension plan for the employees of the Vendor and participating affiliates, as amended and restated as of November 1, 2006, as further amended as of November 2, 2006, March 24, 2011 and September 1, 2011;
2. Group benefits plan for salaried employees of Aecon Group Inc. (The Great-West Life Assurance Company);
3. Group benefits plan for senior executives of Aecon Group Inc. (The Great-West Life Assurance Company);
4. Insurance policies listed on Schedule 3.1.24;
5. The transition services subject to the Transition Services Agreement; and
6. The Intellectual Property subject to the Trademark License Agreement (the Aecon name and the Found Energy marks).

SCHEDULE 3.1.22

TITLE TO ASSETS

Nil.

SCHEDULE 3.1.23

TAX, ETC. MATTERS

For the taxation year ended December 31, 2014, for purposes of the following tax adjustments, it is anticipated that the net adjustment for:

3.1.23.7 paragraph 78 in respect of employee bonus and severance accruals would not exceed \$100,000;

3.1.23.12.1 paragraph 20(1)(l) or 20(1)(p) in respect of doubtful debts or bad debts would not exceed \$500,000;

3.1.23.12.2 paragraph 20(1)(m) in respect of goods or services to be delivered after the end of the taxation year would not exceed \$2,000,000; and

3.1.23.12.3 paragraph 20(1)(m.1) in respect of extended warranties would not exceed \$500,000.

For the taxation year ending as a result of the purchase and sale of the Purchased Shares pursuant to this Agreement, for purposes of the following tax adjustments, it is anticipated that the net adjustment for:

3.1.23.7 paragraph 78 in respect of employee bonus and severance accruals would not exceed \$100,000;

3.1.23.12.1 paragraph 20(1)(l) or 20(1)(p) in respect of doubtful debts or bad debts would not exceed \$500,000;

3.1.23.14.2 paragraph 20(1)(m) in respect of goods or services to be delivered after the end of the taxation year would not exceed \$5,000,000; and

3.1.23.14.3 paragraph 20(1)(m.1) in respect of extended warranties would not exceed \$500,000.

SCHEDULE 3.1.24

INSURANCE

1. Master Commercial General Liability (Zurich Insurance Company of Canada), policy 8609630, effective July 1, 2014;
2. U.S. Commercial General Liability (Zurich America Insurance Company), policy GLO 0173685-00, effective July 1, 2014;
3. Automobile (Zurich Insurance Company of Canada), policy 9802105, effective July 1, 2014;
4. U.S. Automobile (Zurich America Insurance Company), policy BAP 0173694-00, effective July 1, 2014;
5. U.S. Umbrella (Zurich Insurance Company), policy AUC 0173705-00, effective July 1, 2014;
6. Primary Umbrella (AIG Insurance Company), policy 1676896, effective July 1, 2014;
7. First Excess Umbrella Liability (Northbridge Indemnity Insurance Corporation), policy CRX 62931, effective July 1, 2014;
8. Second Excess Umbrella Liability (XL Insurance Company Limited), policy CA3077L13A, effective July 1, 2014;
9. Third Excess Umbrella Liability (ACE INA Insurance), policy XCP 397979, effective July 1, 2014;
10. Fourth Excess Umbrella Liability (Allianz Global Risks US Insurance Company), policy XXK00015062425, effective July 1, 2014;
11. Fifth Excess Umbrella Liability (RSA Group), policy 9141286, effective July 1, 2014;
12. Property Insurance including Contractors Equipment (AIG Insurance Company of Canada), policy 24252440, effective July 1, 2014;
13. Boiler & Machinery – Operational Property (RSA), policy EBI 035091003, effective July 1, 2014;
14. Contractor's Pollution Legal Liability (XL Insurance Company Limited), policy CPC 7420348-01, effective July 1, 2014;
15. Professional Activities/Complete Execution (XL Insurance Company Canada), policy CCP 7420028-02, effective July 1, 2014;
16. Non-Owned Aviation Liability (Global Aerospace Underwriters), policy 21900311-ON-12, effective July 1, 2014;
17. Crime (Chubb Insurance), policy 8240-8834, effective July 1, 2014;

18. Pollution Legal Liability (AIG), policy PLS 16118621, effective July 1, 2013.

SCHEDULE 3.1.25

INTELLECTUAL PROPERTY

3.1.25.1 Business IP

TRADEMARKS

Mark	Country	Serial/Application Number	Registration Number	Registrant	Registration Date
INNOVATIVE STEAM TECHNOLOGIES	Canada	744979	TMA498915	Innovative Steam Technologies Inc.	08/19/1998
SQ90	Canada	1505595	TMA809970	Innovative Steam Technologies Inc.	10/25/2011
IST	Canada	888350	TMA529766	Innovative Steam Technologies Inc.	06/23/2000
	Canada	1297595	TMA731181	Innovative Steam Technologies Inc.	12/18/2008
	Canada	888292	TMA519989	Innovative Steam Technologies Inc.	11/29/1999
INNOVATIVE STEAM TECHNOLOGIES	USA	75/591,056	2657538	Innovative Steam Technologies Inc.	12/10/2002
SQ90	USA	85/202,920	4218531	Innovative Steam Technologies Inc.	10/02/2012
IST	USA	77/003,706	3207283	Innovative Steam Technologies Inc.	02/13/2007

	USA	78/914,775	3570837	Innovative Steam Technologies Inc.	02/03/2009
	USA	75/575,139	2427853	Innovative Steam Technologies Inc.	2/13/2001

PATENT APPLICATIONS

Patent	Country	Serial/Application Number	Filing Date
System and method for enhanced oil recovery with a once-through steam generator	USA	12/844,186	July 27, 2010
	Canada	02711628	July 27, 2010

3.1.25.3 Agreements

Nil.

SCHEDULE 3.1.26

PERMITS

Nil.

SCHEDULE 3.1.29

PRODUCT WARRANTY

1. The York Energy Centre matter described in Section 4.9.

SCHEDULE 3.1.30

BACKLOG

1. Purchase order 4512207698 between Shell Offshore Inc. and IST dated September 22, 2014 relating to the Appomattox project
2. Purchase order 411510717 between GE Packaged Power, Inc. and IST dated February 21, 2014 relating to the Glenarm project
3. Supply and Related Services Agreement between Saskatchewan Power Corporation and IST dated as of December 7, 2012 relating to the QEII project
4. Purchase order 823210-001 between Quanta Power Generation and IST dated December 20, 2013
5. Purchase order 49-BB8EI rev.0 between IHI Corporation and IST dated November 27, 2014 relating to the South Headland project
6. Purchase order OP/14000053 between Bonatti S.p.A. and IST dated April 18, 2014 relating to the Augusta project
7. Purchase order P351202 between Propak Systems Ltd. and IST dated November 29, 2013
8. Purchase order P368250 between Propak Systems Ltd. and IST dated July 15, 2014

SCHEDULE 3.1.32

LITIGATION AND OTHER PROCEEDINGS

(a)

Plaintiff	Claim Amount	Summary	Status
Citation	\$35,000,000	<p>IST brought application to determine if Citation was in breach of contract for failure to deliver building in accordance with a lease for premises located at 225 Pinebush Road in Cambridge, Ontario.</p> <p>Citation and 1517169 Ontario Inc. brought a separate action claiming IST and Aecon Group Inc. committed anticipatory breach of lease (seeking general damages of \$25,000,000 and punitive of \$10,000,000).</p> <p>Both proceedings have been consolidated into one action, in which Citation is plaintiff and IST and Aecon Group Inc. are defendants to the initial action and plaintiffs in the counterclaim.</p>	Citation has not set the action down for trial. No trial date has been scheduled.

(b) Proceeding described in Section 4.9.

SCHEDULE 3.1.36
CUSTOMERS AND SUPPLIERS

Top 10 IST Customers

1. Quanta Power Generation
2. GE Packaged Power, Inc.
3. Saskatchewan Power Corporation
4. Propak Systems Ltd.
5. Bonatti S.p.A.
6. Atlantic Power (NA)
7. Northern Blizzard Resources Inc.
8. Murphy Oil Canada
9. Shell Offshore Inc.
10. Wood Group

Top 10 IST Suppliers

1. Cambridge Pro Fab Inc.
2. Sandvik Steel Company
3. Sea Cargo Air Cargo Logistics Inc
4. Precision Specialized Division Inc
5. Process Combustion Systems Inc.
6. Lakeside Process Controls Ltd
7. Scotiabank
8. Randstad Canada Group
9. Contro Valve Inc.
10. CN Supply Chain Solutions

Top 10 Boilers Customers

1. Teck Metals
2. SaskPower BDPS
3. CIMS LP
4. Catalyst Paper – Powell River
5. Suncor Energy
6. Braham Group
7. Andritz
8. DF Boiler
9. Boise
10. Canadian Forest Products

Top 10 Boilers Suppliers

1. Husby Forest Products Ltd
2. AZZ WSI LLC
3. Fairway Transportation Services Ltd.
4. Sandvik Materials Technology
5. Valmont Industries Inc.
6. R-S Matco, Inc.
7. Valmet Ltd
8. Cantech Inspections Ltd.
9. Rolled Alloys-Canada Inc
10. Metro Boiler Tube Co.

SCHEDULE 3.1.38

BANK ACCOUNTS

IST Entity	Financial Institution	Authorized Person(s)
IST	TD Canada Trust	Robert Dautovich Chris Ritchie Jim McCarthur Yves Sans-Cartier
Boilers	TD Canada Trust	Robert Dautovich Chris Ritchie Jim McCarthur Yves Sans-Cartier

SCHEDULE 4.6.3

CANADIAN CANCELLATION AGREEMENT (TMA810857)

April 10, 2015

Fasken Martineau Dumoulin LLP
333 Bay Street, Suite 2400
Bay Adelaide Centre, Box 20 Toronto
Ontario
M5H2T6

Re: Cancellation of Trademark Registration

Dear Sir/Madame:

Re: Canadian Trademark Registration No. TMA810857
Registrant: Aecon Group Inc.

Trademark: 

REQUEST FOR VOLUNTARY CANCELLATION OF REGISTRATION

Please request on behalf of the Registrant, Aecon Group Inc., that the Canadian Intellectual Property Office cancel Canadian Trademark Registration No. TMA810857.

We look forward to receiving confirmation that the voluntary cancellation of this trademark has been noted on the Register. Should you have any questions, please do not hesitate to contact us.

Yours truly,

[Authorised Signatory]
Aecon Group Inc.
20 Carlson Court, Suite 800
Toronto, Ontario
M9W 7K6

SCHEDULE 4.6.4

US CANCELLATION AGREEMENT (REGISTRATION NO. 3972891)

April 10, 2015

Lori Hall
Gowling Lafleur Henderson LLP
One Main Street West
Hamilton, Ontario
L8P 4Z5 Canada

Re: Surrender of Registration for Cancellation

Dear Ms. Hall:

Re: United States Trademark Registration No. 3972891
Registrant: Innovative Steam Technologies Inc.

Trademark:  **FOUND ENERGY**
An Ascon Company

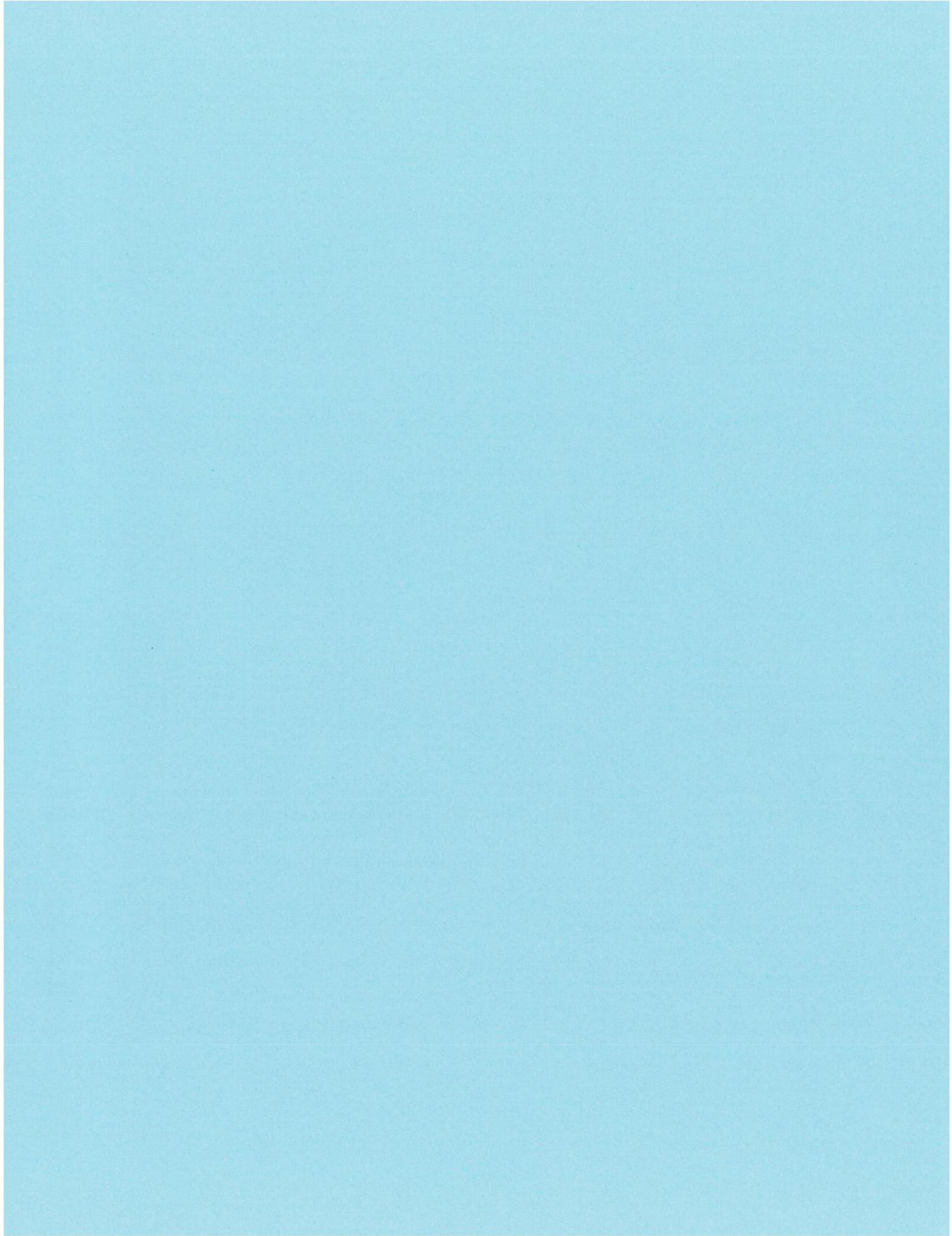
REQUEST FOR CANCELLATION OF REGISTRATION

Please request on behalf of the Registrant, Innovative Steam Technologies Inc., that United States Trademark Registration No. 3972891 be surrendered for cancellation with the United States Patent and Trademark Office.

We look forward to receiving confirmation that the cancellation of this trademark has been noted at the United States Patent and Trademark Office. Should you have any questions, please do not hesitate to contact us.

Yours truly,

[Authorised Signatory]
Innovative Steam Technologies Inc.
549 Conestoga Boulevard
Cambridge, Ontario
N1R 7P4



GENERAL SECURITY AGREEMENT (Ontario)

This General Security Agreement made as of the 10th day of April, 2015.

Between:

2460623 ONTARIO INC. (hereinafter called the 'Debtor')
(Name of Debtor)

594 Conestoga Blvd, Cambridge, Ontario, N1R 7P9
(Address)

And:

HSBC BANK CANADA (hereinafter called the 'Bank')

70 York, Street, Toronto, Ontario M5J 1S9
(Address)

The Debtor hereby enters into this General Security Agreement with the Bank for valuable consideration and as security for the repayment and discharge of all indebtedness, obligations and liabilities of any kind, now or hereafter existing, direct or indirect, absolute or contingent, joint or several, of the Debtor to the Bank, whether as principal or surety, together with all expenses (including legal fees on a solicitor and client basis) incurred by the Bank, its receiver or agent in the preparation, perfection and enforcement of security or other agreements held by the Bank in respect of such indebtedness, obligations or liabilities and interest thereon (all of which present and future indebtedness, obligations, liabilities, expenses and interest are herein collectively called the 'Indebtedness').

A. Grant of Security Interests

1. The Debtor hereby grants to the Bank, by way of mortgage, charge, assignment and transfer, a security interest (the 'Security Interest') in the undertaking of the Debtor and in all Personal Property including, without limitation, all Goods (including all parts, accessories, attachments, special tools, additions and accessions thereto), Accounts, Chattel Paper, Documents of Title (whether negotiable or not), Instruments, Intangibles, Money and Investment Property now or hereafter owned or acquired by or on behalf of the Debtor and in all proceeds and renewals thereof, accretions thereto and substitutions therefor (hereinafter collectively called the 'Collateral') including without limitation, all of the following now or hereafter owned or acquired by or on behalf of the Debtor:
 - (i) all Inventory of whatever kind and wherever situate;
 - (ii) all Equipment of whatever kind and wherever situate including, without limitation, all machinery, tools, apparatus, plant furniture, fixtures and vehicles of whatsoever nature or kind;
 - (iii) all accounts and book debts and generally all debts, dues, claims, choses in action and demands of every nature and kind howsoever arising or secured including letters of credit, guarantees and advices of credit which are now due, owing or accruing or growing due to or owned by or which may hereafter become due, owing or accruing or growing due to or owned by the Debtor;
 - (iv) all deeds, documents, writings, papers, books of account and other books relating to or being records of Accounts, Chattel Paper or Documents of Title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;
 - (v) all contractual rights and insurance claims and all goodwill, patents, trademarks, copyrights and other intellectual property;
 - (vi) all monies other than trust monies lawfully belonging to others; and
 - (vii) all property and assets, real and personal, moveable or immovable, of whatsoever nature and kind.
2. The Security Interest hereby created shall not extend or attach to (i) any personal property held in trust by the Debtor and lawfully belonging to others; or (ii) any property of the Debtor that constitutes consumer goods for the personal use of the Debtor; or (iii) the last day of the term of any lease, oral or written or agreement therefor, now held or hereafter acquired by the Debtor, provided that upon the enforcement of the Security Interest the Debtor shall stand possessed of such last day in trust to assign and dispose of the same to any person acquiring such term. Unless otherwise defined herein, capitalized terms used herein shall have the meanings ascribed thereto in the PPSA (as defined below).

B. Attachment

3. The Debtor warrants and acknowledges that the Debtor and the Bank intend the Security Interest in existing Collateral to attach upon the execution of this General Security Agreement; that value has been given; that the Debtor has rights in such existing Collateral; and that the Debtor and the Bank intend the Security Interest in hereafter acquired Collateral to attach at the same time as the Debtor acquires rights in the said after acquired Collateral.

C. Representations and Warranties of Debtor

4. The Debtor hereby represents and warrants to the Bank that:
- (a) the Debtor has or expects hereafter to have assets at the location(s) set out in Schedule 'A';
 - (b) the Collateral is primarily situate or located at the location(s) set out in Schedule 'A' on the date hereof but may from time to time be located at other premises of the Debtor; may also be located at other places while in transit to and from such locations and premises; and may from time to time be situate or located at any other place when on lease or consignment to any lessee or consignee from the Debtor; and
 - (c) the Collateral is genuine and owned by the Debtor free of all security interests, mortgages, liens, claims, charges or other encumbrances (collectively hereinafter called 'Encumbrances'), save for the Security Interest and those Encumbrances set out in Schedule 'B'.

D. Covenants and Agreements of Debtor

5. The Debtor hereby covenants and agrees with the Bank that until all of the Indebtedness is paid in full:
- (a) the Debtor shall not without the prior written consent of the Bank sell or dispose of any of the Collateral in the ordinary course of business or otherwise, and if the amounts on or in respect of the Collateral or Proceeds thereof shall be paid to the Debtor, the Debtor shall receive the same in trust for the Bank and forthwith pay over the same to the Bank upon request; provided however that the Inventory of the Debtor may be sold or disposed of in the ordinary course of business and for the purpose of carrying on the same;
 - (b) the Debtor shall not without the prior written consent of the Bank create or permit any Encumbrances upon or assign or transfer as security or pledge or hypothecate as security the Collateral except to the Bank;
 - (c) the Debtor shall at all times have and maintain insurance over the Collateral against risks of fire (including extended coverage), theft, and such risks as the Bank may reasonably require in writing, containing such terms, in such form, for such periods and written by such companies as may be reasonably satisfactory to the Bank. The Debtor shall duly and reasonably pay all premiums and other sums payable for maintaining such insurance and shall cause the insurance money thereunder to be payable to the Bank as its interest hereunder may appear and shall, if required, furnish the Bank with certificates or other evidence satisfactory to the Bank of compliance with the foregoing insurance provisions. In the event that Debtor fails to pay all premiums and other sums payable in accordance with the foregoing insurance provision, the Bank may make such payments to be repayable by the Debtor on demand and any such payments made by the Bank shall be secured hereby;
 - (d) the Debtor shall keep the Collateral in good condition and repair according to the nature and description thereof, and the Bank may, whenever it deems necessary, either in person or by agent, inspect the Collateral and the reasonable cost of such inspection shall be paid by the Debtor and secured hereby and the Bank may make repairs as it deems necessary and the cost thereof shall be paid by the Debtor and secured hereby;
 - (e) the Debtor shall duly pay all taxes, rates, levies, assessments of every nature which may be lawfully levied, assessed or imposed against or in respect of the Debtor or the Collateral as and when the same become due and payable; and
 - (f) the Debtor agrees that the Bank may, at any time, whether before or after a default under this General Security Agreement, notify any account debtor of the Debtor of the Security Interest, require such account debtor to make payment to the Bank, take control of any Proceeds of Collateral and may hold all amounts received from any account debtor and any Proceeds as part of the Collateral and as security for the Indebtedness.
6. The Debtor shall at all times and from time to time do, execute, acknowledge and deliver or cause to be done, executed, acknowledged or delivered any such further act, deed, transfer, assignment, assurance, document or instrument as the Bank may reasonably require for the better granting, mortgaging, charging, assigning and transferring unto the Bank the property and assets hereby subjected or intended to be subject to the Security Interest or which the Debtor may hereafter become bound to mortgage, charge, assign, transfer or subject to the Security Interest in favour of the Bank for the better accomplishing and effectuating of this General Security Agreement and the provisions contained herein and each and every officer of the Bank is irrevocably appointed attorney to execute in the name and on behalf of the Debtor any document or instrument for the said purposes.
7. The Debtor shall permit the Bank at any time, either in person or by agent, to inspect the Debtor's books and records pertaining to the Collateral. The Debtor shall at all times upon request by the Bank furnish the Bank with such information concerning the Collateral and the Debtor's affairs and business as the Bank may reasonably request including, without limitation, lists of Inventory and Equipment and lists of Accounts showing the amounts owing upon each Account and securities therefor and copies of all financial statements, books and accounts, invoices, letters, papers and other documents in any way evidencing or relating to the Accounts.

8. The Debtor acknowledges and agrees that, in the event it amalgamates with any other corporation or corporations, it is the intention of the parties hereto that the term 'Debtor' when used herein shall apply to each of the amalgamating corporations and to the amalgamated corporation, such that the Security Interest granted hereby:
- (i) shall extend and attach to 'Collateral' (as that term is herein defined) owned by each of the amalgamating corporations and the amalgamated corporation at the time of amalgamation and to any 'Collateral' thereafter owned or acquired by the amalgamated corporation;
 - (ii) shall secure the 'Indebtedness' (as that term is herein defined) of each of the amalgamating corporations and the amalgamated corporation to the Bank at the time of amalgamation and any 'Indebtedness' of the amalgamated corporation to the Bank thereafter arising.

E. Default

9. The Debtor shall be in default under this General Security Agreement upon the occurrence of any one of the following events:
- (a) the nonpayment by the Debtor, when due, whether by acceleration or otherwise, of any of the Indebtedness;
 - (b) the death or a declaration of incompetency by a court of competent jurisdiction with respect to the Debtor, if an individual;
 - (c) the failure of the Debtor to observe or perform any covenant, undertaking or agreement heretofore or hereafter given to the Bank, whether contained herein or not;
 - (d) an execution or any other process of the Court becomes enforceable against the Debtor or a distress or an analogous process is levied upon the property of the Debtor or any part thereof;
 - (e) the Debtor becomes insolvent, commits an act of bankruptcy, makes an assignment in bankruptcy or a bulk sale of its assets, any proceeding for relief as a debtor or liquidation, re-assignment or winding-up is commenced with respect to the Debtor or a bankruptcy petition is filed or presented against the Debtor and is not bona fide opposed by the Debtor;
 - (f) the Debtor ceases to carry on business; or
 - (g) the Debtor defaults in the observance or performance of any provision relating to indebtedness of the Debtor to any creditor other than the Bank and thereby enables such creditor to demand payment of such indebtedness.
10. The Bank may in writing waive any breach by the Debtor of any of the provisions contained herein or any default by the Debtor in the observance or performance of any covenant or condition required by the Bank to be observed or performed by the Debtor; provided that no act or omission by the Bank in the premises shall extend to or be taken in any manner whatsoever to affect any subsequent breach or default or the rights resulting therefrom.

F. Remedies of the Bank

11. (a) Upon any default under this General Security Agreement, the Bank may declare any or all of the Indebtedness to be immediately due and payable and the Bank may proceed to realize on the security hereby constituted and to enforce its rights by entry or by the appointment by instrument in writing of a receiver or receivers of all or any part of the Collateral and such receiver or receivers may be any person or persons, whether an officer or officers or employee or employees of the Bank or not, and the Bank may remove any receiver or receivers so appointed and appoint another or others in his or their stead; or by proceedings in any court of competent jurisdiction for the appointment of a receiver or receivers or for sale of the Collateral or any part thereof, or by any other action, suit, remedy or proceeding authorized or permitted hereby or by law or by equity; and may file such proofs of claim and other documents as may be necessary or advisable in order to have its claim lodged in any bankruptcy, winding-up or other judicial proceedings relative to the Debtor.
- (b) Any such receiver or receivers so appointed shall have power:
- (i) to take possession of the Collateral or any part thereof and to carry on the business of the Debtor;
 - (ii) to borrow money required for the maintenance, preservation or protection of the Collateral or any part thereof or the carrying on of the business of the Debtor;
 - (iii) to further charge the Collateral in priority to the Security Interest as security for money so borrowed; and
 - (iv) to sell, lease or otherwise dispose of the whole or any part of the Collateral on such terms and conditions and in such manner as he shall determine.

In exercising any powers any such receiver or receivers shall be deemed to act as agent or agents for the Debtor and the Bank shall not be responsible for the actions of such agent or agents.

- (c) In addition, the Bank may enter upon and lease or sell the whole or any part or parts of the Collateral and any such sale may be made hereunder by public auction, by public tender or by private contract, with or without notice, advertising or any other formality, all of which are hereby waived by the Debtor, and such sale shall be on such terms and conditions as to credit or otherwise and as to upset or reserve bid or price as the Bank in its sole discretion may seem advantageous and such sale may take place whether or not the Bank has taken such possession of such Collateral.
- (d) No remedy for the realization of the security hereof or for the enforcement of the rights of the Bank shall be exclusive of or dependent on any other such remedy, and any one or more of such remedies may from time to time be exercised independently or in combination.
- (e) The term 'receiver' as used in this General Security Agreement includes a receiver and manager.

G. Rights of the Bank

- 12. All payments made in respect of the Indebtedness and money realized from any securities held therefor may be applied on such part or parts of the Indebtedness as the Bank may see fit and the Bank shall at all times and from time to time have the right to change any appropriation of any money received by it and to re-apply the same on any other part or parts of the Indebtedness as the Bank may see fit, notwithstanding any previous application by whomsoever made.
- 13. The Debtor grants to the Bank the right to set off against any and all accounts, credits or balances maintained by it with the Bank, the aggregate amount of any of the Indebtedness when the same shall become due and payable whether at maturity, upon acceleration of maturity thereof or otherwise.
- 14. The Bank, without exonerating in whole or in part the Debtor, may grant time, renewals, extensions, indulgences, releases and discharges to, may take securities from and give the same and any or all existing securities up to, may abstain from taking securities from or from perfecting securities of, may accept compositions from and may otherwise deal with the Debtor and all other persons and securities as the Bank may see fit.
- 15. The Bank may assign, transfer and deliver to any transferee any of the Indebtedness or any security or any documents or instruments held by the Bank in respect thereof provided that no such assignment, transfer or delivery shall release the Debtor from any of the Indebtedness; and thereafter the Bank shall be fully discharged from all responsibility with respect to the Indebtedness and security, documents and instruments so assigned, transferred or delivered. Such transferee shall be vested with all powers and rights of the Bank under such security, documents or instruments but the Bank shall retain all rights and powers with respect to any such security, documents or instruments not so assigned, transferred or delivered. The Debtor shall not assign any of its rights or obligations hereunder without the prior written consent of the Bank.

H. Miscellaneous

- 16. This General Security Agreement is in addition to, not in substitution for and shall not be merged in any other agreement, security, document or instrument now or hereafter held by the Bank or existing at law in equity or by statute.
- 17. Nothing herein shall obligate the Bank to make any advance or loan or further advance or loan or to renew any note or extend any time for payment of any indebtedness of the Debtor to the Bank.
- 18. This General Security Agreement shall be binding upon the Debtor and its heirs, legatees, trustees, executors, administrators, successors and assigns including any successor by reason of amalgamation of or any other change in the Debtor and shall enure to the benefit of the Bank and its successors and assigns.
- 19. In construing this General Security Agreement, terms herein shall have the same meaning as defined in the PPSA, as hereinafter defined, unless the context otherwise requires. Words importing gender shall include all genders. Words importing the singular number shall include the plural and vice versa.
- 20. If one or more of the provisions contained herein shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.
- 21. The headings in this General Security Agreement are included herein for convenience of reference only and shall not constitute a part of this General Security Agreement for any other purpose.
- 22. Any notice or statement referred to herein may be delivered, sent by facsimile machine or providing that postal service throughout Canada is fully operative, may be mailed by ordinary prepaid mail to the Debtor at his last address known to the Bank and the Debtor shall be deemed to have received such notice or statement on the day of delivery, if delivered, one business day after transmission and confirmation received if sent by facsimile machine and three business days after mailing, if mailed.
- 23. Where any provision or remedy contained or referred to in this General Security Agreement is prohibited, modified or altered by the laws of any province or territory of Canada which governs that aspect of this General Security Agreement and the provision or remedies may be waived or excluded by the Debtor in whole or in part, the Debtor hereby waives and excludes such provision to the fullest extent permissible by law.

24. This General Security Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario as the same may be in effect from time to time including, where applicable, the Personal Property Security Act of that Province (as amended or substituted, the 'PPSA'). For the purpose of legal proceedings this General Security Agreement shall be deemed to have been made in the said Province and to be performed there and the courts of that Province shall have jurisdiction over all disputes which may arise under this General Security Agreement and the Debtor hereby irrevocably and unconditionally submits to the non-exclusive jurisdiction of such courts, provided always that nothing herein contained shall prevent the Bank from proceeding at its election against the Debtor in the Courts of any other Province, country or jurisdiction.
25. The Debtor acknowledges having received a copy of this General Security Agreement.

This General Security Agreement has been duly executed by the Debtor on the 10th day of April, 2015.

[Remainder of page intentionally left blank]

2460623 ONTARIO INC.

Per: _____
Name: Greg Collings
Title: Secretary

A handwritten signature in black ink, appearing to be 'Greg Collings', written over a horizontal line. The signature is stylized and somewhat cursive.

(Signature Page – General Security Agreement – Aquireco)

Schedule 'A'

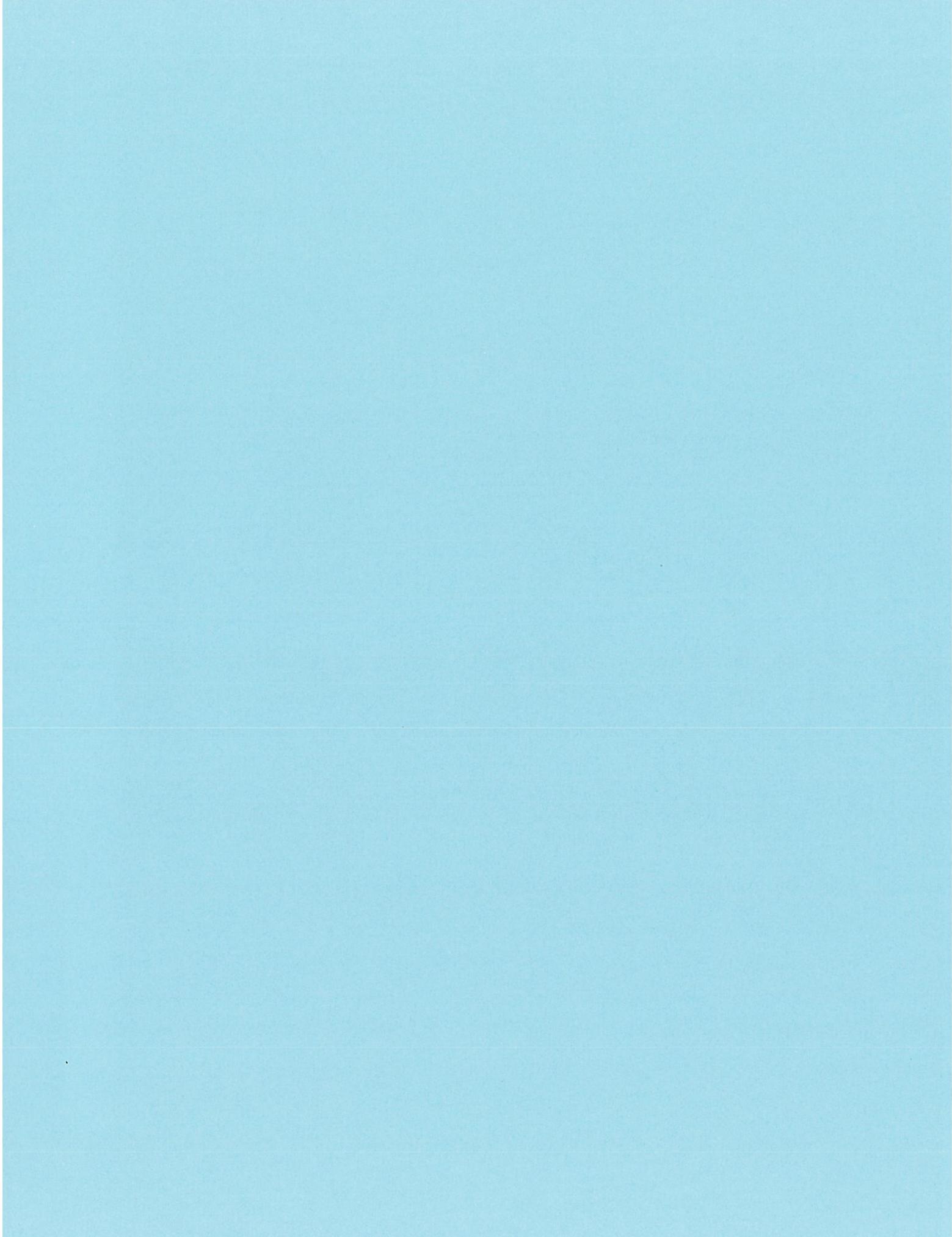
Locations of Collateral:

79 Wellington Street West,
Suite 3510 Toronto, Ontario
M5K 1K7

Schedule 'B'

Encumbrances Affecting Collateral:

2460623 Ontario Inc.						
	Registration Number	Reference File No.	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
1.	20150402 1912 1793 3653	704802429	April 2, 2025	2460623 Ontario Inc.	Fulcrum Capital Partners (Collector) V, LP	I, E, A, O, MV



GENERAL ASSIGNMENT OF BOOK DEBTS*For use in all Provinces except Quebec*1. **The undersigned** 2460623 ONTARIO INC.

for valuable consideration hereby jointly and severally assigns and transfers to **HSBC Bank Canada** (herein called the "Bank") all debts, claims, demands, moneys and choses in action, (including without limiting the generality of the foregoing all book debts) now due or accruing or growing due, or hereafter to become due or accruing or growing due, or which may become vested in the undersigned alone or the undersigned jointly with others, whether in connection with the business now carried on by the undersigned, or any future business or otherwise, or any policy or contract of insurance against loss by whatever cause to the real or personal property of the undersigned (herein collectively called the "Debts"), and also books of account, and documents in any way evidencing or relating to, or which may be received as security for or on account of the Debts, and also all judgments and all mortgages or other securities for payment of the same or any of them, and also all other rights and benefits which are now or may hereafter become vested in the undersigned in respect of the Debts.

2. **If the undersigned** is a corporation, no change in the name, objects, capital stock or constitution of the undersigned shall in any way affect the validity or enforceability of this Assignment, either with respect to Debts due or accruing or growing due to the undersigned before or after any such change, and this Assignment shall extend to all Debts of the person or corporation who or which assumes the obligations of the undersigned in whole or in part in whatsoever manner including, without limitation, by amalgamation with the undersigned.
3. **If the undersigned** is a partnership, no change in the name of the undersigned's firm or in the membership of the undersigned's firm through the death, retirement or introduction of one or more partners or otherwise, or by the disposition of the undersigned's business in whole or in part, shall in any way affect the validity or enforceability of this Assignment, either with respect to Debts due or accruing or growing due to the undersigned before or after any such change, and this Assignment shall extend to all Debts of the person or corporation who or which assumes the obligations of the undersigned in whole or in part in whatsoever manner.
4. **And the undersigned** undertakes to furnish to the Bank at any time on demand a list of all the debtors of the undersigned with the amount owing by each and the securities held by the undersigned therefor and to assign and transfer the same to the Bank together with all information which may assist in the collection of the Debts, and the Bank or its authorized agent shall be entitled from time to time to inspect all books and accounts, letters, invoices, papers and documents in any way evidencing or relating to the Debts and to make photocopies at the expense of the undersigned, and for such purposes the Bank shall have access to all premises occupied by the undersigned.
5. **And the undersigned** hereby covenants that none of the Debts have been assigned to or pledged or encumbered in favour of any other person, firm or corporation, and agrees not to make any subsequent assignment of any or all of the Debts without the prior written consent of the Bank thereto.
6. **The present assignment** and transfer shall be a continuing security to the Bank for the payment of all and every present and future indebtedness and liability direct or indirect, absolute or contingent, joint or several, mature or not, of the undersigned to the Bank and any ultimate unpaid balance thereof with interest, and is given in addition to and not in substitution for any similar assignment heretofore given to and still held by the Bank and is taken by the Bank as additional security for the fulfilment of the obligations of the undersigned to the Bank therein, and shall not operate as a merger of any simple contract debt or in any way suspend the fulfilment of, or prejudice or affect the rights, remedies and powers of, the Bank in respect of the said obligations or any securities held by the Bank for the fulfilment thereof. The Bank may, before or after default of the undersigned, notify any debtor of the security and assignment constituted hereby and may also direct such debtors to make all payments with respect to the Debts to the Bank.
7. **And the undersigned** expressly authorizes the Bank to collect, dispose of, enforce or realize the Debts from time to time in such manner and at such times as it may in its discretion deem advisable (but shall not be bound to realize the same unless it sees fit) and to impute or appropriate the proceeds thereof in its absolute discretion on account of such parts of the said indebtedness and liability whether secured or unsecured; and such appropriations or imputations may be changed or varied from time to time at the discretion of the Bank; and the undersigned acknowledges that the operation of the account or accounts relating to loans to or indebtedness of the undersigned will involve extra work on the part of the Bank and agrees to pay the Bank's charges for the keeping of the said account or accounts and for receiving, whether directly or through the undersigned, payments on account of the Debts, and also to pay to the Bank its charges for services in collecting, enforcing or realizing any of the Debts or attempting to do so and sums paid and fees and expenses incurred in connection therewith, including without limiting the foregoing all legal fees incurred by the Bank on a solicitor-and-client basis, and authorizes the Bank to add such charges, sums, fees and expenses to the indebtedness of the undersigned and to retain the same out of moneys received by the Bank.
8. **The Bank** may grant extensions, take and give up securities, accept compositions, grant releases and discharges and generally deal with the Debts in its absolute discretion without consent of or notice to the undersigned, and may deal with the undersigned, debtors of the undersigned, sureties and others and with the Debts and other securities as the Bank may see fit without prejudice to the liability of the undersigned or to the Bank's right to hold and realize this security, and the Bank shall not be responsible for any loss or damage which may occur in consequence of the negligence of any officer, agent or solicitor employed in the collection, disposition, realization or enforcement thereof, and the Bank shall not be liable or accountable for any failure to collect, realize, sell or obtain payment of the Debts or any part thereof and shall not be bound to institute proceedings for the purpose of collecting, realizing or obtaining payment of the same or for the purpose of preserving any rights of the Bank, the undersigned or any other person, firm or corporation in respect of the same.
9. **If the amount of any of the Debts** be paid to the undersigned or an agent of the undersigned, the undersigned hereby agrees that such amount shall be received in trust for the Bank and the undersigned shall forthwith pay over or cause to be paid over the same to the Bank.
10. **The undersigned** hereby undertakes to do such other things and sign such further instruments as may from time to time be required by the Bank or any officer or solicitor thereof to vest in the Bank the Debts or to collect the same, and hereby constitutes and appoints any branch manager or acting manager of the Bank the true and lawful attorney of the undersigned, irrevocable, with full power of substitution, to do, make and execute all such assignments, deeds, documents, acts, matters and things as the undersigned has agreed herein to do, make and execute or as may be required to give effect to this Assignment or in the exercise of the powers of the Bank hereby conferred, with the right to use the name of the undersigned whenever and wherever the Bank may deem it to be necessary or expedient.

11. **The security interests created hereby** are intended to attach, as to Debts in which the undersigned has an interest, forthwith when the undersigned executes this Assignment, and, as to all Debts in which the undersigned acquires any right or interest after the execution of this Assignment, forthwith when the undersigned acquires such right or interest.

12. **The undersigned hereby:**

(a) acknowledges receiving a copy of this Assignment; and

(Delete for Ontario) (b) ~~waives all rights to receive a copy of any financing statement or financing change statement filed or verification statement issued at any time and from time to time in respect of this Assignment.~~

13. **In this Assignment**, any word importing the singular number shall include the plural, and without restricting the generality of the foregoing, where there is more than one undersigned any reference to the undersigned refers to each and every one of the undersigned, and any word importing a person shall include a corporation, partnership and any other entity.

14. **If this Assignment** is executed by more than one party, the liability of each of the undersigned hereunder shall be joint and several with one another.

15. **The provisions hereof** shall enure to the benefit of the successors and assigns of the Bank and shall be binding upon the respective heirs, executors, legatees, trustees, administrators, successors and assigns of the undersigned including any successor by reason of amalgamation or of any other change in the Debtor.

16. **If one or more** of the provisions contained herein shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

(Insert Province) 17. **This Assignment** shall be governed by and construed in accordance with the laws of the Province of Ontario which shall be deemed to be the proper law thereof.

[Remainder of page intentionally left blank]

Dated at Toronto, Ontario
this 10th day of April, 2015

Name of Corporation <u>2460623 ONTARIO INC.</u>	
By:  Name: <u>Greg Collings</u> Title: <u>Secretary</u>	

(Signature page – General Assignment of Book Debts- Acquireco)

Schedule 'A'

Locations of Collateral:

549 Conestoga Blvd.
Cambridge, Ontario
N1R 7P4

Location of the Corporation's Chief Executive Office:

79 Wellington Street West
Suite 3510 Toronto, Ontario
M5K 1K7

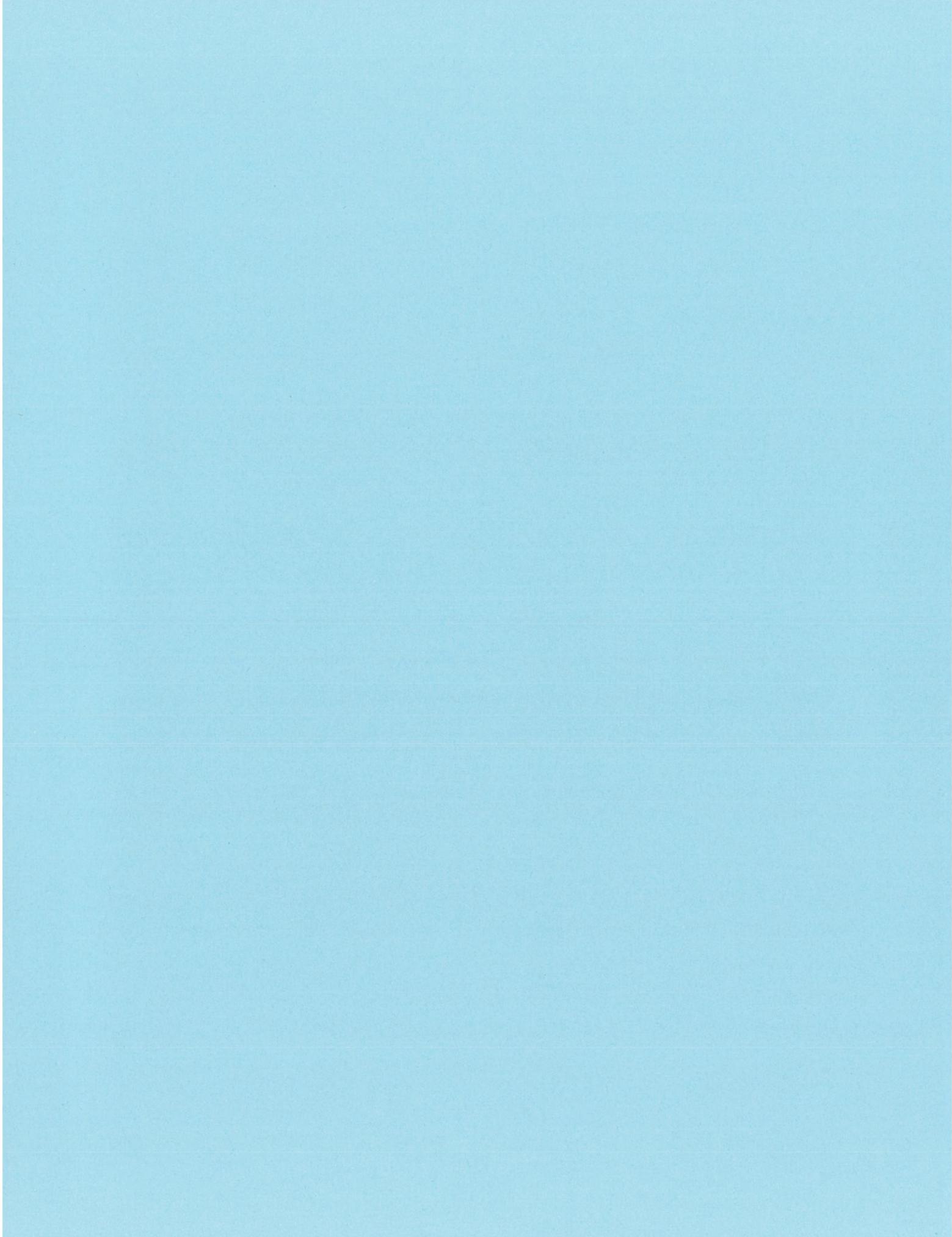
Locations of the Corporation's Other Places of Business:

Nil

Schedule 'B'

Encumbrances Affecting Collateral:

2460623 Ontario Inc.						
	Registration Number	Reference File No.	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
1.	20150402 1912 1793 3653	704802429	April 2, 2025	2460623 Ontario Inc.	Fulcrum Capital Partners (Collector) V, LP	I, E, A, O, MV





HSBC Bank Canada

Security Over Cash, Credit Balances and Deposit Instruments by Customer

(All Provinces Except Quebec)

To: HSBC Bank Canada

70 York Street, Toronto, ON M5J 1S9

April 10, 2015

	Branch Address	Date
Charge		
1. For valuable consideration (the receipt and sufficiency of which is hereby acknowledged by the undersigned), the undersigned hereby lodges and pledges in favour of HSBC Bank Canada (the "Bank") and grants to the Bank a fixed mortgage, charge, and a security interest in and releases to the Bank the entire right, title, claim and interest of the undersigned in and to:		
<i>Delete (b) and (c) for security over specific deposit instrument* and have the undersigned initial</i>	(a) the principal sum, interest, and all other monies owing and payable or hereafter owing and payable to the undersigned pursuant to the terms of the instrument or instruments (the "Instrument"), if any, described in the Schedule of Instruments set out below, and the entire right, title and interest of the undersigned in and to the Instrument;	
<i>Delete (a) and (c) for security over monies in cash collateral and have the undersigned initial</i>	(b) all monies in account number(s) _____ at the branch of the Bank set out above, including monies which the Bank has withdrawn or withdraws from any other account of the undersigned and has deposited or deposits in the said account, the Bank being hereby authorized to make such withdrawals and deposits from time to time;	
<i>Delete (a) and (b) for security over credit balances and have the undersigned initial</i>	(c) all monies which are now or which may from time to time in the future stand to the credit of the undersigned in any accounts at the branch of the Bank set out above;	

All of which are hereinafter collectively referred to as the "Deposits".

Obligations Secured

2. The mortgage, charge, security interest, release and pledge granted above shall be general and continuing security for payment, performance and satisfaction of each and every obligation, indebtedness and liability of the undersigned to the Bank (including interest thereon), present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, wheresoever and howsoever incurred, and any ultimate unpaid balance thereof (including interest thereon) including all future advances and re-advances, and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether the undersigned be bound alone or with another or others and whether as principal or surety (all of which obligations, indebtedness and liabilities are herein collectively called the "Obligations").

Representations and Warranties

3. The undersigned represents and warrants that:

- (a) this Agreement has been duly authorized, executed and delivered by the undersigned to the Bank; and
- (b) the Deposits are legally and beneficially owned by the undersigned free of all security interests, mortgages, liens, claims, charges and other encumbrances, save for the security constituted by this Agreement and any other security in favour of the Bank.

Dealing with Instruments and Renewals

4. The undersigned irrevocably authorizes and directs the Bank to receive the principal, interest and other monies represented by the Instrument, if any, described in the Schedule of Instruments, and, in the Bank's sole and absolute discretion, to retain or to reinvest all or part of such monies in one or more instruments of the same or similar nature on such terms as are in effect at such maturity and to receive another instrument which shall then stand in the place of and be deemed to be the Instrument; **Provided** that unless otherwise instructed by the undersigned, the Bank shall not be bound to reinvest the monies as provided above and shall not be responsible for any loss occasioned by its failure or neglect to do so. The Bank shall not be responsible for any loss whatsoever occasioned by any retention or reinvestment of the monies or acceptance of a replacement instrument as aforesaid.

5. It is understood and agreed that the security constituted by this Agreement extends to any renewals and replacements of the Deposits and all interest earned thereon and to all proceeds of any type or kind whatsoever, derived directly or indirectly from any dealing with the Deposits or proceeds arising from them.

Default

6. Unless otherwise agreed in writing by the Bank, the occurrence of any of the following events shall be a default under this Agreement:
- (a) the Obligations or any part thereof are not repaid and satisfied when the same become due;
 - (b) the undersigned breaches any term, condition, proviso, agreement or covenant with the Bank, or any representation or warranty given by the undersigned to the Bank in this Agreement, or otherwise, is untrue;
 - (c) the undersigned makes an assignment for the benefit of its creditors, is declared bankrupt, makes a proposal or otherwise takes advantage of provisions for relief under the **Bankruptcy Act (Canada)**, the **Companies' Creditors Arrangement Act (Canada)** or similar legislation in any jurisdiction, or makes an authorized assignment; or
 - (d) there is instituted by or against the undersigned any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against, or winding up of the affairs of, the undersigned; or
 - (e) if the undersigned is a natural person, the undersigned dies or is declared incompetent to manage his or her affairs; or
 - (f) the undersigned ceases or threatens to cease to carry on business or makes or agrees to make a bulk sale of assets or commits or threatens to commit an act of bankruptcy; or
 - (g) a receiver, receiver and manager or receiver-manager of all or any part of the Deposits or of any other property, assets or undertaking of the undersigned is appointed; or
 - (h) any execution, sequestration, extent or other process of any court becomes enforceable against the undersigned or a distress or analogous process is levied upon the Deposits or any part thereof; or
 - (i) an order is made or an effective resolution is passed for winding up the undersigned; or
 - (j) without the prior written consent of the Bank, the undersigned creates or permits to exist any encumbrance against any of the Deposits other than an encumbrance in favour of the Bank; or
 - (k) the undersigned enters into any reconstruction, reorganization, amalgamation, merger or other similar arrangement with any other person; or
 - (l) the Bank in good faith believes and has commercially reasonable grounds to believe that the prospect of payment or performance of any of the Obligations is impaired or that any of the Deposits are or are about to be placed in jeopardy.

Enforcement

7. Upon default under this Agreement, the security constituted by this Agreement will immediately become enforceable, and to enforce and realize on the security constituted by this Agreement, the Bank may take any action permitted by law or in equity as it may deem expedient, and in particular, without limiting the generality of the foregoing, the Bank may, subject to applicable law, immediately without notice, demand for payment, or other formality, enforce and realize upon the security constituted by this Agreement as fully and effectually as if the Bank were the absolute owner of the Deposits and the Bank may retain or apply all or any portion of the Deposits against payment of the Obligations or any part of it in such amount and in any manner that the Bank, in its absolute discretion sees fit, and the Bank may apply the Deposits against the Obligations without having to seize or otherwise realize upon the Deposits.

Combination and Set-Off

8. The Bank may, at any time and without notice to the undersigned, combine or consolidate any other account of the undersigned, whether or not otherwise subject to notice, and set off the Deposits and any monies standing to the credit of such account against the Obligations.

Restriction on Withdrawal

9. Notwithstanding any other agreement to the contrary, the undersigned shall not withdraw, assign, transfer or otherwise deal with the Deposits, and the Bank shall not be required to surrender or deliver up the Deposits by reason of any partial payment on account of the Obligations and may retain the Deposits or the proceeds derived from them until the entire Obligations have been satisfied in full.

Continuing Security

10. This Agreement shall:
- (a) be in addition to and not in substitution for any other security held by the Bank;
 - (b) not operate as a merger or a novation of any debt outstanding to the Bank, nor suspend the fulfillment of or affect the rights, remedies and powers of the Bank or any obligations of the undersigned or any other person to the Bank;
 - (c) not be deemed to be redeemed or cancelled pro tanto or otherwise, due to any partial payment made by the undersigned on account of the Obligations or any ceasing by the undersigned to be indebted to the Bank, and this Agreement shall remain valid security for any subsequent Obligations.

Non-Exclusive Remedies, etc.

11. The remedies and rights given to the Bank in this Agreement are not intended to be exclusive. Each and every remedy and right shall be cumulative and shall be in addition to every other right or remedy given by this Agreement or now or hereafter existing at law, in equity, by statute or otherwise. In particular, without limiting the generality of the foregoing, this Agreement does not affect the rights of the Bank to any lien, claim or interest arising by operation of law. The exercise or commencement of exercise by the Bank of any one or more of such remedies or rights shall not preclude the simultaneous or later exercise by the Bank of any or all of such remedies or rights.
12. The Bank shall not be obliged to exercise any remedies which it may have against the undersigned or any other parties or against any other security it may hold before realizing on or otherwise dealing with the Deposits in whatever manner the Bank considers appropriate.
13. The Bank shall not be responsible for any failure to exercise or enforce, or for any delay in the exercise or enforcement of, any powers, rights or discretions of the Bank, or directions to the Bank, and the Bank shall be accountable only for such monies as it shall actually receive.

Dealings

14. The Bank may do all or any of the following:
 - (a) grant time, renewals, extensions, indulgences, releases and discharges to;
 - (b) take securities from;
 - (c) abstain from taking additional security from;
 - (d) abstain from perfecting securities of;
 - (e) accept compositions from;
 - (f) obtain judgment against; and
 - (g) otherwise deal with

all persons and securities as the Bank may see fit without prejudice to the Bank's rights under this Agreement, including without limitation, the Bank's right to hold, deal with and realize on the Deposits in whatever way the Bank considers appropriate.

Severability

15. If any provision of this Agreement should be determined to be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

Miscellaneous

16. If the undersigned receives any of the Deposits, the undersigned shall receive the same in trust as depository for and on behalf of the Bank, and shall deal with the Deposits as the Bank may direct.
17. The records of the Bank shall constitute prima facie evidence of the amount of the Deposits and of the amount of the Obligations at any time and of the undersigned being in default or of any demand having been made.
18. The Bank or any manager, acting manager or account manager of the Bank is hereby appointed as the irrevocable attorney of the undersigned with authority to do such acts, execute all documents necessary to give effect to this Agreement (on behalf of and in the name of the undersigned) and to the realization and enforcement of this Agreement by the Bank.
19. The undersigned shall pay all costs, charges and expenses including solicitors' costs, charges and expenses which may be incurred by the Bank in connection with this Agreement and its enforcement.
20. The undersigned:
 - (a) acknowledges receiving a copy of this Agreement; and
 - (b) waives all rights to receive from the Bank a copy of any financing statement, financing change statement or verification statement filed at any time or from time to time in respect of this Agreement.
21. If this Agreement is executed by more than one party, the liability of each of the undersigned shall be joint and several with one another.
22. In this Agreement, any word importing the singular number shall include the plural, and, without restricting the generality of the foregoing, where there is more than one undersigned any reference to the undersigned refers to each and everyone of the undersigned. The headings in this Agreement are inserted for convenience only and shall not affect the construction hereof.
23. Any notice, demand or other communication under this Agreement shall be in writing and addressed to the undersigned at the last address shown on the records of the Bank.

24. This Agreement shall be binding upon the undersigned and the heirs, executors, administrators, successors and assigns of the undersigned, and shall enure to the benefit of the Bank and its successors and assigns.
25. This Agreement shall be governed by and construed in accordance with the laws of the jurisdiction where the branch of the Bank indicated above is located, and the undersigned irrevocably submits to the non-exclusive jurisdiction of the courts of such jurisdiction, but this Agreement may be enforced in the courts of any competent jurisdiction.
26. The parties hereto acknowledge that they have expressly required that this Agreement and all deeds, documents or notices relating to this Agreement be drafted in the English language. Les parties aux présentes reconnaissent qu'elles ont exigé expressément que la présent convention et tous autres contrats, documents ou avis qui y sont afférents soient rédigés en langue anglaise.

IN WITNESS WHEREOF the undersigned has executed this Agreement as of the day and year first above written.

Schedule of Instrument(s)

Date	Cert. No.	Principal Amount
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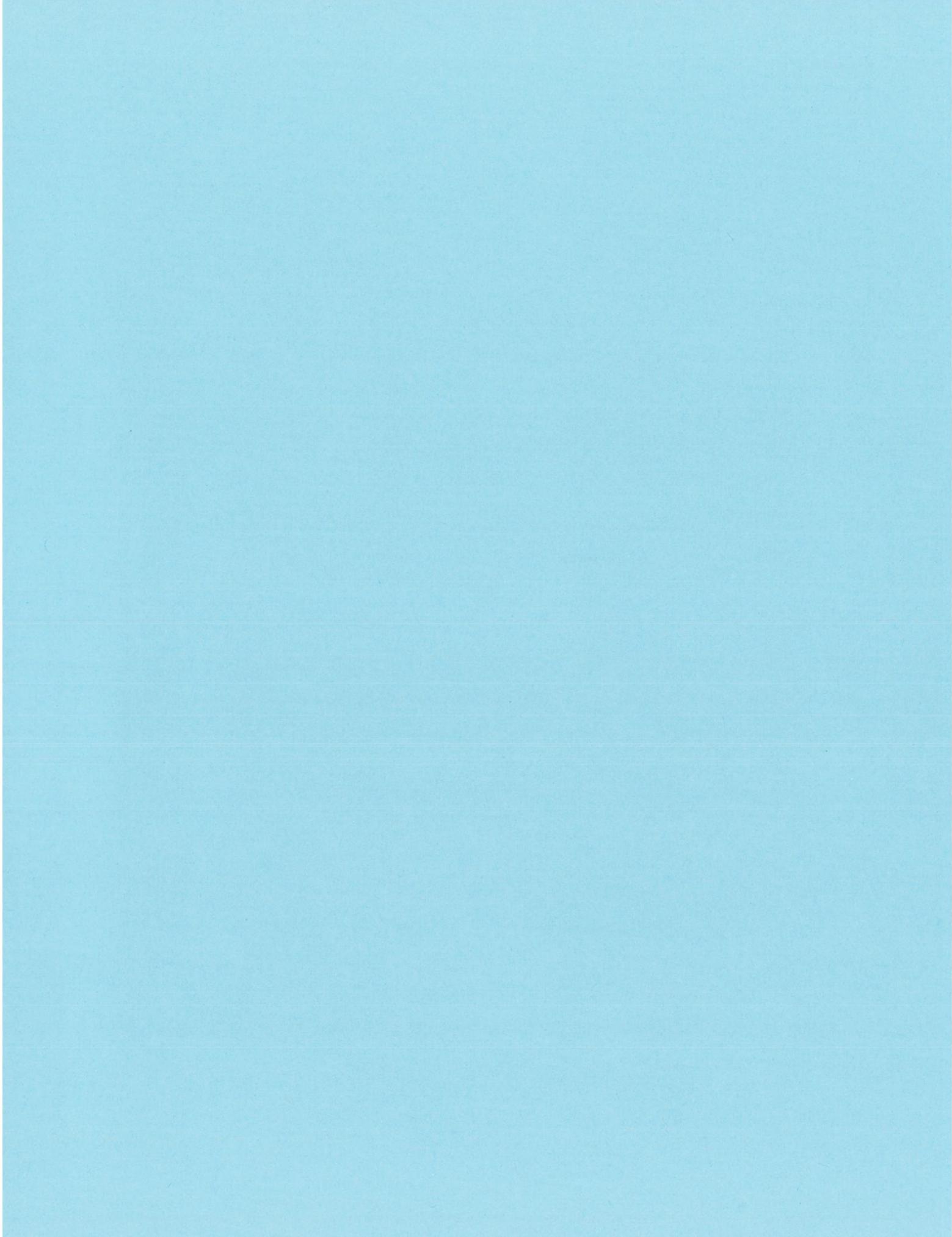
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2460623 ONTARIO INC.

By: 
Name: Greg Collins
Title: Secretary

I have authority to bind the corporation.

(Signature Page – Security over Cash – Acquireco)



TRADE FINANCING GENERAL AGREEMENT

To: HSBC Bank Canada

1. DEFINITIONS

"Authorized Person(s)" means those person(s) identified to the Bank as authorized by the Customer to conduct banking activities and give instructions to the Bank on behalf of the Customer, including in connection with a Facility or Facilities as notified to the Bank from time to time in such manner as the Bank requires. All instructions, documents or agreements which are signed, made or accepted by the Authorized Persons, including any delegations of authority to other persons, are hereby expressly confirmed, authorized and approved;

"Bank" means HSBC Bank Canada at its office specified in the Schedule and its successors and assigns and, where the context permits, includes any subsidiary of HSBC Bank Canada and any person appointed by the Bank under Clause 9 (a);

"Customer" means the person whose name and address are specified in the Schedule;

"Documentary Credit" means a documentary credit, issued, advised, or confirmed by the Bank at the request of, or for the account of the Customer and any commitment by the Bank to issue or confirm a credit and also includes any such credit or commitment as extended or amended;

"Documents" means all drafts, bills (including bills of lading and bills of exchange), documents of title, transportation documents, insurance policies and other documents relating to goods and products which goods and documents are in the name, possession or control of the Bank or its agents, or held by or to the order of the Bank or its agents, whether for custody or any other reason and whether or not in the ordinary course of banking business;

"Drawing" means any demand or request for payment or for acceptance and payment under a Documentary Credit by any party entitled to make such demand or request whether by way of draft (and whether or not accepted by the Bank), telecommunication, written demand or other effective means and includes any advance of funds to the beneficiary of the Documentary Credit prior to any presentation under the Documentary Credit evidencing the shipment of goods;

"Exchange Rate" means the rate of conversion set by the Bank from time to time for converting one currency into another currency which the Bank determines to be prevailing in the relevant foreign exchange market at the relevant time, such determination to be conclusive and binding on the Customer and the Customer agrees to pay such rate;

"Facility" and "Facilities" mean such facility or facilities as the Bank may make or continue to make available to the Customer or to any other person at the request of the Customer by way of advances, the issue of a Documentary Credit, the issue of a shipping guarantee whether in relation to Goods or otherwise;

"Goods" means the goods and products to which Documents relate;

"Person" includes an individual, firm, company, corporation and an unincorporated body of persons; and

"Secured Moneys" means (i) all moneys in any currency owing by the Customer to the Bank at any time, actually or contingently, in any capacity, alone or jointly with any other person, (ii) interest on such moneys (both before and after any demand or judgment) to the date on which the Bank receives payment, at the rates payable by the Customer or which would have been payable but for any circumstance which restricts payment, (iii) any expense of the Bank in making payment under this Agreement on behalf of the Customer (but without the Bank being under any obligation to do so) as a result of failure by the Customer to make such payment when due and (iv) all expenses of the Bank in perfecting or enforcing its rights under this Agreement.

2. APPLICATION

- 2.01 This Agreement shall apply to: (i) all Documentary Credits issued by the Bank at the request of the Customer and to any credit which may be issued to or in transfer thereof; (ii) all Drawings made under a Documentary Credit from time to time; (iii) each Facility which the Bank, at its discretion, may agree to make available from time to time.
- 2.02 The terms and conditions of this Agreement shall be subject to such other terms and conditions which may be specified by the Bank in relation to any individual Documentary Credit, any particular Facility or any banking service or account, including any terms or conditions set out in a facility letter or account operating agreement.
- 2.03 Each Documentary Credit shall be subject to the Uniform Customs and Practice for Documentary Credits of the International Chamber of Commerce ("ICC") as are in effect from time to time, or such other rules of the ICC as may be accepted by the Bank in its sole discretion.
- 2.04 In the event of any conflict between this Agreement and the Uniform Customs and Practice for Documentary Credits of the ICC as are in effect from time to time and/or the ICC Rules for Collections as are in effect from time to time, with both of which, as in effect on the date hereof, the Customer is familiar, this Agreement shall prevail.

3. DOCUMENTARY CREDIT FOR IMPORTS

- 3.01 The Bank is hereby irrevocably authorized and directed to accept and pay for or against all Documents drawn or purporting to be drawn and presented or negotiated under each Documentary Credit and to pay all Drawings purporting to be made by a beneficiary or any other person to whom the Bank is entitled to make payment. The Bank may effect such payment without reference to, confirmation of or verification by the Customer, it being agreed that any Drawing made in such manner shall be, as between the Customer and the Bank, the Bank's irrevocable and sufficient authority for making payment under the Documentary Credit.
- 3.02 The Bank may restrict negotiations under any Documentary Credit to its own offices or to any correspondent or agent of its choice and, in such a case, the Bank is authorized to accept and pay for or against all Documents drawn on any such office, correspondent or agent.
- 3.03 The Customer will forthwith on demand (and no later than the applicable due date) pay or provide to the Bank an amount sufficient to meet all Drawings the Bank is to pay under a Documentary Credit or to reimburse the Bank for each Drawing the Bank has paid under a Documentary Credit or, if required by the Bank in its sole discretion, prepay all amounts for which the Bank might become liable under the Documentary Credit.
- 3.04 The presentation of Documents under a Documentary Credit shall be in compliance with its terms if they purport to be the Documents therein required, are in order and, taken as a whole, contain the description of the Goods and if presentation is timely.

4. EXPORT DOCUMENTS

- 4.01 The Customer will pay the Bank not later than the applicable date an amount equal to the amount due under bills negotiated or endorsed by the Bank, whether or not drawn under a Documentary Credit, which are dishonoured or not paid on their due date. Non-payment shall be deemed to have occurred if the Bank has not received unconditionally the whole sum due.
- 4.02 The Bank is authorized, at its discretion and on such conditions as it thinks fit, in relation to any bill, whether or not drawn under a Documentary Credit:
- (a) to take conditional acceptances and acceptances for honour and to extend the due date for payment;
 - (b) to accept payment from the drawees or acceptors before maturity under rebate or discount;
 - (c) to accept part payment before maturity and to deliver a proportionate part of the Goods to the drawees or acceptors of the bills or the consignees of the Goods;
 - (d) at the request of the drawees, to delay presentation of any bill for payment or acceptance without affecting the liability of the Customer to the Bank in respect of such bill; and
 - (e) to institute proceedings and to take steps for the recovery from the acceptors or endorsers of any bill of any amount due in respect of such bill, despite the Bank having debited the account of the Customer with the amount of such bill.
- 4.03 The Customer will also reimburse the Bank on demand for advances made against any Documents which have not been duly taken up on presentation or in respect of which payment has not been duly made to the Bank.

5. COLLECTIONS

- 5.01 If the Bank is requested to make a collection, the Bank is authorized to treat the service as subject to and conditional upon collection and receipt by the Bank of full payment of the relevant bill, draft or document.
- 5.02 In the absence of such collection and receipt by the Bank, the Customer will reimburse the Bank, on demand, for any amount due in respect of such service.
- 5.03 Each collection shall be subject to the International Chamber of Commerce Rules for Collections as are in effect from time to time.

6. SECURITY

- 6.01 In consideration of the Facilities, the Bank shall have and the Customer hereby grants to the Bank a hypothec, pledge and security interest on the Documents, the Goods and any insurance proceeds relating thereto until all the Secured Moneys have been paid or discharged.
- 6.02 The hypothec, pledge and security interest shall be a continuing security, in addition to, not affected by and enforceable despite the existence of any other security held by the Bank. Any restriction on the right of consolidating securities shall not apply to the hypothec, pledge and security interest. This security shall be governed by the Bank Act (Canada), without however limiting the rights which the Bank may have under any other law or agreement and shall extend equally to the proceeds of the sale of Goods represented by Documents, including any instrument or security received in payment thereof as well as any claim against the purchaser.
- 6.03 If (i) there is a default in acceptance or payment of any Document or (ii) the Customer has failed to pay any of the Secured Moneys when due or is in default under any of the terms of this Agreement or a trust receipt relating to Goods or (iii) the Customer or any drawee or acceptor of a Document is unable or admits to being unable to pay its debts as they become due or is subject to any proceedings in or analogous to insolvency, bankruptcy, liquidation or if legal process is levied or enforced against any of its assets or (iv) any action is threatened or taken which might prejudice the Bank's interest in and rights against the Documents or the Goods or (v) the Bank considers it desirable to sell the Goods, the Bank shall be entitled in addition to any other rights it may have under any law or agreement, to enforce its hypothec, pledge and security interest and may, without demand, notice (other than notice under the Bank Act (Canada) where applicable), legal process or any other action with respect to the Customer or any other person, realize, sell, negotiate or otherwise dispose of all or some of the Documents and the Goods, at any time and in any way which it deems expedient, free from any restrictions and claims and without any obligation to advertise the sale or to sell at public auction and the Bank shall not be liable for any loss arising out of such realization, sale, negotiation or disposal.
- 6.04 The Customer hereby assigns to the Bank any rights which the Customers may have as the unpaid seller of Goods.
- 6.05 The Customer shall be in default hereunder by the mere lapse of time to perform any obligations without any further notice or demand.
- 6.06 The Customer hereby waives all rights to receive a copy of any financing statement, financing change statement or verification statement filed at any time or from time to time in respect of the security interests granted by the Customer to the Bank herein.

7. RELEASE OF PLEDGED GOODS

If Documents or Goods are released to the Customer or to its order, they shall be held by the Customer exclusively for the purpose of their sale or other disposition approved by the Bank on normal trade terms at market value and, in such event (whether or not a trust receipt is signed on delivery), the Documents, Goods and the proceeds shall be held as depositary and in trust for the Bank and solely to its order. All such proceeds shall be kept separate, shall be paid to the Bank immediately upon receipt and the Bank is authorized to demand and receive such proceeds from any person.

8. UNDERTAKINGS

- 8.01 The Customer undertakes that:
- (a) the Documents and the Goods shall be owned by the Customer, free from encumbrances and claims, except for the hypothec, pledge and security interest in favour of the Bank;
 - (b) it will insure the Goods for their full value against all insurable risks in such manner as the Bank may require and, if so requested by the Bank, will arrange for the Bank's interest in the Goods to be endorsed on the relevant policy and direct the insurer to make payment direct to the Bank in respect of any damage or loss;
 - (c) it will make payment to the Bank of all insurance proceeds received by it in respect of Goods and, pending payment, will hold such proceeds as depositary and in trust for the Bank;

- (d) it will endorse the Documents in favour of the Bank, deposit the Documents with the Bank or to its order and note in its records the interest of the Bank in the Documents and the Goods;
- (e) it will pay all costs of and incidental to the transportation and storage of the Goods;
- (f) it will inform the Bank of any event of which it becomes aware which can adversely affect the ability of a buyer to complete the purchase of Goods;
- (g) it will procure the prompt release of the Bank from any guarantee, indemnity or other commitment which the Bank may have provided in respect of Documents and Goods;
- (h) it will not nor attempt to encumber, transfer, sell, dispose of or otherwise deal with the Documents or the Goods except as directed by or with the prior written consent of the Bank;
- (i) it will keep the Goods separate from any other property of the Customer or other persons;
- (j) it will not permit Goods to be processed or altered without the prior written consent of the Bank;
- (k) it will not take any action which might prejudice the value of the Goods or the effectiveness of the hypothec, pledge and security interest and this Agreement;
- (l) it shall defend the Documents, the Goods and any insurance proceeds relating thereto, against all claims and demands in respect thereof made by persons other than the Bank; and
- (m) it will provide prior written notice to the Bank of any change in its principal place of business and the location of the office where it keeps its records respecting the Documents and the Goods.

8.02 The Customer undertakes that, at the request of the Bank, it will:

- (a) provide the Bank with such information concerning the Documents and the Goods and any proposed sale of Goods as the Bank may require;
- (b) keep the Bank informed of the whereabouts of the Goods and of any change in the condition, quality or quantity of the Goods;
- (c) execute such documents and perform such acts as the Bank may consider expedient in connection with the exercise of its powers and rights under this Agreement; and
- (d) execute and deliver all such financing statements and other documents to better evidence or perfect the hypothec, pledge and security interest granted hereby and the Customer hereby constitutes and appoints the Bank the true and lawful attorney of the Customer, with full power of substitution, to do the same in the name of the Customer whenever and wherever the Bank may consider it to be necessary or expedient.

9. AUTHORIZATIONS

The Customer authorizes the Bank:

- (a) to appoint any other person as its correspondent, nominee or agent in connection with the Facilities and the Bank may delegate any of its powers under this Agreement to such person;
- (b) to take such steps and to make such payments as it considers necessary, at the cost of the Customer, to remedy any default by the Customer in compliance with any of its obligations under this Agreement;
- (c) to land and store Goods and to arrange for their shipment and to inspect the Goods at any time;
- (d) to notify any other person of its interest in the Documents and the Goods;
- (e) to make payment immediately when due or on demand under any Documentary Credit, guarantee, indemnity or other commitment which the Bank may have provided in respect of Documents or Goods without reference to or further authority from the Customer or any other person, without enquiry as to the validity or otherwise of any document, claim or demand (irrespective of any dispute by the Customer) and payment by the Bank shall be binding on the Customer; and
- (f) to make any amendments to the Documents on behalf of the Customer in the event of its default.

10. DEBITING CUSTOMER'S ACCOUNT

The Bank may charge all amounts payable to the Bank pursuant to the provisions hereof or any facility to any account or accounts the Customer maintains with the Bank.

11. LIMITATION ON LIABILITY AND INDEMNITY

- 11.01 The Bank shall not be liable to the Customer or any other person for any act, delay or failure to act, on the part of the Bank or any other person, in respect of the Documents or the Goods, any transaction or payment messages or other information or communication or any request from the Customer, or otherwise for the condition, quantity or value of the Goods unless due to the gross negligence or wilful default of the Bank, its officers or employees. In no event shall the Bank be liable or responsible for any consequential, indirect, special, punitive or exemplary damages whether arising out of contract, tort, fundamental breach or arising at law, in equity or otherwise and even if the Bank was informed of the possibility of such damages.
- 11.02 The Customer shall indemnify and hold harmless the Bank, its officers, employees and agents from and against all liabilities, claims, damages, demands, actions, costs and expenses of any nature or kind and howsoever arising which are or may be incurred, sustained, suffered or asserted against the Bank or its directors, officers, employees or agents in connection with any Documentary Credit, any drawing under a Documentary Credit, any Documents or Goods or the exercise, or failure to exercise, any powers or rights of the Bank under any Documentary Credit, Facility or this Agreement.

12. CUSTOMER'S INSTRUCTIONS

- 12.01 The Bank is authorized to act on the instructions of the Authorized Person(s) concerning the Facilities, the Documents and the Goods.
- 12.02 The Bank is authorized to accept, act and rely and treat as valid, all instructions believed by it to have been given by the Customer or Authorized Person(s) to the Bank in any way, including, without limitation, by way of electronic, reprographic, computerized or automated system, HSBCnet or

other electronic banking service, or by email telex, facsimile, telecopier or cable and is under no obligation to inquire as to the authorization or validity of such instruction. If the Bank acts in good faith on such instructions, such instructions shall be binding on the Customer and the Bank shall not be liable for doing so, whether or not the instructions were given by the Customer or Authorized Person(s) and the Bank shall not be under any duty to verify the identity of the person(s) giving those instructions.

- 12.03 If the Customer instructs the Bank to permit a beneficiary under a Documentary Credit to demand or provide instructions or notice to the Bank by way of electronic, reprographic, computerized or automated system, or by email, telex, facsimile, telecopier or cable (herein after referred to as an "Electronic Instruction"), without delivery of an original signature of the beneficiary, the Customer waives all claims against the Bank and will indemnify, defend, protect the Bank and hold the Bank harmless from and against any and all Losses arising out of or in any way connected directly or indirectly with any alleged or unauthorized Electronic Instruction by the beneficiary of the Documentary Credit, whether or not the Electronic Instruction emanated from the beneficiary or was authorized by the beneficiary. For greater certainty, the Bank will not be liable to the Customer and will be fully indemnified by the Customer for making payment pursuant to a Credit, even if the Electronic Instruction emanates from unauthorized individual.

13. PAYMENTS

- 13.01 Payments by the Customer shall be made to the Bank as specified by the Bank without any set-off, counterclaim, withholding or condition of any kind except that, if the Customer is compelled by law to make such withholding, the sum payable by the Customer shall be increased so that the amount actually received by the Bank is the amount it would have received if there had been no withholding.
- 13.02 Payment by the Customer to the Bank shall be in the currency of the relevant liability or, if the Bank so agrees in writing, in a different currency, in which case the conversion to that different currency shall be made at the Exchange Rate.
- 13.03 No payment to the Bank under this Agreement pursuant to any judgment, court order or otherwise shall discharge the obligation of the Customer in respect of which it was made unless and until payment in full has been received in the currency in which it is payable under this Agreement and, to the extent that the amount of any such payment shall, on actual conversion into such currency, at the Exchange Rate, fall short of the amount of the obligation, expressed in that currency, the Customer shall be liable for the shortfall.
- 13.04 Any moneys paid to the Bank in respect of the Secured Moneys may be applied in or towards satisfaction of the same or placed to the credit of such account as the Bank may determine with a view to preserving its rights to prove for the whole of the Secured Moneys.
- 13.05 If any moneys paid to the Bank in respect of the Secured Moneys are required to be repaid by virtue of any law relating to insolvency, bankruptcy or liquidation or for any other reason, the Bank shall be entitled to enforce this Agreement as if such moneys had not been paid.

14. SET-OFF

The Bank may, at any time and without notice, apply any credit balance to which the Customer is entitled on any account with the Bank in or towards satisfaction of the Secured Moneys. For this purpose, the Bank is authorized to purchase, at the Exchange Rate, such other currencies as may be necessary to effect such application with the moneys standing to the credit of such account.

15. LIEN

The Bank is authorized to exercise a lien over all property of the Customer coming into the possession or control of the Bank, for custody or any other reason and whether or not in the ordinary course of banking business, with power for the Bank to sell such property to satisfy the Secured Moneys.

16. APPLICATION AND BENEFIT

This Agreement shall be binding on the Customer and the Bank and their respective heirs, executors, administrators, successors and assigns.

17. COMPLIANCE WITH LAWS AND SANCTIONS

The Customer represents that any required import or export licenses applicable to each Documentary Credit have been obtained and certifies its compliance in all material respects with foreign and domestic laws and regulations pertaining to the Documentary Credit, the Goods and the subject matter of the Documentary Credit including, if applicable, the shipment and financing of the Goods described in the Documentary Credit

The Customer acknowledges that it is the Bank's policy to comply with all relevant laws and regulations, including anti-terrorism, anti-money laundering and sanction laws and regulations including, without limitation, those sanctions issued by the government of Canada, the United Nations, the government of the United States and the US Office of Foreign Asset Control.

The Customer acknowledges that the Bank may, in its sole discretion, refuse to issue, pay, renew, extend or transfer a Documentary Credit in connection with any countries, governments, entities or persons that are subject to restrictions, sanctions or limitations imposed by domestic or foreign laws, the Bank or HSBC Holdings plc, or its subsidiaries (together, "HSBC Group") and that the Bank has the right, without prior notice to the Customer, to reject, refuse to pay any demand, or not process any transaction or instruction that does not conform with any such restrictions, sanctions, or limitations.

The Bank may take, and may instruct other members of the HSBC Group to take, any action which it, in its sole discretion, considers appropriate to act in accordance with all such domestic and foreign laws and regulations. Such action may include but is not limited to: the interception and investigation of any payment messages, instructions or other information sent to the Customer or on its behalf; or making further enquiries as to whether a name which might refer to a sanctioned person or entity actually refers to that person or entity. Neither HSBC nor any member of the HSBC Group will be liable for any loss or damage suffered by any party arising out of any delay or failure by the Bank or any HSBC Group member in performing any of its duties under this Agreement or other obligations caused in whole or in part by any steps which the Bank, in its sole and absolute discretion, considers appropriate under applicable laws and regulations. The Bank will use reasonable commercial efforts to notify the Customer of the existence of such circumstances as soon as it is reasonable practicable.

18. NO OBLIGATION TO ISSUE DOCUMENTARY CREDIT

Nothing in this Agreement shall oblige the Bank to issue any Documentary Credit at the request of the Customer.

19. RIGHTS ARE CUMULATIVE

The rights, remedies and powers of the Bank under this Agreement are cumulative and not alternative and are not in substitution for any other remedies, rights or powers of the Bank and the security provided hereby is in addition to and without prejudice to any other security of any kind which the Bank may hold at any time for the account of the Customer.

20. NO WAIVER

No act or omission by the Bank pursuant to this Agreement shall affect its rights, powers and remedies hereunder or any further or other exercise of such rights, powers or remedies.

21. ASSIGNMENT

The Customer may not assign or transfer any of its rights or obligations under this Agreement. The Bank may assign any of its rights to a person in whose favour it has made an assignment of all or any of the Facilities.

22. COMMUNICATION

Any notice, demand or other communication under this Agreement shall be in writing addressed to the Customer at the last address registered with the Bank and addressed to the Bank at its office specified in the Schedule or such other address as the Bank may notify to the Customer for this purpose and may be delivered personally, by leaving it at such address, by post, facsimile transmission or telex and shall be deemed to have been delivered to the Customer at the time of personal delivery or on leaving it at such address or on the second day following the day of posting or on the day of dispatch, if sent by facsimile transmission or telex, and to the Bank on the day of actual receipt.

23. SEVERABILITY

Each of the provisions of this Agreement is severable and distinct from the others and, if one or more of such provisions is or becomes illegal, invalid or unenforceable, the remaining provisions shall not be affected in any way.

24. LANGUAGE

The Customer has expressly requested that this Agreement and any related documents be drafted in English. Le client a demandé expressément que la présente convention et tous les documents qui s'y rapportent soient rédigés en anglais.

25. JOINT AND SEVERAL LIABILITY

If this Agreement is signed by more than one Customer, the liabilities of the Customers hereunder shall be joint and several and the term "Customer" shall be deemed to be a joint and several reference to each and all of the Customers.

26. GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the Province where the Customer maintains its account with the Bank (the "Applicable Jurisdiction"). If the Customer maintains accounts in more than one Province or there is more than one Customer, the Applicable Jurisdiction shall be the Province of Ontario. The Customer hereby attorns to the non-exclusive jurisdiction of the Courts of the Applicable Jurisdiction. If the Customer does not maintain accounts with the Bank, the Applicable Jurisdiction will be the Province of Ontario.

27. EXECUTION

This Agreement has been entered into by the Customer and the Bank on April 10, 2015.

Schedule

Bank's Office 70 York Street, Toronto, Ontario M5J 1S9

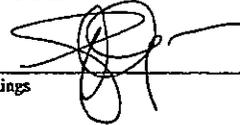
Customer Name 2460623 Ontario Inc.

Customer Address 594 Conestoga Blvd, Cambridge, Ontario, N1R 7P9

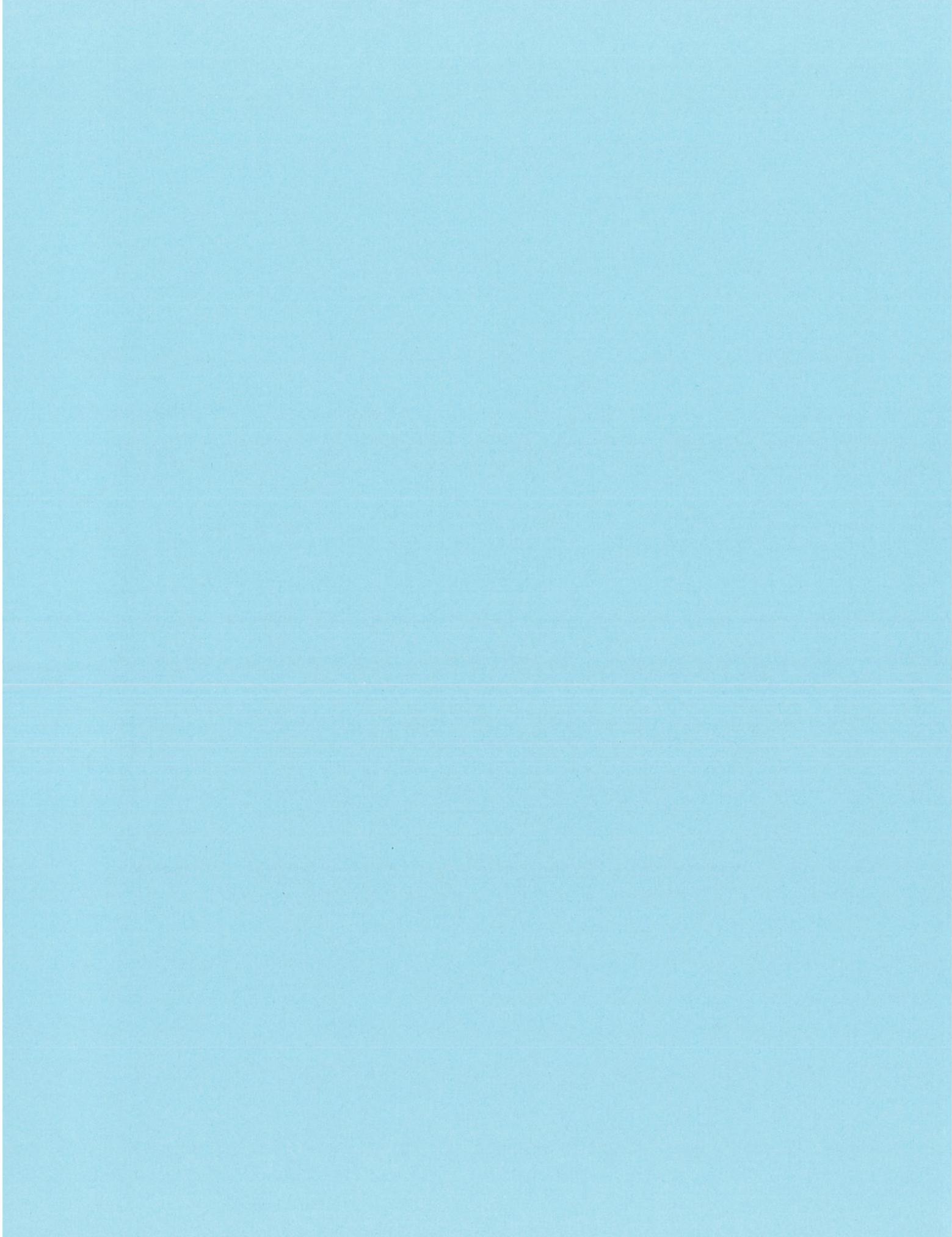
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2460623 ONTARIO INC.

By: _____
Name: Greg Collings
Title: Secretary

A handwritten signature in black ink, appearing to be 'Greg Collings', written over a horizontal line. The signature is somewhat stylized and scribbled.

I have authority to bind the Corporation.



INDEMNITY

To:	HSBC Bank Canada 70 York Street Toronto, Ontario M5J 1S9 <i>(Branch Address)</i>
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In consideration of **HSBC Bank Canada** (herein called the "Bank") issuing, at the request of 2460623 Ontario Inc. (herein called the "Undersigned"), a letter or letters of credit or letter or letters of indemnity or bond of indemnity or letter or letters of guarantee, in the form attached hereto (any one of which is hereinafter referred to as a "Letter of Guarantee"), in favour of _____ from time to time, the Undersigned hereby unconditionally and irrevocably agrees:

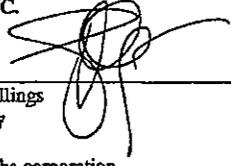
1. To indemnify and save the Bank harmless against all actions, losses, costs, charges, damages, expenses, liabilities, claims and demands of whatsoever nature, which the Bank may incur or sustain by reason of or in connection with such Letter of Guarantee, other than loss or damage resulting from the gross negligence or wilful misconduct of the Bank.
2. To pay to the Bank, forthwith on demand, each amount drawn and/or claimed under such Letter of Guarantee, and to pay to the Bank, on demand, interest on such amount from the date of such draw or claim to the date of payment by the Undersigned at a rate equal to the prime commercial lending rate of interest of the Bank as established and recorded from time to time, plus 1.5% per cent per annum, calculated and payable monthly both before and after demand on the last day of each month. The Undersigned agrees that the aforesaid prime commercial lending rate of the Bank from time to time shall be conclusively evidenced by a certificate of any manager or account manager of the branch of the Bank set out above, or any other authorized officer of the Bank.
3. To also pay to the Bank at the time of issuance of such Letter of Guarantee a fee of 2.0% per cent per annum calculated against the face amount of such Letter of Guarantee and over the term thereof.
4. The Bank is authorized to debit any account or accounts of the Undersigned at the Bank with any amount which is payable hereunder, without any demand being made therefor, and the Bank may create an overdraft in such account or accounts if there is an insufficient credit balance to cover such debit entry.
5. The Bank is authorized and empowered by the Undersigned to pay immediately any amounts demanded from the Bank for which the Bank from time to time becomes liable to pay under or by reason of any Letter of Guarantee without any reference to or further authority from the Undersigned and without being under any duty to enquire whether any claims or demands on the Bank have been properly made, notwithstanding that the validity of any such claim or demand, or the amount thereof, may be in dispute.
6. The Undersigned agrees to accept any claim or demand on the Bank as conclusive evidence that the Bank was liable to make payment thereunder and any payment made pursuant to such claim or demand which purports to be in accordance with any Letter of Guarantee or any steps taken by the Bank in good faith under or in connection with a Letter of Guarantee, shall be binding upon the Undersigned and shall not place the Bank under any liability to the Undersigned.
7. The Bank assumes no liability or responsibility for the form, sufficiency, correctness, genuineness or legal effect of any documents, or for the good faith or acts of the holder of any Letter of Guarantee.
8. If the time for payment under the Letter of Guarantee be extended and/or the Letter of Guarantee is renewed, and/or the amount thereof be increased, and/or any of the terms and conditions be altered, whether upon the application of the Undersigned, or otherwise, it is agreed that all the terms of this Indemnity shall nonetheless remain in full force and effect.
9. The rights and powers conferred by this Indemnity are in addition to and without prejudice to any other rights which the Bank may now have or hereafter acquire from the Undersigned.
10. In the event the Undersigned breaches any of the terms of this Indemnity or there is a default under any security granted by the Undersigned to the Bank, the Undersigned shall, forthwith on demand by the Bank, deposit with the Bank an amount equal to the aggregate face amount of each Letter of Guarantee issued by the Bank and then outstanding, which amount shall be held by the Bank as cash collateral security for the obligations of the Undersigned hereunder. All moneys so deposited will be invested and reinvested by the Bank in 30 day term deposits at the Bank's prevailing rate, with the interest earned being paid to the Undersigned at the end of each such term. Should a demand for payment be made under any such Letter of Guarantee, the Bank shall be at liberty to apply the amount so deposited with the Bank in satisfaction of the obligations of the Undersigned hereunder.

11. The Undersigned shall pay all reasonable legal fees and disbursements of the Bank in respect of this Indemnity and each Letter of Guarantee and the enforcement or preservations of the Bank's rights and remedies.
12. Time shall be of the essence of this Indemnity.
13. Where this Indemnity is signed by more than one person, the expression "the Undersigned" shall be construed as referring to each such person individually and to any one or more of such persons collectively, and the agreements, undertakings, obligations and liabilities of the Undersigned herein contained are joint and several and shall be construed accordingly, and none of the Undersigned shall be entitled to any rights or remedies, legal or equitable, of a surety as regards the indebtedness, obligations or liabilities of any other of the Undersigned.
14. The Undersigned agrees and consents to be bound by this Indemnity, notwithstanding that any others who are intended to sign or be bound by these presents may not do so or may not be effectually bound hereby, and notwithstanding that this Indemnity may be invalid or unenforceable against any one or more of the Undersigned, whether or not the deficiency is known to the Bank.
15. This Indemnity shall be governed by and be construed in accordance with the laws of the Province of Ontario
_____, which shall be deemed to be the proper law hereof.
16. If any one or more provisions of this Indemnity or any part thereof shall be declared or adjudged to be illegal, invalid or unenforceable under any applicable law, such illegality, invalidity or unenforceability shall not vitiate any other provision of this Indemnity, which shall remain in full force, validity and effect.
17. The terms of this Indemnity shall enure to the benefit of the Bank and its successors and assigns and is binding upon the Undersigned, and the heirs, administrators, successors or assigns of the Undersigned.
18. It is the express wish of the parties that this agreement and any related documents be drawn up and executed in English. Les parties conviennent que la présente convention et tous les documents s'y rattachant soient rédigés et signés en anglais.

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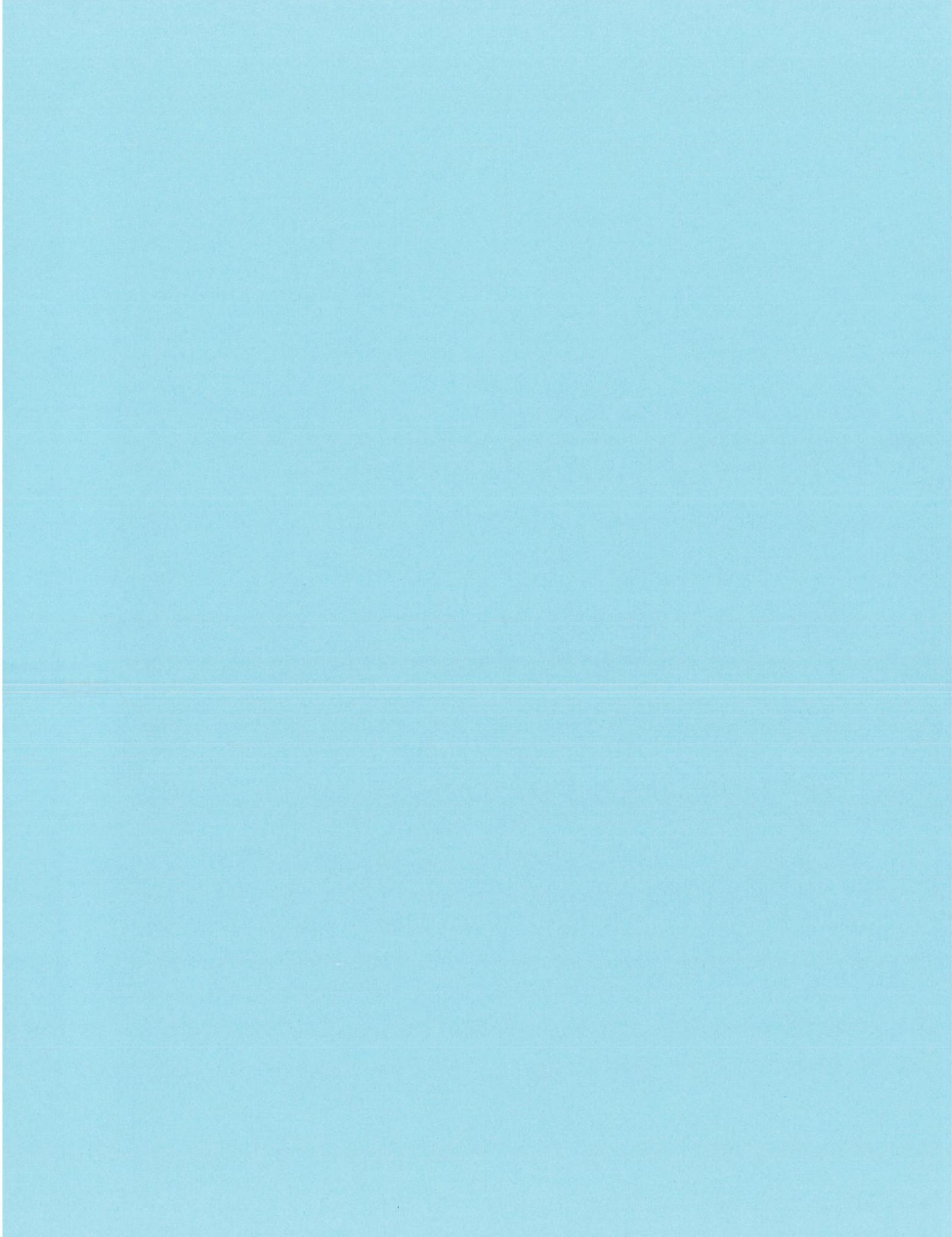
Dated at the Toronto, Ontario of the 10th day of April, 2015.

2460323 ONTARIO INC.

By: 

Name: Greg Collings
Title: Secretary

I have authority to bind the corporation.



Branch 70 York Street Toronto, Ontario M5J 1S9
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ASSIGNMENT OF MONEYS WHICH MAY BECOME PAYABLE UNDER INSURANCE POLICIES

Know all men by these presents that in consideration of the sum of \$1.00, the receipt whereof is hereby acknowledged, all sums of money which may become payable to the undersigned by virtue of policy(ies) No.(s) 8611164 and 8611165
dated April 10, 2015 issued by Zurich Insurance Company Ltd.
for \$ See attached certificate. respectively, are hereby transferred and assigned to HSBC Bank Canada (the "Bank")
and the Bank is hereby authorized to receive and give effectual receipts and discharges therefor.

And the said Insurance Company is hereby notified of the foregoing transfer and assignment and authorization.

Dated at Toronto, Ontario the 10th day of April, 2015.

[Remainder of page intentionally left blank]

To Customer:

2460623 ONTARIO INC.

Please sign and return both copies to the Bank.



(Seal)

(Signature of Customer)

Name: Greg Collings
Title: Secretary

The _____
(Name of Insurance Company)

consents to the above assignment which is recorded in the books of the Company.

To Insurance Company:

Please sign and return this copy, retaining duplicate.

(Seal)



Certificate of Insurance

No.: 2015-28-REV-1

Dated: April 29, 2015

This document supersedes any certificate previously issued under this number

This is to certify that the Policy(ies) of insurance listed below ("Policy" or "Policies") have been issued to the Named Insured identified below for the policy period(s) indicated. This certificate is issued as a matter of information only and confers no rights upon the Certificate Holder named below other than those provided by the Policy(ies).

Notwithstanding any requirement, term, or condition of any contract or any other document with respect to which this certificate may be issued or may pertain, the insurance afforded by the Policy(ies) is subject to all the terms, conditions, and exclusions of such Policy(ies). This certificate does not amend, extend, or alter the coverage afforded by the Policy(ies). Limits shown are intended to address contractual obligations of the Named Insured.

Limits may have been reduced since Policy effective date(s) as a result of a claim or claims.

Certificate Holder:

HSBC Bank Canada
70 York Street
Toronto, ON M5J 1S9

Named Insured and Address:

Innovative Steam Technologies Inc. and IST Boiler Components Inc.
549 Conestoga Blvd.
Cambridge, ON N1R 7P4

This certificate is issued regarding:

Evidence of Insurance

Type(s) of Insurance	Insurer(s)	Policy Number(s)	Effective/Expiry Dates	Sums Insured Or Limits of Liability	
COMMERCIAL GENERAL LIABILITY * Including Non-Owned Automobile Liability	Zurich Insurance Company Ltd	8611164	Apr 10, 2015 to Apr 10, 2016	Bodily Injury and Property Damage Liability	\$ 2,000,000 Each Occurrence
				Products & Completed Operations	\$ 2,000,000
				General Aggregate	\$ 10,000,000
UMBRELLA	Zurich Insurance Company Ltd	8611165	Apr 10, 2015 to Apr 10, 2016	Each Occurrence	\$ 13,000,000
				Products & Completed Operations Aggregate	\$ 13,000,000
				General Aggregate	\$ 13,000,000
PROPERTY - PRIMARY	Zurich Insurance Company Ltd	8611164	Apr 10, 2015 to Apr 10, 2016	Per Occurrence	\$ 50,267,000 Property of Every Description

Additional Information:

It is hereby understood and agreed that HSBC Bank Canada is added to the Commercial General Liability Policy as an Additional Insured, but only with respect to liability arising out of the operations of the Named Insured.

HSBC Bank Canada is added to the Property Policy as First Mortgagee and Loss Payee, subject to Standard Mortgage Clause as their interest may appear.

Notice of cancellation:

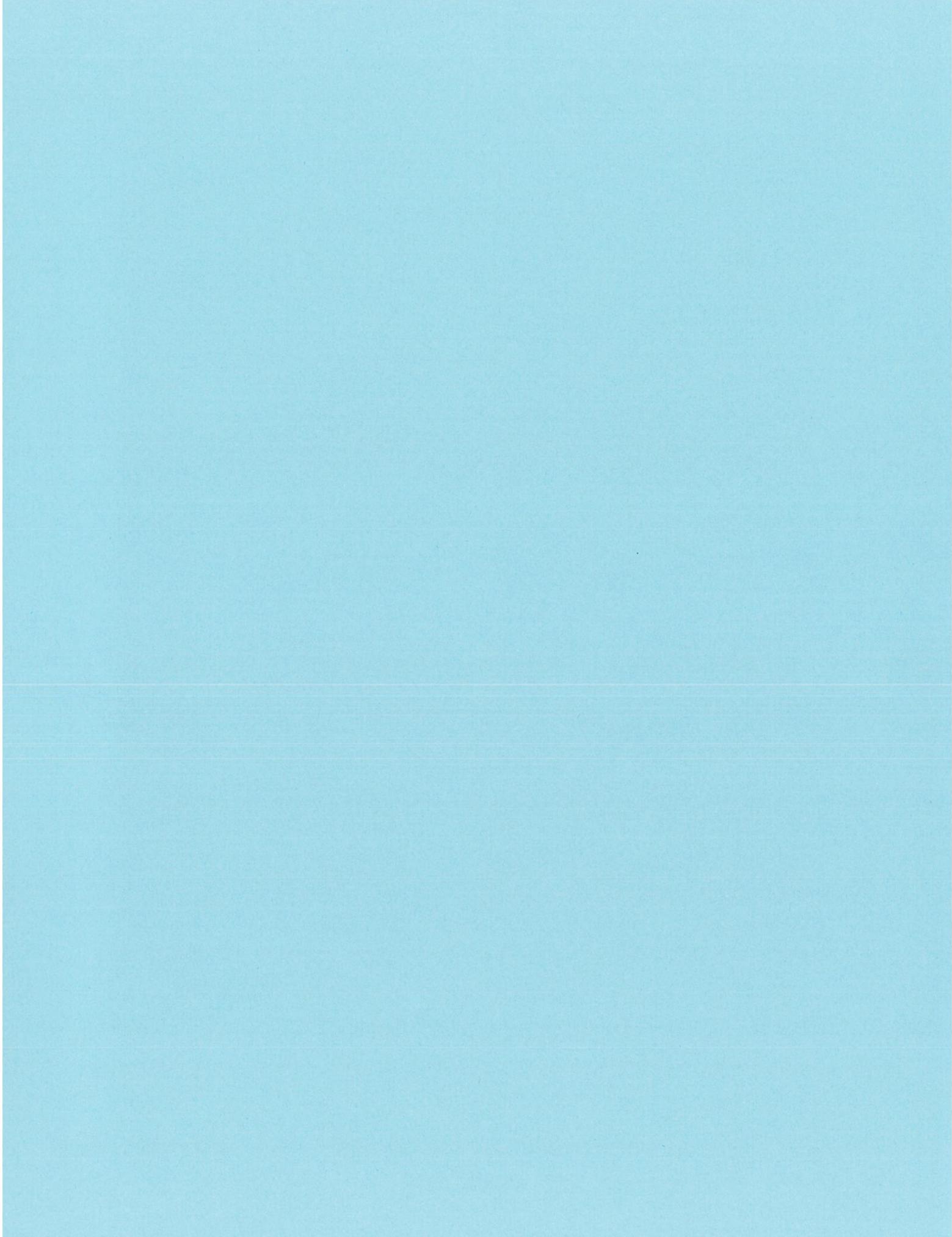
Should any of the policies described herein be cancelled before the expiration date thereof, the insurer(s) affording coverage will endeavour to mail 30 days written notice to the certificate holder named herein, but failure to mail such notice shall impose no obligation or liability of any kind upon the insurer(s) affording coverage, their agents or representatives, or the issuer of this certificate.

Marsh Canada Limited

120 Bremner Boulevard
Suite 800
Toronto, ON M5J 0A8
Telephone: 416-349-4496
Fax: 416-349-4513
joanne.n.korhammer@marsh.com

Marsh Canada Limited

By: Joanne Korhammer



AGREEMENT FOR FOREIGN EXCHANGE CONTRACTS

<p>HSBC Bank Canada</p> <p>Branch Address 70 York Street Toronto, ON M5J 1S9</p> <p><i>(Branch Address)</i></p>	<p>Date April <u>10</u>, 2015</p>
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In exchange for HSBC Bank Canada ("we", "our" or "us") entering into forward exchange contracts ("Contracts") with you for the purchase and/or sale of foreign currency at a specified future date (the "Delivery Date"), you agree as follows:

1. In this Agreement,

"Authorized Individual" means an Authorized Signatory as specified in your most recent HSBC Certified Copy of Resolutions and Banking Certificate, and any individual listed in schedule 1 to this Agreement.

"Business day" means, unless otherwise specified by us in writing, any day other than a Saturday or Sunday on which commercial banks in Toronto, Ontario, Canada, effect deliveries of currency and are not authorized or required by law to close.

"Commercial Account Operating Agreement" means the agreement governing the provision of our banking services to you.

"HSBC Certified Copy of Resolutions and Banking Certificate" means the certified resolutions and banking certificate most recently delivered by you and accepted by us.

"You" and "your" means the Organization (as set out in the HSBC Certified Copy of Resolutions and Banking Certificate), all Authorized Signatories, and if the Organization is a general partnership, limited partnership, limited liability partnership or joint venture, includes every partner, general partner, or joint venture participant, respectively, of the Organization.

Any term not defined in this Agreement will have the meaning given to it in the Commercial Account Operating Agreement and in the relevant Confirmation.

- This agreement ("Agreement"), the Confirmation for each Contract, and the Commercial Account Operating Agreement, all as amended, together form the agreement between the parties and together constitute a single agreement between the parties. If the terms of the Confirmation or the Commercial Account Operating Agreement conflict with this Agreement or the Confirmation, the terms of this Agreement and Confirmation will prevail in regards to any foreign exchange transaction. If the terms of this Agreement conflict with the Confirmation, the terms of the Confirmation will prevail for the relevant transaction.
- Upon receiving an oral or written request from your Authorized Individual for a Contract, we will send you a written confirmation (the "Confirmation") of the amount of foreign currency to be purchased or sold, the price payable, the exchange rate applicable, and the Delivery Date. "Written" requests and Confirmations may be sent by fax or other electronic means from which a hardcopy may be produced or through use of a System. Upon receipt of the Confirmation, your Authorized Individual will immediately sign and return a copy to us. The failure to issue a Confirmation or return a signed copy does not prejudice or invalidate the terms of a Contract. You agree that we may act and rely on Electronic Instructions from you even where Security Codes are not used in providing the instructions.
- The terms of the Confirmation are deemed to be correct and accepted unless there is manifest error or unless a party sends a corrected Confirmation to the other party within three (3) business days of receiving the Confirmation (or such shorter period as appropriate given the Delivery Date). The recipient has three (3) business days from receipt of the corrected Confirmation (or such shorter period as appropriate) to object to the terms of the corrected Confirmation.
- Delivery of the foreign currencies are to be made to the place specified in the Confirmation, and, unless otherwise specified in the Confirmation, are to be made by wire transfer effective on the Delivery Date. Our obligation to make delivery or payment is contingent on delivery or payment first having been made by you, unless we agree otherwise. The Delivery Date must be a business day.
- If, on any Delivery Date, more than one delivery of a particular currency under a Contract(s) is to be made between our respective settlement netting offices, then each party will aggregate the amounts of such currency deliverable by it through its settlement netting

office and only the difference between these aggregate amounts is to be delivered by the party owing the larger aggregate amount to the other party. If the aggregate amounts are equal, no delivery of the currency is to be made.

7. You represent and warrant that throughout the term of this Agreement:
 - (a) You have duly executed, and have all requisite power, authority and approvals to enter into and to perform your obligations under this Agreement and each Contract;
 - (b) The Agreement and each Contract are binding upon and enforceable against you in accordance with their terms (subject to applicable bankruptcy, reorganization, insolvency or similar laws affecting creditor's rights generally and applicable principles of equity) and the execution and implementation of this Agreement and any Contract by you will not cause you to violate or contravene any law, regulation or court or governmental order by which you are bound or to which you are subject;
 - (c) No Event of Default, as defined in paragraph 9, or event which, with notice or lapse of time or both, would constitute an Event of Default, has occurred and is continuing with respect to you;
 - (d) You act as principal, and not as agent or in any other capacity, fiduciary or otherwise, in entering into each and every Contract;
 - (e) You are not relying upon our advice (whether written or oral) and will make your own decision regarding the entering into of any Contract based upon your own judgement and upon advice from such professional advisors as you deem necessary to consult;
 - (f) You understand the terms, conditions and risks of each Contract and are willing to assume (financially and otherwise) those risks; and
 - (g) If you enter into a Contract through a settlement netting office other than your head or home office, notwithstanding the place of booking office or your jurisdiction of incorporation or organization, your obligations are the same as if you had entered into the transaction through your head or home office. This representation will be deemed to be repeated on each date on which a Contract is entered into.
8. Throughout the term of this Agreement:
 - (a) You will, at all times, obtain and comply with the terms of, and do all that is necessary to maintain in full force and effect, all authorizations, approvals, licenses and consents required to enable you to lawfully perform your obligations under the Agreement and each Contract; and
 - (b) You will notify us promptly if an Event of Default has occurred.
9. It is an event of default ("Event of Default") under this Agreement if you:
 - (a) Fail, when due, to make any payment required of you under this Agreement or any Contract; materially breach your obligations under this Agreement, any Contract, or the Commercial Account Operating Agreement; fail to fulfil any obligations you may have to us (whether under this Agreement, any Contract, or otherwise); or if any of your representations or warranties, is or becomes incorrect, misleading or untrue and such default is not cured within one (1) business day after written notice of the default is sent by us; or
 - (b) Repudiate any of your obligations under this Agreement, any Contract or the Commercial Account Operating Agreement or failure by you or your guarantor to perform any of your respective obligations under a credit support document with us; or
 - (c) Commence, as debtor, any case or proceeding in bankruptcy, insolvency, reorganization, liquidation, dissolution or similar laws ("Insolvency Proceeding"); or request the appointment of a receiver, liquidator, trustee, custodian or similar official for yourself or any substantial portion of your property; or an Insolvency Proceeding has been commenced against you by any other person and such Insolvency Proceeding (i) is consented to or not contested by you in a timely manner, (ii) results in an order for winding-up, liquidation, reorganization or other similar relief, or (iii) is not dismissed within fifteen (15) calendar days; or make a general assignment for the benefit of creditors; or are otherwise unable to pay your debts as they become due.
10. The "Close-Out Date", means any date we designate provided it is not more than 20 days from:
 - (a) In relation to an Event of Default referred to in subparagraph 9(a), the business day immediately following the expiry of the notice period set out in subparagraph 9(a), and
 - (b) In relation to an Event of Default referred to in subparagraphs 9(b) and 9(c), the date on which the Contract is closed out.
11. Once an Event of Default occurs, we will no longer be obligated to fulfil any existing Contracts or to enter into any further Contracts and may, in our absolute discretion, purchase or sell on the foreign exchange market at the then current ("spot") exchange rate, the principal amount of the foreign currency which you have agreed to sell or purchase under a Contract, or enter into an offsetting contract in order to prevent any further effect on us of any variation in the exchange rate during the balance of the period ending on the Delivery Date.

12. If an Event of Default has occurred and is continuing, we will further have the right to terminate all, but not less than all, outstanding Contracts, so that they are cancelled immediately, except to the extent that in our good faith opinion, certain of such Contracts may not be terminated by applicable law. Such close-out shall be effective upon receipt by you of notice that we are terminating such Contracts. Notwithstanding the foregoing, in the event of an Event of Default referred to in subparagraph 9(c), termination shall be automatic as to all outstanding Contracts, as of the time immediately preceding the institution of the relevant Insolvency Proceeding. We will have the right to liquidate all terminated Contracts as follows:
- (a) Calculating a "Closing Gain", or, as appropriate, the "Closing Loss" as follows:
 - (i) for each Contract calculate a "Close-Out Amount" as follows:
 - A. in the case of a Contract whose Delivery Date is the same as or is later than the Close-Out Date, the amount of currency which was to be delivered under such Contract; or
 - B. in the case of a Contract whose Delivery Date precedes the Close-Out Date, the amount of currency which was to be delivered under such Contract increased, to the extent permitted by applicable law, by adding interest thereto from and including the Delivery Date to but excluding the Close-Out Date at our prime commercial lending rate of interest from time to time; and
 - C. for each such amount in a currency other than the base currency described in Schedule 2 (the "Base Currency"), convert such amount into the Base Currency at the exchange rate at which, at the time of the calculation, we can buy such Base Currency with or against the currency to be delivered under the relevant Contract; and
 - (ii) determine in relation to each Delivery Date: (1) the sum of all Close-Out Amounts which we would otherwise have been entitled to receive from you ("Payments to Us"); and (2) the sum of all Close-Out Amounts which we would otherwise have been obliged to deliver to you ("Payments to You"); and
 - (iii) if the Payments to Us are greater than the Payments to You, the difference shall be the Closing Gain for such Delivery Date; if the Payments to Us are less than the Payments to You, the difference shall be the Closing Loss for such Delivery Date.
 - (b) To the extent permitted by applicable law, we will adjust the Closing Gain or Closing Loss for each Delivery Date falling after the Close-Out Date to present value by discounting the Closing Gain or Closing Loss from and including the Delivery Date to but excluding the Close-Out Date, at LIBOR for the Base Currency as at the Close-Out Date or at such other rate as may be prescribed by applicable law. "LIBOR" means the average rate at which deposits in a currency for the relevant amount and time period are offered by major banks in the London interbank market as of 11:00 a.m. (London time) on such date, or, if major banks do not offer deposits in such currency in the London market on such date, the average rate at which deposits in the currency for the relevant amount and time period are offered by major banks in the relevant foreign exchange market at such time on such date as may be determined by the party making the determination.
 - (c) We will aggregate the following amounts so that all such amounts are netted into a single liquidated amount payable to or by us: (x) the sum of the Closing Gains for all Delivery Dates discounted to present value, where appropriate, in accordance with the provisions of subparagraph 12(b) (which for the purposes of the aggregation shall be a positive figure); and (y) the sum of the Closing Losses for all Delivery Dates discounted to present value, where appropriate, in accordance with subparagraph 12(b) (which for the purposes of the aggregation shall be a negative figure). Each party's obligation to make such payment will be automatically satisfied, discharged and replaced by an obligation upon the party by whom the larger payment would have been payable to pay the other party the excess of the larger aggregate amount over the smaller aggregate amount.
 - (d) If the resulting net amount is positive, it will be payable by you to us, and if it is negative, then the absolute value of such amount will be payable by us to you, subject to the right of set-off provided for in this Agreement.
13. It is acknowledged that we, as a matter of practice, will be entering into a corresponding contract with respect to each Contract in order to have on hand the foreign currency to be sold, or to dispose of the foreign currency to be purchased, from you on the Delivery Date, as applicable. Accordingly, if you fail to complete the Contract, we will suffer a loss directly proportionate to the amount, if any, by which the exchange rate declines between the date of the Confirmation and the Delivery Date or earlier date of sale of the foreign currency being sold by us under the Contract, or will suffer a loss directly proportionate to the amount, if any, by which the exchange rate increases between the date of the Confirmation and the Delivery Date or earlier date of purchase of the foreign currency being purchased by us under the Contract.
14. You further agree to reimburse and indemnify us, immediately on demand, for all losses (including those set out in paragraph 13), costs, damages, claims, suits, demands and liabilities suffered or incurred by us including any premiums, commissions and solicitor and own client legal fees or other fees paid by us in connection with this Agreement or a Contract. You will also pay to us, on demand, interest on the amount of such losses, costs and expenses calculated and payable monthly from demand date until payment in full at three percent (3%) above our prime commercial lending rate of interest from time to time and will pay interest at the same rate on unpaid interest.
15. In addition to, and not in substitution for, any other rights that we may have, we are expressly authorized to charge, set-off or effect compensation against any of your accounts with us or any amounts we may owe you, any amounts which may be payable by you

hereunder, and in this regard to create an overdraft in such account(s) where insufficient credit balances exist. If for the purpose of charging, setting-off or effecting compensation, or for any other purpose hereunder, it is necessary to convert one currency into another, we will apply our exchange rate in effect for the conversion of such currency.

16. In addition to the foregoing, you acknowledge and agree that in no case are we responsible for any damages, losses, costs or expenses suffered, incurred or sustained by you as a result of the Contracts, including, without limitation, exchange rate fluctuations, losses and losses of interest.
17. The parties agree that the amounts recoverable hereunder in an Event of Default are a reasonable pre-estimate of loss and not a penalty. Such amounts are payable for the loss of bargain and the loss of protection against future risks.
18. Unless otherwise specified in this Agreement, all notices, instructions, demands or other communications issued in connection with this Agreement will be in writing (which may be by fax or other electronic means from which a hardcopy may be produced) and will be deemed to have been given and received:
 - On the delivery day – if sent by personal delivery, fax or another form of electronic communication within the recipient's normal business hours on a business day,
 - On the next business day after the delivery day – if sent by personal delivery, fax or another form of electronic communication after the recipient's normal business hours on the delivery day,
 - On the third (3rd) business day after the mailing – if sent by mail.

In each case, delivery must be made to the addresses set out in Schedule 2. A party may unilaterally amend its address in Schedule 2 and the amendment will be effective upon delivery to the other party.
19. If any part of this Agreement is found to be unlawful, void, or for any reason unenforceable, then that provision will be deemed to be severable from the rest of the Agreement and will not affect the validity and enforceability of any remaining provisions.
20. Time is of the essence in the Agreement and each Contract.
21. Each party (a) consents to the monitoring or recording by the other party of any and all communications between trading, back-office and marketing personnel of the parties in connection with this Agreement or any potential Contract, (b) waives any further notice of such monitoring or recording, and (c) agrees to notify (and, if required by law, obtain the consent of) such personnel with respect to such monitoring or recording. The tape recordings may be submitted in evidence in any suit, action or other proceedings relating to this Agreement or any Contract and in the event of any dispute between the parties relating to this Agreement or a Contract, the parties may use such tape recordings as evidence of the terms and conditions of this Agreement or such Contract, despite any writing to the contrary. Neither party is obligated to maintain copies of such recordings and transcripts for the benefit of the other party.
22. No amendments, modification or waiver of this Agreement will be effective unless in writing executed by each of the parties; provided that the parties may agree in a Confirmation to amend the Agreement solely with respect to the Contract that is the subject of the Confirmation, and to amend Schedule 1 as per paragraph 18.
23. For the purpose of disclosure pursuant to the *Interest Act* (Canada), the yearly rate of interest to which any rate of interest payable under this Agreement which is to be calculated on any basis other than a full calendar year, may be determined by multiplying that rate by a fraction, the numerator of which is the number of days in the calendar year in which the period for which interest at such rate is payable and the denominator of which is the number of days comprising such other basis.
24. The parties agree that each Contract is an "eligible financial contract" as that term is defined in the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) and the *Winding up & Restructuring Act* (Canada).
25. If a party is prevented from, hindered or delayed by reason of force majeure in the delivery or receipt of any currency in respect of a Contract, or if it becomes, or in its good faith judgement believes it may become, unlawful for it to make or receive any payment in respect of a Contract, then that party shall promptly give notice to the other party and either party may, by notice, require the close-out and liquidation of each affected Contract in accordance with paragraph 12 and for such purpose, the party unaffected by the force majeure or illegality (or if both parties are affected, whichever party gave the relevant notice), shall perform the calculation required under paragraph 12 as if it were the non-defaulting party. "Force majeure" means the occurrence of a natural or man-made disaster, armed conflict, act of terrorism, labour disruption, act of state or government, or any other circumstance beyond the party's control.
26. No waiver by us of any breach of or Event of Default under this Agreement shall be deemed to be a waiver of any proceeding or subsequent breach or Event of Default.

27. It is the express wish of the parties that this Agreement and any related documents be drawn up and executed in English. Les parties conviennent que la présente convention et tous les documents s'y rattachant soient rédigés et signés en anglais.
28. This Agreement and all Contracts hereunder shall be governed by, and construed with, the laws of the Province of Ontario and the laws of Canada applicable therein without giving effect to principles of conflicts of law.
29. This Agreement shall govern any existing Contracts between the parties, superceding and replacing any existing agreements ("Prior Agreements") relating to such Contracts and such Prior Agreements shall have no further force and effect. For greater clarity, any Contracts entered into prior to the date of this Agreement, and the Confirmations related thereto, shall be governed by the terms of this Agreement and such Contracts and Confirmations shall continue to be valid and binding on the parties.

[Remainder of page intentionally left blank]

By signing this Agreement, you agree that you are bound by the terms found herein. You acknowledge having carefully read this Agreement and having had the opportunity to ask questions about the Agreement and obtain any advice from your professional advisors as you deemed necessary.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the 10th day of April, 2015.

Signature(s) (to be signed by your Authorized Signatories as per the banking resolutions)

2460623 ONTARIO INC.

Name of Organization

By:

Name: Greg Collings
Title: Secretary



(Signature Page – Agreement for Foreign Exchange Contracts – Acquireco)

**SCHEDULE 1
AUTHORIZED INDIVIDUALS**

The following are Authorized Individuals and are authorized to deal with you on our behalf in regards to the Agreement and any Confirmations:

- All Authorized Signatories specified in the latest most recent HSBC Certified Copy of Resolutions and Banking Certificate of yours accepted by us; and
- The following persons:

Name and Title (Print)	Signature
Chris Ritchie, Authorized Signatory	
Robert Dautovich, Authorized Signatory	 R. Dautovich

Date April 10, 2015
To be signed by Authorized Signatory(ies) specified in the banking resolutions.

Per: _____
Authorized Signatory

Per _____
Authorized Signatory

Greg Collings
(Print Name)

(Print Name)

This Schedule may be amended from time to time by you provided it is signed and dated by your Authorized Signatory(ies) as specified in the banking resolutions. Any amendment will be effective upon receipt and acceptance by us.

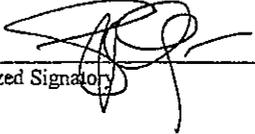
**SCHEDULE 1
AUTHORIZED INDIVIDUALS**

The following are Authorized Individuals and are authorized to deal with you on our behalf in regards to the Agreement and any Confirmations:

- All Authorized Signatories specified in the latest most recent HSBC Certified Copy of Resolutions and Banking Certificate of yours accepted by us; and
- The following persons:

Name and Title (Print)	Signature
Chris Ritchie, Authorized Signatory	
Robert Dautovich, Authorized Signatory	

Date April 10, 2015
To be signed by Authorized Signatory(ies) specified in the banking resolutions.

Per: 

 Authorized Signatory

 Greg Collings
 (Print Name)

Per _____
 Authorized Signatory

 (Print Name)

This Schedule may be amended from time to time by you provided it is signed and dated by your Authorized Signatory(ies) as specified in the banking resolutions. Any amendment will be effective upon receipt and acceptance by us.

SCHEDULE 2

BASE CURRENCY

The Base Currency for this Agreement shall be: Canadian

ADDRESSES

CUSTOMER

594 Conestoga Blvd

Address

Cambridge, ON

City, Province

N1R 7P9

Postal Code

Telephone

Fax

Email Address

HSBC BANK CANADA

70 York Street

Address

Toronto, ON

City, Province

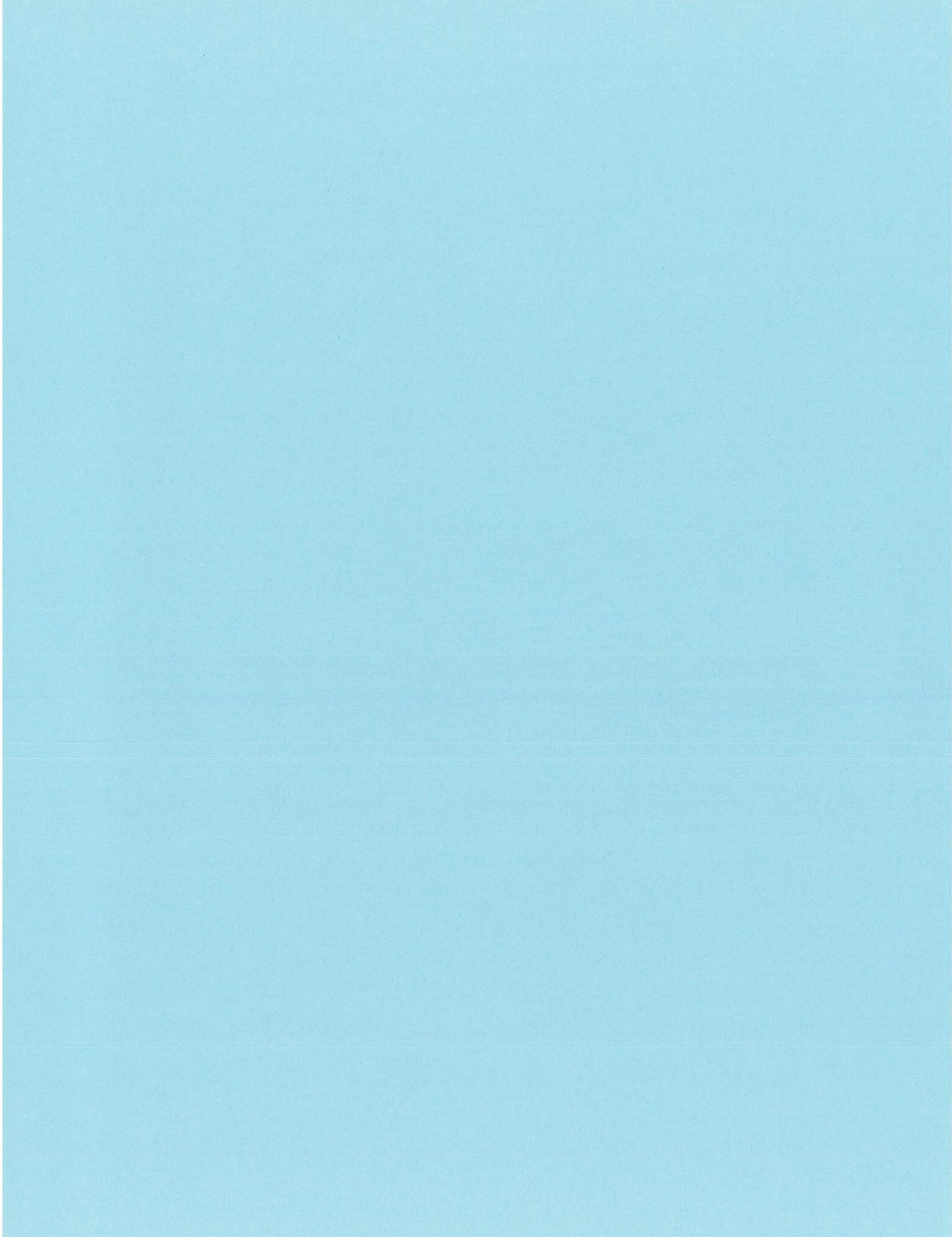
M5J 1S9

Postal Code

Telephone

Fax

Email Address



DEPOSITORY BILLS AGREEMENT – [Banker's Acceptances in Book-Based Environment for Electronic Settlement]

To: **HSBC Bank Canada**

70 York Street, Toronto, Ontario M5J 1S9

(Branch)

Whereas:

- A. The undersigned considers it necessary and beneficial to request that you hold a supply of your blank Depository Bill forms signed by the undersigned;
- B. The purpose of this procedure is to permit you to effect electronic settlement of completed Depository Bills as instructed from time to time by the undersigned;
- C. A supply of Depository Bill forms so executed, will be delivered to you from time to time to be held in safekeeping at your Toronto and Vancouver Branches until utilized;
- D. The undersigned has authorized you from time to time to complete these Depository Bill forms individually or otherwise and to credit the proceeds thereof to a demand deposit account of the undersigned after completion of electronic settlement;

In consideration of the premises and of your accepting Depository Bills drawn on you by the undersigned (each accepted Depository Bill is herein called a "Depository Bill" and two or more are herein called "Depository Bills") from time to time, the undersigned hereby acknowledges, covenants and agrees as follows:

1. The undersigned acknowledges that each Depository Bill will constitute a valid, binding and negotiable Depository Bill of the undersigned;
2. The undersigned will provide each Depository Bill by payment to you of the full amount thereof at your main office in the city where the Depository Bill is payable:
 - (i) at its maturity, or
 - (ii) prior to maturity upon your demand to us if:
 - (a) the undersigned suspends payment or becomes bankrupt or insolvent,
 - (b) if proceedings are taken against the undersigned for the appointment of a receiver or receiver-manager or liquidator,
 - (c) if the undersigned makes an assignment or compromise for the benefit of its creditors,
 - (d) if the undersigned defaults in any manner on any liability or obligation of whatever nature owed to the Bank,
 - (e) if any other indebtedness or liability of the undersigned is overdue and unpaid, or
 - (f) if, in your opinion, any other material adverse change, similar or dissimilar to the foregoing, in the financial condition of the undersigned occurs;

and the undersigned authorizes you to debit any account of the undersigned with the amount required to pay such Depository Bill or meet such demand, notwithstanding the fact that such Depository Bill may be held by you in your own right at maturity.

*Interest Rate
to be inserted
and initialled
by Customer*

3. Any amount debited by you under paragraph 2 hereof and not recovered out of such account or accounts shall be immediately payable by the undersigned to you together with interest thereon calculated and payable monthly at the rate of Prime plus 2.00 per annum from the date of maturity of the Depository Bill until the payment of said amount in full. "Prime" means the floating annual rate of interest established and recorded by HSBC Bank Canada from time to time as a reference rate for the purposes of determining rates of interest it will charge on loans denominated in Canadian dollars.
4. Any unpaid agreed standby or other charge, any interest payable hereunder, and any costs incurred by you as a result of the default of the undersigned hereunder shall at your discretion be added to the amount payable under paragraph 2 hereof and dealt with as provided herein.
5. All security at any time held by you for the fulfilment of any obligations of the undersigned to you shall be continuing collateral security for the fulfilment of the present and future obligations of the undersigned hereunder or otherwise in respect of the Depository Bills and default hereunder shall be deemed to be an event of default under the terms of such security.
6. You may, in your discretion, without prior notice to the undersigned, at any time cease accepting such Depository Bills or from time to time limit the aggregate amount of such Depository Bills that you will accept.
7. The undersigned will not claim from you any days of grace for the payment at maturity of any Depository Bill presented and accepted by you pursuant hereto.

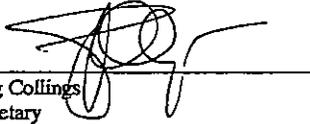
*This clause
applies in the
Province of
Quebec only*

8. It is the express wish of the Parties that this Agreement and any related documents be drawn up and executed in English; Il est la volonté expresse des parties que cette convention et tous les documents s'y rattachant soient rédigés et signés en anglais.
9. In order to further facilitate execution, discount and settlement of Depository Bills on behalf of the undersigned, the undersigned hereby grants a Power of Attorney to the Bank in the Bank's standard form attached to this Letter Agreement.
10. This Agreement shall be governed by and construed in accordance with the laws of the Province where the branch of the Bank written above is located.

[Remainder of page intentionally left blank]

DATED at Toronto, Ontario, this 10th day of April, 2015. (year)

2460623 ONTARIO INC.

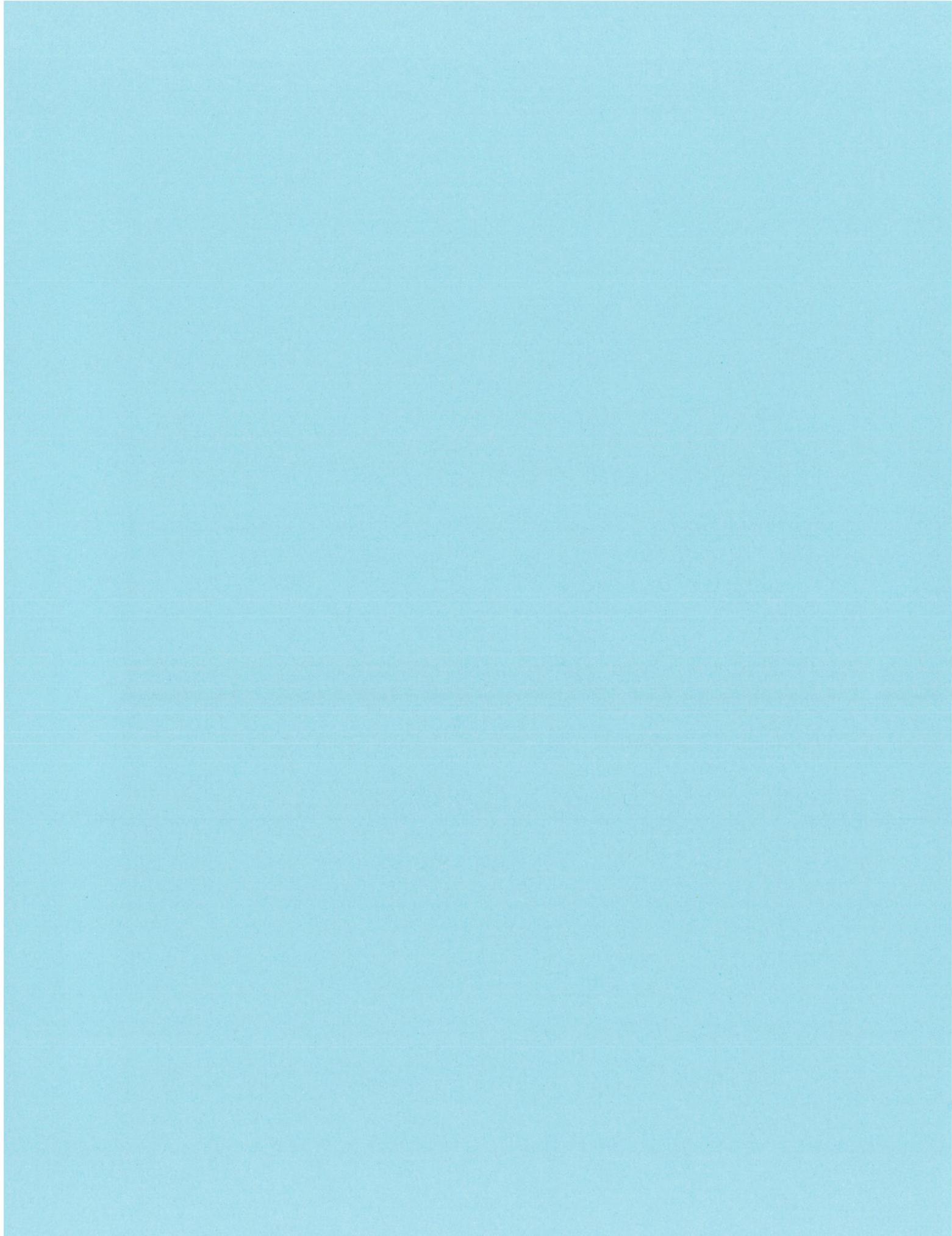
By: 

Name: Greg Collings

Title: Secretary

I have authority to bind the corporation.

(Signature Page -- Depository Bills Agreement -- Acquireco)



POWER OF ATTORNEY

DEPOSITORY BILLS [Banker's Acceptances in Book-Based Environment for Electronic Settlement]

To: **HSBC Bank Canada**

70 York Street, Toronto, Ontario M5J 1S9

(Branch)

The undersigned Customer hereby constitutes and appoints the Bank, and any Account Manager, Senior Account Manager, Manager Commercial Banking, Assistant Vice-President or Vice-President authorized by the Bank, to be the true and lawful attorney of the Customer:

1. to sign Depository Bills drawn on the Bank for, and on behalf and in the name of, the Customer, as drawer;
2. to complete and fill in the maturity date, the issue date, the period of time between the issue date and the maturity date and the amount, of Depository Bills drawn on the Bank;
3. to endorse Depository Bills drawn on the Bank on behalf and in the name of the Customer;
4. to discount or deliver and settle Depository Bills drawn on the Bank;
5. to execute and deliver all deeds and other documents, and to perform all necessary acts required to give effect to the instructions herein;

in accordance with the instructions received from the Customer, from time to time, as provided in this Power of Attorney.

Any instructions from the Customer to the Bank shall be given by telephone or by fax, and if given by telephone shall immediately be confirmed by the Customer in writing, and shall contain the following information:

- a. a reference to this Power of Attorney;
- b. the aggregate face amount (in Canadian Dollars or, if not, in a specified currency) of the Depository Bills to be issued by the Bank in the requested transaction;
- c. the issue and maturity dates for the requested Depository Bills, being for periods authorized by the Bank;
- d. particulars of the date and discount rate at which the Depository Bills are to be discounted, and the Customer's account number with the Bank to which the proceeds of discount are to be credited;

The Customer acknowledges that the Bank shall not be obligated to accept Depository Bills drawn by the Customer. Where the Bank chooses to accept Depository Bills pursuant to the written instructions of the Customer, the Bank shall do so and advise the Customer by notice in writing at the address of the Customer appearing in the Bank's records.

The Bank shall not be liable for any damages whatsoever resulting from any inaccuracies or omissions in the instructions given by the Customer.

The Customer shall pay to the Bank the full amount of each Depository Bill, signed and completed as set forth herein and accepted by the Bank, as of 10:00 a.m. (local time) on the maturity date specified in the instructions referred to in paragraph (c) above, at the office of the Bank set forth above. For the purpose of effecting any such payment, the customer irrevocably authorizes and directs the Bank to debit any bank account of the Customer maintained with the Bank, however, the Bank shall not be obligated to do so.

All security held by the Bank at any time for the fulfilment of any obligation of the Customer to the Bank shall be general and continuing collateral security for the fulfilment of obligations of the Customer hereunder or otherwise in respect of any Depository Bills drawn on the Bank, and the Customer hereby grants a security interest in such security to such effect.

All matured or cancelled Depository Bills shall be returned by the Bank to the Customer, upon request.

The Customer hereby agrees to indemnify the Bank and its officers and agents and to hold it and them harmless from and against any loss, liability, expense or claim of any kind or nature whatsoever incurred by it or them as a result of any action or inaction in any way relating to or arising out of this Power of Attorney or the acts contemplated hereby. The Customer hereby ratifies and confirms, and shall ratify and confirm, all acts of the Bank under or by virtue of this Power of Attorney.

This Power of Attorney may be revoked at any time on the receipt by the Bank, at its address above, of five (5) business days prior written notice, provided that no such revocation shall reduce, limit or otherwise affect the obligations of the Customer in respect of any Depository Bills issued, discounted and settled, in accordance herewith, prior to the time such revocation becomes effective.

Any notices or instructions to the Bank shall be addressed to the branch written above.

This Power of Attorney is subject to and shall be read to incorporate the terms and conditions contained in the Agreement between the Customer and the Bank regarding Depository Bills, and any amendments to or replacements thereof. This Power of Attorney shall not be amended other than by written agreement of the parties.

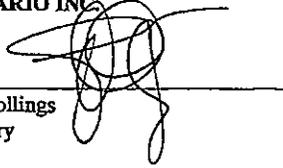
This Power of Attorney shall be governed by and construed in accordance with the laws of the Province where the branch of the Bank written above is located. This Power of Attorney is in addition to and not in substitution of any agreement to which the Bank and the Customer are parties. It is the express wish of the parties that this agreement and any related documents be drawn up and executed in English. Les parties conviennent que la présente convention et tous les documents s'y rattachant soient rédigés et signés en anglais.

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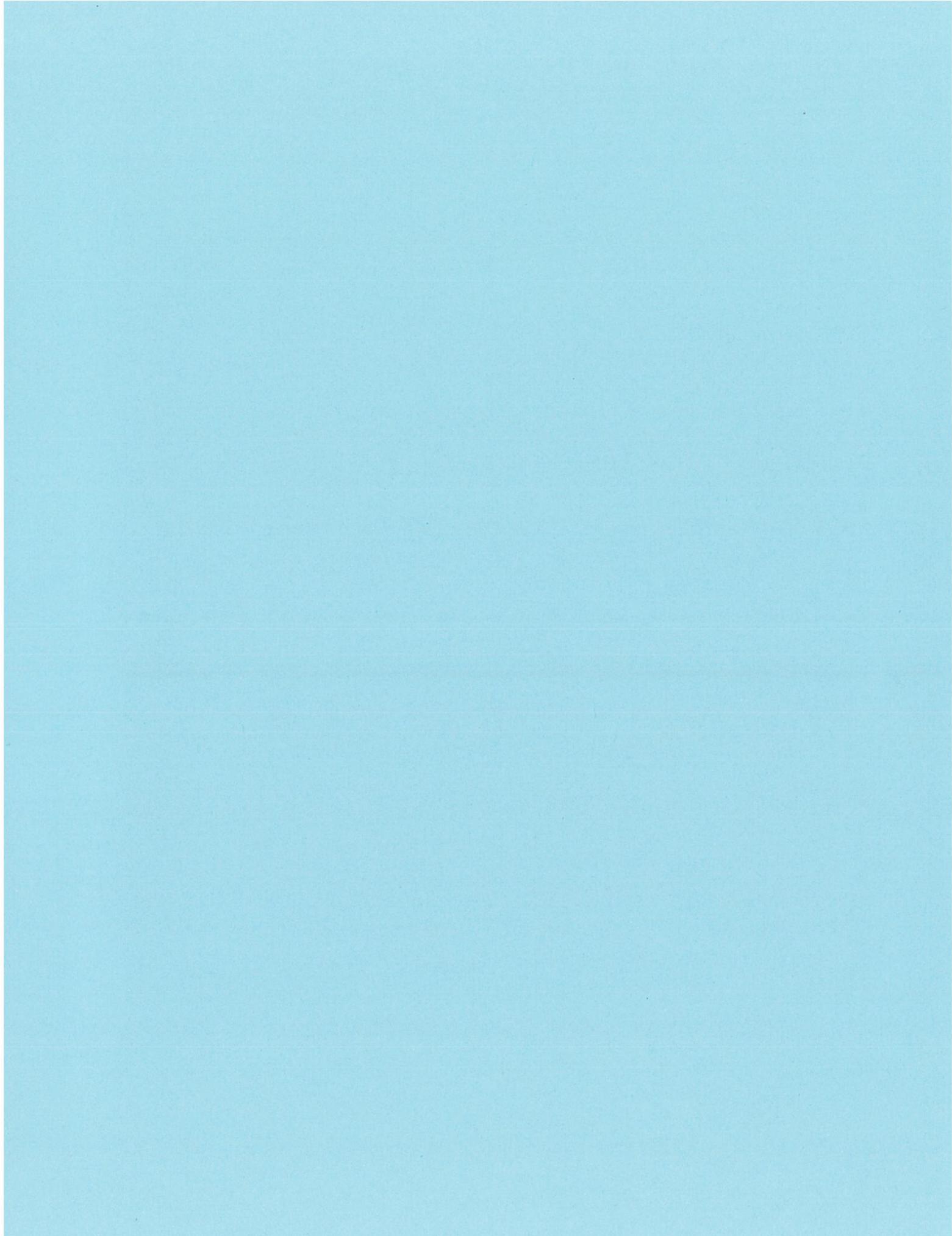
DATED at Toronto, Ontario, this 10th day of April, 2015 (year)

2460623 ONTARIO INC.

By: _____
Name: Greg Collings
Title: Secretary



I have authority to bind the corporation.



MASTERCARD INDEMNITY AGREEMENT

In consideration of HSBC Bank Canada (the “**Bank**”) issuing at the request of 2460623 Ontario Inc. (the “**Undersigned**”) a MasterCard in favor of each holder described on Schedule “A” to this indemnity, each MasterCard to have a maximum credit limit in the amount set out opposite the name of such holder, the Undersigned hereby unconditionally and irrevocably agrees as follows:

1. To indemnify and save the Bank harmless against all actions, losses, costs, charges, damages, expenses, liabilities, claims and demands of whatsoever nature, which the Bank may incur or sustain by reason of or in connection with such MasterCard, other than loss or damage resulting from the gross negligence or wilful misconduct of the Bank.
2. To pay the Bank each amount drawn and/or advanced under the MasterCard together with interest thereon all in accordance with the terms and conditions of the Bank’s MasterCard Card Agreement, as amended from time to time.
3. To pay to the Bank any and all issuing, annual and other fees levied by the Bank from time to time in connection with the issuance by the Bank and the continued use by the holder of the MasterCard.
4. The Bank is authorized to debit any account or accounts of the Undersigned at the Bank with any amount which is payable hereunder, without any demand being made therefor, and the Bank may create an overdraft in such account or accounts if there is an insufficient credit balance to cover such debit entry.
5. The Bank is authorized and empowered by the Undersigned to pay immediately any amounts demanded from the Bank for which the Bank from time to time becomes liable to pay under or by reason of the MasterCard without any reference to or further authority from the Undersigned and without being under any duty to enquire whether any claims or demands on the Bank have been properly made notwithstanding that the validity of any such claim or demand, or the amount thereof, may be in dispute.
6. The Bank assumes no liability or responsibility for the good faith or acts of the holder of the MasterCard.
7. If (i) the MasterCard is renewed; (ii) the authorized credit limit is exceeded; or (iii) the authorized credit limit is increased, whether upon the application of the Undersigned, or otherwise, it is agreed that all the terms of this Indemnity shall nonetheless remain in full force and effect.
8. Schedule “A” to this Indemnity may be amended from time to time by the addition or deletion of holders and the revision of maximum credit limits in accordance with written instructions received by the Bank from the Undersigned. Each employee of the Bank is hereby authorized to make such additions, deletions and revisions to Schedule “A”.

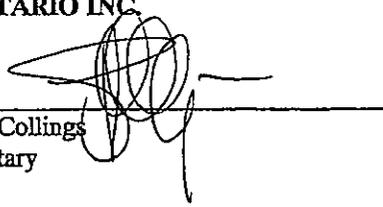
9. In the event that the Bank is instructed by the Undersigned to delete the name of a holder from Schedule "A" to this Indemnity, the Bank shall suspend the credit privileges extended to such holder. The Undersigned shall use its best efforts to obtain possession of the MasterCard from such holder and return the same to the Bank. Notwithstanding the suspension of credit privileges and the return of the MasterCard to the Bank, it is agreed that this Indemnity shall remain in full force and effect.
10. The rights and powers conferred by this Indemnity are in addition to and without prejudice to any other rights which the Bank may now or hereafter acquire from the Undersigned.
11. The Undersigned shall pay all reasonable legal fees and disbursements of the Bank in respect of the enforcement or preservation of the Bank's rights and remedies under this Indemnity.
12. Time shall be of the essence of this Indemnity.
13. This Indemnity shall be governed by and construed in accordance with the laws of the Province of Ontario which shall be deemed to be the proper law hereof.
14. If any one or more provisions of this Indemnity or any part thereof shall be declared or adjudged to be illegal, invalid or unenforceable under any applicable law, such illegality, invalidity or unenforceability shall not vitiate any other provisions of this Indemnity, which shall remain in full force and effect.
15. The terms of this Indemnity shall enure to the benefit of and be binding upon the Bank and the Undersigned and their respective successors and assigns.
16. Where the context of this Indemnity so requires, words importing the singular number include the plural and vice versa.

[Remainder of page intentionally left blank]

Dated at Toronto this 10^h day of April, 2015.

2460623 ONTARIO INC.

Per: _____
Name: Greg Collings
Title: Secretary

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right, positioned over a horizontal line.

(Signature Page – Master-Card Indemnity – Acquireco)

SCHEDULE "A"

NAME OF HOLDER	MAXIMUM CREDIT LIMIT	DATE
Chris Ritchie _____	\$200,000 _____	_____
_____	\$ _____	_____
_____	\$ _____	_____
TOTAL	\$200,000	

HSBC BANK CANADA

- and -

INNOVATIVE STEAM TECHNOLOGIES INC. and
IST BOILER COMPONENTS INC.

Applicant

Respondents

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

PROCEEDING COMMENCED AT TORONTO

**APPLICATION RECORD
(Volume 1 of 2)**

DENTONS CANADA LLP
77 King Street West, Suite 400
Toronto-Dominion Centre
Toronto, ON M5K 0A1

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Tel: (416) 863-4737
Fax: (416) 863-4592
john.salmas@dentons.com

Dennis Wiebe (LSO #25189V)
Tel: (416) 863-4475
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Vanja Ginic (LSO # 69981W)
Tel: (416) 863-4673
vanja.ginic@dentons.com

Lawyers for HSBC Bank Canada