

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

*IN THE MATTER OF Section 101 of the Courts of Justice Act, R.S.O. 1990 c.C.43, as amended,
and in the matter of Section 243(1) of the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3,
as amended*

B E T W E E N:

HSBC BANK CANADA

Applicant

- and -

ROYAL CANADIAN BEDROCK INC.

Respondent

**APPLICATION RECORD
(Returnable December 5, 2018)**

Thornton Grout Finnigan LLP
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100 Wellington Street West, Suite 3200
Toronto, ON M5K 1K7
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Lawyers for the Applicant, HSBC Bank Canada

TO: THIS HONOURABLE COURT
AND TO: THE RESPONDENT

**SERVICE LIST
(AS AT NOVEMBER 22, 2018)**

TO:	<p>THORNTON GROUT FINNIGAN LLP TD West Tower, Toronto-Dominion Centre 100 Wellington Street West, Suite 3200 Toronto, ON M5K 1K7 Fax: (416) 304-1313</p> <p>D.J. Miller (LSO# 34393P) Tel: (416) 304-0559 Email: djmiller@tgf.ca</p> <p>Puya Fesharaki (LSO #70588L) Tel: (416) 304-7979 Email: pfesharaki@tgf.ca</p> <p>Lawyers for the Applicant, HSBC Bank Canada</p>
AND TO:	<p>DELOITTE RESTRUCTURING INC. Bay Adelaide East 8 Adelaide St. West Toronto, ON M5H 0A9</p> <p>Paul Casey Tel: (416) 775-7172 Fax: (416) 601-6690 Email: paucasey@deloitte.ca</p> <p>Proposed Receiver</p>
AND TO:	<p>GOLDMAN SLOAN NASH AND HABER LLP 480 University Ave Suite 1600 Toronto, ON M5G 1V2</p> <p>Mario Forte Tel: (416) 597-6477 Fax: (416) 597-3370 Email: forte@gsnh.com</p> <p>Counsel for the proposed Receiver</p>

AND TO:	<p>THE FULLER LANDAU GROUP INC. 151 Bloor Street West, 12th Floor Toronto, ON M5S 1S4</p> <p>Adam Erlich Tel: (416) 645-6560 Email: aerlich@fullerllp.com</p> <p>Receiver of Amsen Quarry Limited and certain equipment of Royal Canadian Bedrock Inc.</p>
AND TO:	<p>AIRD & BERLIS LLP Brookfield Place 181 Bay Street, Suite 1800 Toronto, ON M5J 2T9 Fax: (416) 863-1515</p> <p>Ian Aversa Tel: (416) 865-3082 Email: iaversa@airdberlis.com</p> <p>Jeremy Nemers Tel: (416) 865-7724 Email: jnemers@airdberlis.com</p> <p>Lawyers for the Receiver of Amsen Quarry Limited</p>
AND TO:	<p>LOOPSTRA NIXON LLP 135 Queen's Plate Dr., Suite 600 Etobicoke, ON M9W 6V7</p> <p>R. Graham Phoenix Tel: (416) 748-4776 Email: gphoenix@loonix.com</p> <p>Lawyers for Kooy Brothers Lawn Equipment Limited, a secured creditor</p>
AND TO:	<p>GM FINANCIAL CANADA LEASING LTD. 2001 Sheppard Ave., Suite 600 Toronto, ON M2J 4Z8</p> <p>Secured creditor</p>

AND TO:	ADD CAPITAL CORP. 500 Cochrane Drive, Unit 2 Markham, ON L3R 8E2 Secured creditor
AND TO:	BODKIN CAPITAL CORPORATION 102-1465 North Service Rd. E Oakville, ON L6H 1A7 Secured creditor
AND TO:	EQUIREX VEHICLE LEASING 2007 INC. 101-1465 North Service Rd. E Oakville, ON L6H 1A7 Secured creditor
AND TO:	THE TORONTO-DOMINION BANK 2020 Winston Park Drive, Suite 301 Oakville, ON L6H 6X7 Secured creditor
AND TO:	TD EQUIPMENT FINANCE CANADA, A DIVISION OF THE TORONTO-DOMINION BANK 2020 Winston Park Drive, Suite 301 Oakville, ON L6H 6X7 Secured creditor
AND TO:	2496582 ONTARIO INC. 163 Jackson Street West Hamilton, ON L8P 0A8 Secured creditor
AND TO:	DEPARTMENT OF JUSTICE The Exchange Tower 130 King Street West, Suite 3400 Toronto, ON M5X 1K6 Fax: (416) 973-0810 Diane Winters Tel: (416) 973-3172 Email: diane.winters@justice.gc.ca

AND TO:	HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF ONTARIO AS REPRESENTED BY THE MINISTER OF FINANCE Legal Service Branch 777 Bay Street, 11th Floor Toronto, ON M5G 2C8 Fax: (416) 325-1460 Kevin J. O'Hara Tel: (416) 327-8463 Email: kevin.ohara@fin.gov.on.ca
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**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

*IN THE MATTER OF Section 101 of the Courts of Justice Act, R.S.O. 1990 c.C.43, as amended,
and in the matter of Section 243(1) of the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3,
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TAB 1

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

*IN THE MATTER OF Section 101 of the Courts of Justice Act, R.S.O. 1990 c.C.43, as amended,
and in the matter of Section 243(1) of the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as
amended*

B E T W E E N:



HSBC BANK CANADA

Applicant

- and -

ROYAL CANADIAN BEDROCK INC.

Respondent

NOTICE OF APPLICATION

TO THE RESPONDENT:

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 before a Judge on **December 5, 2018** at 10:00 a.m. or as soon after that time as the application can be heard at 330 University Avenue, in the City of Toronto, in the Province of Ontario, M5G 1E6.

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 2:00 p.m. on the day before the hearing.

IF YOU FAIL TO APPEAR AT THE HEARING, AN ORDER MAY BE MADE 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 contracting a Local Legal Aid office.

DATE: November 22, 2018

Issued by:



Address of Court office:

330 University Avenue, 7th Floor

Toronto, Ontario M5G 1E6

IR7 ml

TO: THIS HONOURABLE COURT

**AND TO: ROYAL CANADIAN BEDROCK INC.
c/o Anthony Guido (aka Antonio Guido)
16 Amos Maynard Circle
Woodbridge, ON L4L 3B8**

**AND TO: THE FULLER LANDAU GROUP INC.,
in its capacity as Court-appointed
receiver of Amsen Quarry Limited and
certain equipment of Royal Canadian Bedrock Inc.**

c/o AIRD & BERLIS LLP

Brookfield Place

181 Bay Street, Suite 1800

Toronto, ON M5J 2T9

Fax: (416) 863-1515

Attention: Ian Aversa / Jeremy Nemers

Lawyers for The Fuller Landau Group Inc.

APPLICATION

1. **THE APPLICANT**, HSBC Bank Canada (the “**Bank**”), makes an application for an Order (the “**Order**”), among other things:
 - (a) appointing Deloitte Restructuring Inc. (“**Deloitte**”) as the receiver (the “**Receiver**”) of the property, assets and undertaking of Royal Canadian Bedrock Inc. (the “**Borrower**”), save and except for certain equipment in respect of which Kooy Brothers Lawn Equipment Limited has a prior-ranking security interest and which is subject to an existing receivership proceeding (as detailed at paragraph 10 herein), pursuant to Section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c.B-3, as amended (the “**BIA**”) and Section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C-43, as amended (the “**CJA**”);
 - (b) if necessary, abridging the time for service of this Notice of Application and the materials filed in support of the application and dispensing with further service thereof on the Borrower or any other party; and
 - (c) such further and other relief that this Honourable Court deems just.

THE GROUNDS FOR THE APPLICATION ARE:

2. the Borrower is a direct supplier of luxury stone blocks, slabs, and custom cut natural stone for custom homes, high rise condominiums, hotels and commercial buildings. The Borrower operates from several quarry sites situated in Ontario, certain of which are owned by related entities;
3. the Borrower’s registered office is located at 100 King Street West, Suite #5600, Toronto, Ontario M5X 1C9, with a mailing address listed in the Borrower’s corporate profile report as Anthony Guido, 16 Amos Maynard Circle, Woodbridge, Ontario L4L 3B8;

4. the Borrower is indebted to the Bank under certain credit facilities (the “**Credit Facilities**”) made available by the Bank to the Borrower pursuant to a facilities letter agreement dated October 31, 2016, as amended by letters dated February 9, 2017 and November 22, 2017 (as amended, the “**Credit Facility Letter**”), and an Offer to Lease with respect to certain equipment dated November 1, 2016 (the “**Offer to Lease**” and, together with the Credit Facility Letter, the “**Loan Documents**”). The Credit Facilities are payable on demand;
5. as at October 26, 2018, the Borrower was indebted to the Bank under the Loan Documents in the amount of CAD\$2,039,043.84 plus accruing interest, costs and fees, including legal fees and disbursements, incurred by the Bank to the date of payment (the “**Indebtedness**”);
6. as security for its obligations to the Bank, the Borrower granted security to the Bank over all of its personal property pursuant to, among other things, a general security agreement dated January 10, 2017 (the “**GSA**”). It is a term of the GSA that the Bank may appoint a receiver upon default by the Borrower in any of its obligations to the Bank;
7. the Bank perfected its security interest against the Borrower by registration made pursuant to the *Personal Property Security Act* (Ontario) on January 4, 2017 against all classes of collateral, except “consumer goods”;
8. the Borrower is in default of numerous of its obligations to the Bank (the “**Defaults**”) under the Loan Documents, as more fully set out in the default letter delivered by the Bank to the Borrower on October 18, 2018;

9. the Borrower has not remedied any of the Defaults;
10. one such Default is the appointment by this Court, by Order (Appointing Receiver) dated September 12, 2018, of The Fuller Landau Group Inc. as receiver of all of the property and undertaking of a related entity to the Borrower together with certain enumerated equipment of the Borrower (the “**Limited Existing Receivership**”);
11. by letters dated October 26, 2018, the Bank demanded payment of the Indebtedness from the Borrower (the “**Demand**”), and the personal guarantor thereof, and issued to the Borrower a Notice of Intention to Enforce Security pursuant to Section 244 of the BIA (the “**BIA Notice**”);
12. the deadline for the repayment of the Indebtedness noted in the Demand, being November 5, 2018, and the 10-day notice period allowed to the Borrower under the BIA Notice, have passed and, despite repeated efforts, the Bank has been unable to obtain information and cooperation from the Borrower;
13. the Bank’s need for the appointment of the Receiver is apparent based on the current circumstances, including the following facts:
 - (a) the Borrower has persistently not provided information and documentation requested by the Bank;
 - (b) the Bank has concerns arising out of the Reports of The Fuller Landau Group Inc. in its capacity as the receiver under the Limited Existing Receivership relating to issues in locating, protecting and preserving certain equipment of the Borrower involved in the Limited Existing Receivership; and

- (c) the Bank has issued the Demand and BIA Notice and the notice period has expired;
14. without the appointment of the Receiver, the Bank is concerned that the preservation of its security is in jeopardy;
 15. the Bank requests that the Receiver be appointed over the property, assets and undertakings of the Borrower, save and except that certain equipment which is specifically subject to the Limited Existing Receivership, as it is just and convenient in the circumstances and it is necessary to protect and ultimately realize on the Bank's security;
 16. Deloitte has consented to act as the Receiver;
 17. Rules 1.04, 2.03, 3.02, 14.05(2), 41 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg 194, Section 243(1) of the BIA and Section 101 of the CJA; and
 18. such further and other grounds as counsel may advise and this Honourable Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of this application:

1. the Affidavit of Andrew O'Coin, to be sworn;
2. the Consent of Deloitte Restructuring Inc. to act as receiver; and
3. such further and other evidence as counsel may advise and this Honourable Court may permit.

November 22, 2018

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Lawyers for the Applicant, HSBC Bank Canada

IN THE MATTER OF Section 101 of the Courts of Justice Act, R.S.O. 1990 c.C.43, as amended, and in the matter of Section 243(1) of the Bankruptcy and Insolvency Act, R.S.C. 1985, c. B-3, as amended

HSBC BANK CANADA

- and -

ROYAL CANADIAN BEDROCK INC.

Respondent

Applicant

Court File No. CN-18-609417
-00CL

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

Proceedings commenced at Toronto

NOTICE OF APPLICATION

Thornton Grout Finnigan LLP
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Lawyers for the Applicant, HSBC Bank Canada

TAB 2

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

**IN THE MATTER OF Section 101 of the *Courts of Justice Act*, R.S.O. 1990 c.C.43,
as amended, and in the matter of Section 243(1) of the *Bankruptcy and Insolvency Act*,
R.S.C. 1985, c. B-3, as amended**

B E T W E E N:

HSBC BANK CANADA

Applicant

- and -

ROYAL CANADIAN BEDROCK INC.

Respondent

**AFFIDAVIT OF ANDREW O'COIN
(Sworn November 26, 2018)**

I, **ANDREW O'COIN**, of the City of Cambridge, in the Province of Ontario, MAKE OATH AND SAY AS FOLLOWS:

1. I am an Assistant Vice President of the Loan Management Unit with HSBC Bank Canada (the "**Bank**") having management for this account within the Bank and, as such, I have personal knowledge of the matters to which I depose herein. Unless I indicate otherwise, the facts herein are within my own personal knowledge and are true. Where I have indicated that I have obtained facts from other sources, I have identified the sources and I believe those facts to be true.

2. This affidavit is sworn in support of an application by the Bank for an order (the “**Order**”) appointing Deloitte Restructuring Inc. (“**Deloitte**”) as the receiver (the “**Receiver**”), of the property, assets and undertaking (the “**Property**”) of Royal Canadian Bedrock Inc. (the “**Borrower**”), save and except for certain equipment set out in Schedule “A” to the Order in respect of which Kooy Brothers Lawn Equipment Limited (“**Kooy Brothers**”) has a prior-ranking security interest and which is subject to an existing receivership proceeding detailed at paragraphs 26-28 herein (the “**Kooy Equipment**”), pursuant to Section 101 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended, and Section 243(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended.

Background

3. According to the records maintained by the (Ontario) Ministry of Government Services, the Borrower was incorporated under the *Business Corporations Act* (Ontario), R.S.O. 1990, c. B.16 on March 3, 2015. The registered head office is located at 100 King Street West, Suite #5600, Toronto, Ontario M5X 1C9, with a mailing address listed in the Borrower’s corporate profile report as Anthony Guido, 16 Amos Maynard Circle, Woodbridge, Ontario L4L 3B8. The sole officer and director of the Borrower is Mr. Anthony Guido. Attached as **Exhibit “A”** is a true copy of the Corporation Profile Report with respect to the Borrower.
4. The Borrower is a direct supplier of luxury stone blocks, slabs, and custom cut natural stone for custom homes, high rise condominiums, hotels and commercial buildings. The Borrower operates directly from several quarry sites situated in Ontario, certain of which are owned by related entities.

Indebtedness of the Borrower to the Bank

5. Pursuant to a credit agreement dated October 31, 2016, as amended by letters dated February 9, 2017 and November 22, 2017 (as amended, the “**Credit Agreement**”) and a Lease Agreement dated November 1, 2016 (as amended, the “**Lease Agreement**” and together with the Credit Agreement, the “**Loan Documents**”) the Bank made available to the Borrower the following credit facilities (collectively, the “**Credit Facilities**”):¹
 - (a) Operating Loan in the maximum principal amount of CAD\$1,000,000, subject to the Margin Requirement, to assist in funding the day-to-day operating requirements of the Borrower;
 - (b) Capital Loan in the maximum principal amount of CAD\$396,000 to refinance certain indebtedness of the Borrower existing at such time; and
 - (c) Lease Facility in the maximum principal amount of CAD\$3,000,000 to finance the acquisition of certain equipment used in the Borrower’s operations.
6. The Credit Facilities are all payable on demand. Attached as **Exhibit “B”** are true copies of the Loan Documents.
7. As at November 22, 2017, the Borrower was indebted to the Bank under the Credit Facilities in the principal amount of CAD\$2,043,500.92 (which includes principal and accrued interest to that date and all unpaid amounts under the Lease Agreement), together

¹ All capitalized term not defined herein have the meanings attributed to them in the Credit Agreement.

with accruing interest thereon and all costs and fees, including legal and advisor fees and disbursements, incurred by the Bank until the indebtedness is paid in full.

Security held by the Bank

8. Pursuant to the Credit Agreement, as security for its obligations to the Bank, the Borrower granted security over all of its personal property to the Bank pursuant to, among other things, a General Security Agreement dated January 10, 2017 (the “**GSA**”). Attached as **Exhibit “C”** is a true copy of the GSA.
9. It is a term of the GSA that the Bank may appoint a receiver upon the occurrence of an Event of Default (as defined in the GSA) by the Borrower.
10. The Bank registered its security interest against the Borrower pursuant to the *Personal Property Security Act* (Ontario) (the “**PPSA**”) on January 4, 2017 against all classes of collateral, except “consumer goods”. Attached as **Exhibit “D”** is a true copy of the certified PPSA Enquiry Response Certificate from the Ministry dated November 22, 2018 in respect of the Borrower.
11. There are a number of PPSA registrations that were made prior to the Bank’s registration in favour of the following parties, all of which appear to be in the nature of purchase money security interests in equipment collateral that is specifically described in each such registration or leased equipment:
 - (a) Kooy Brothers;
 - (b) GM Financial Canada Leasing Ltd.; and
 - (c) ADD Capital Corp.

12. There are also a number of PPSA registrations that were made subsequent to the Bank's registration, all of which appear to be in the nature of purchase money security interests in equipment collateral that is specifically described in each such registration or leased equipment, save and except for one PPSA registration in favour of 2496582 Ontario Inc. (which appears to be a non-related entity to the Borrower) made on June 8, 2018 against all classes of collateral except "consumer goods".
13. I am advised by Puya Fesharaki of Thornton Grout Finnigan LLP ("TGF"), counsel to the Bank in this matter, that all secured creditors with a registered PPSA financing statement against the Borrower will be served with a copy of the Notice of Application and apprised of these proceedings.

CRA Requirements to Pay and Blocking of Bank Account

14. By letters dated March 6, 2018, the Canada Revenue Agency ("CRA") advised the Bank of, and enclosed therewith, Requirements to Pay issued on the account of the Borrower with the Bank and dated as of the same date (the "**Requirements to Pay**"). The Requirements to Pay were in the aggregate amount of \$380,531.56 and in respect of certain unpaid tax obligations of the Borrower under the *Excise Tax Act* and the *Income Tax Act*. Attached as **Exhibit "E"** are true copies of the CRA Requirements to Pay.
15. Upon receipt of the CRA Requirements to Pay, and in accordance with the Bank's policies in such circumstances, the Bank blocked the Borrower's account with the Bank until such time as the Bank was satisfied that the Requirements to Pay had been satisfied. The Borrower had advised the Bank that the Requirements to Pay were the result of certain misunderstandings between the Borrower and the CRA and the issue of possible tax arrears

would be swiftly resolved such that the Requirements to Pay would be withdrawn. As of the date of this Affidavit, the Requirements to Pay have not been withdrawn by CRA.

16. The Borrower has not provided the Bank with an explanation as to how it manages, or intends to manage, its day-to-day operations while its account with the Bank is blocked.
17. On one occasion, the Borrower delivered to the Bank with its regular financial reporting, a CIBC Account Statement for the month of March, 2018 in respect of Royal Bedrock Inc. [sic] (“**RBI**”), a non-arm’s length party with a very similar name.
18. According to the records maintained by the (Ontario) Ministry of Government Services, RBI was incorporated under the *Business Corporations Act* (Ontario), R.S.O. 1990, c. B.16 on March 3, 2015. The registered head office and mailing address of RBI are the same as the Borrower’s. Anthony Guido is the sole officer and director of RBI. Attached as **Exhibit “F”** is a true copy of the Corporation Profile Report with respect to RBI.
19. It appears that the Borrower may be conducting its day-to-day operations through RBI and utilizing RBI’s account with CIBC for that purpose, which is an event of default under the Credit Agreement.

Dispute with Supplier

20. Dazzini Srl (“**Dazzini**”), a foreign supplier of equipment to the Borrower, has made the Bank aware of an on-going dispute as between the Borrower and Dazzini with respect to a payments in respect of certain equipment delivered by Dazzini to the Borrower in 2018 (the “**Dazzini Equipment**”).

21. The Borrower has withheld taking such steps as are necessary under the Lease Agreement in order for the Bank to pay any amounts that may be due and owing to Dazzini in respect of the Dazzini Equipment. As a result, the Bank has not made any further payments to Dazzini.
22. I am advised by Puya Fesharaki of TGF that he has requested supporting information and documentation from Dazzini in respect of the Dazzini Equipment and the apparent dispute between Dazzini and the Borrower.
23. The Receiver will be in the best position to review the dispute between the Borrower and Dazzini. The Bank shall request that the Receiver review this matter upon its appointment.

Default Letter

24. By letter dated October 17, 2018 (the “**October 17 Letter**”), the Bank advised the Borrower that it was in default of its obligations to the Bank pursuant to the Credit Facilities as a result of, among other things: (i) the Requirements to Pay which remain unrectified, and which reflect that the Borrower continues to have tax arrears; (ii) the Borrower having failed to maintain its day-to-day operating accounts solely with the Bank; (iii) the Borrower’s indebtedness exceeding the Margin Requirement; (iv) the Borrower not having satisfied its financial reporting requirements, including failing to provide monthly financial reporting for July 2018 and every month thereafter; (v) the Borrower not having made payments on its Credit Facilities when required and allowing arrears to arise thereunder; and (vi) the appointment of a receiver over certain of the assets of the Borrower (collectively, the “**Defaults**”). In the October 17 Letter, the Bank requested that the Borrower remedy the Defaults and, in particular, to deliver to the Bank the outstanding

financial reporting (the “**Information Requests**”). Attached as **Exhibit “G”** is a true copy of the October 17 Letter.

25. To date, none of the Information Requests have been delivered by the Borrower to the Bank.

The Existing Limited Receivership

26. The Bank is a secured creditor in the existing limited receivership proceedings (the “**Limited Existing Receivership**”) involving Amsen Quarry Limited, a related entity to the Borrower that operates one of the quarries from which the Borrower conducts its business, and the Kooy Equipment, being a subset of the equipment of the Borrower. A copy of the Initial Order of the Ontario Superior Court of Justice (Commercial List) dated September 12, 2018 in the Limited Existing Receivership is attached as **Exhibit “H”** hereto.
27. The Bank has significant concerns arising out of the Reports of The Fuller Landau Group Inc., in its capacity as the Receiver (in such capacity, the “**Limited Existing Receiver**”) under the Limited Existing Receivership relating to issues in locating, protecting and preserving certain equipment of the Borrower implicated in the Limited Existing Receivership. In the Second Report Supplement dated October 24, 2018, the Limited Existing Receiver’s most recent report, the Limited Existing Receiver states:

8. It is the Receiver’s view that Mr. Guido’s continued and flagrant lack of cooperation with the Receiver, his disregard for the Appointment Order and his blatant disregard for Her Honour’s endorsement are precluding the Receiver from identifying the full scope of the Property, jeopardizing the potential monetization of the Property and causing unnecessary expense to accrue, all of which have a negative impact on the Receiver’s ability to generate any potential recoveries for the Debtors’ stakeholders.

28. Attached as **Exhibit “I”** are copies of the Second Report and the Second Report Supplement of the Limited Existing Receiver.

Issuance of Demand

29. By letter dated October 26, 2018, the Bank demanded repayment from the Borrower of all amounts then outstanding (the “**Demand**”) and together therewith delivered a Notice of Intention to Enforce Security (the “**BIA Notice**”) pursuant to Section 244 of the BIA. The 10-day notice period thereunder expired on November 5, 2018. Attached as **Exhibit “J”** are true copies of the Demand and BIA Notice.

Limited Existing Receiver and Kooy Brothers Support this Application

30. I am advised by Puya Fesharaki of TGF that he has informed counsel to the Limited Existing Receiver and counsel to Kooy Brothers, as the applicant in the Limited Existing Receivership, that the Bank intends to apply for a Court-appointed receiver (separate and apart from the Limited Existing Receiver) over all of the assets and property of the Borrower, save and except for the Kooy Equipment, and that the aforementioned counsel have each expressed their support for such receivership application.

Appointment of Receiver

31. As the 10-day notice period under the Demand and BIA Notice has expired, the Bank is now seeking the appointment of Deloitte as Receiver to have the full powers and authority to take possession and control of the Property.

32. The Bank's need for the appointment of a Receiver is apparent based on the current circumstances, including the following facts:
- (a) the Borrower has not provided its cooperation to the Bank and has persistently neglected to deliver information and documentation requested by the Bank;
 - (b) the Bank has concerns arising out of the Reports of the Limited Receiver in respect of the Borrower's continuing lack of cooperation and, in particular, in failing to provide access to the Borrower's property and premises. The Bank believes that the proposed receivership will facilitate a better prospect of success in locating, protecting and preserving the Borrower's collateral as it is not limited to the single quarry site subject to the Limited Existing Receivership;
 - (c) the Borrower's bank account with the Bank is blocked; nevertheless, the Bank understands that the Borrower continues to carry on regular business operations. The Bank requires the Receiver to investigate the Borrower's scope of business activities, assess its financial position and attempt to locate collateral that may heretofore be unknown to the Borrower's creditors; and
 - (d) the Bank has issued the Demand and BIA Notice and the notice period has expired.
33. The Bank requests that the Receiver be appointed, as it is just and convenient in the circumstances and is necessary to protect the Bank's collateral.
34. The Bank expects to suffer a significant shortfall in the recovery on its loans.

35. I swear this affidavit in support of an application by the Bank for the appointment of the Receiver and for no other or improper purpose.

SWORN before me at the City of Toronto,
in the Province of Ontario, this 26th day of
November, 2018.



Commissioner for Taking Affidavits



ANDREW O'COIN

**Adam Stuart Driedger, a Commissioner, etc.,
Province of Ontario,
while a Student-at-Law.
Expires August 10, 2021.**

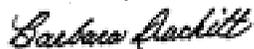
Exhibit “A”

Request ID: 022394574
Transaction ID: 70007065
Category ID: (C)CC/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2018/11/22
Time Report Produced: 11:43:34
Page: 1

Certified a true copy of the data as recorded on the Ontario Business Information System.



Director
Ministry of Government Services
Toronto, Ontario

CORPORATION PROFILE REPORT

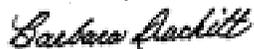
Ontario Corp Number	Corporation Name	Incorporation Date
2406364	ROYAL CANADIAN BEDROCK INC.	2014/02/07
		Jurisdiction
		ONTARIO
Corporation Type	Corporation Status	Former Jurisdiction
ONTARIO BUSINESS CORP.	ACTIVE	NOT APPLICABLE
Registered Office Address	Date Amalgamated	Amalgamation Ind.
100 KING STREET WEST	NOT APPLICABLE	NOT APPLICABLE
Suite # 5600	New Amal. Number	Notice Date
TORONTO	NOT APPLICABLE	NOT APPLICABLE
ONTARIO		Letter Date
CANADA M5X 1C9		NOT APPLICABLE
Mailing Address	Revival Date	Continuation Date
ANTHONY GUIDO	NOT APPLICABLE	NOT APPLICABLE
16 AMOS MAYNARD CIRCLE		
WOODBIDGE	Transferred Out Date	Cancel/Inactive Date
ONTARIO	NOT APPLICABLE	NOT APPLICABLE
CANADA L4L 3B8		
	EP Licence Eff.Date	EP Licence Term.Date
	NOT APPLICABLE	NOT APPLICABLE
	Number of Directors	Date Ceased
	Minimum Maximum	in Ontario
	00001 00015	NOT APPLICABLE
Activity Classification		NOT APPLICABLE
NOT AVAILABLE		

Request ID: 022394574
Transaction ID: 70007065
Category ID: (C)CC/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2018/11/22
Time Report Produced: 11:43:34
Page: 2

Certified a true copy of the data as recorded on the Ontario Business Information System.



Director
Ministry of Government Services
Toronto, Ontario

CORPORATION PROFILE REPORT

Ontario Corp Number

2406364

Corporation Name

ROYAL CANADIAN BEDROCK INC.

Corporate Name History

ROYAL CANADIAN BEDROCK INC.

Effective Date

2014/02/07

Current Business Name(s) Exist:

NO

Expired Business Name(s) Exist:

NO

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

ANTHONY
GUIDO

Address

16 AMOS MAYNARD CIRCLE

WOODBIDGE
ONTARIO
CANADA L4L 3B8

Date Began

2014/02/07

First Director

NOT APPLICABLE

Designation

DIRECTOR

Officer Type

Resident Canadian

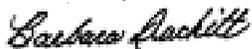
Y

Request ID: 022394574
Transaction ID: 70007065
Category ID: (C)CC/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2018/11/22
Time Report Produced: 11:43:34
Page: 3

Certified a true copy of the data as recorded on the Ontario Business Information System.



Director
Ministry of Government Services
Toronto, Ontario

CORPORATION PROFILE REPORT

Ontario Corp Number

2406364

Corporation Name

ROYAL CANADIAN BEDROCK INC.

Administrator:

Name (Individual / Corporation)

ANTHONY
GUIDO

Address

16 AMOS MAYNARD CIRCLE

WOODBIDGE
ONTARIO
CANADA L4L 3B8

Date Began

2014/02/07

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

PRESIDENT

Resident Canadian

Y

Administrator:

Name (Individual / Corporation)

ANTHONY
GUIDO

Address

16 AMOS MAYNARD CIRCLE

WOODBIDGE
ONTARIO
CANADA L4L 3B8

Date Began

2014/02/07

First Director

NOT APPLICABLE

Designation

OFFICER

Officer Type

SECRETARY

Resident Canadian

Y

Request ID: 022394574
Transaction ID: 70007065
Category ID: (C)CC/E

Province of Ontario
Ministry of Government Services

Date Report Produced: 2018/11/22
Time Report Produced: 11:43:34
Page: 4

Certified a true copy of the data as recorded on the Ontario Business Information System.



Director
Ministry of Government Services
Toronto, Ontario

CORPORATION PROFILE REPORT

Ontario Corp Number

2406364

Corporation Name

ROYAL CANADIAN BEDROCK INC.

Last Document Recorded

Act/Code Description

Form

Date

CIA ANNUAL RETURN 2016

1C

2018/04/01 (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.

ADDITIONAL HISTORICAL INFORMATION MAY EXIST ON MICROFICHE.

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

Exhibit “B”



31 October 2016

Royal Canadian Bedrock Inc
5600 – 100 King St West
Toronto, ON
M5X 1C9

Attention: Mr. Anthony Guido

Dear Sir:

HSBC Bank Canada (the "Bank") is pleased to offer the following new credit facilities (the "Loan(s)") on the terms and conditions set out below. The terms and conditions contained in the Schedule are incorporated by reference into and form an integral part of this Facility Letter. This letter cancels and supersedes any previous Facility Letters issued to the borrower.

Borrower

Royal Canadian Bedrock Inc (the "Borrower").

Personal Guarantor

Mr. Anthony Guido

1. **Operating Loan**

1.1 Amount:

CAD 1,000,000 demand revolving loan (the "Operating Loan")

1.2 Purpose:

To assist in financing the day-to-day operating requirements of the Borrower.

1.3 Availability:

Available by way of account overdraft following satisfaction of the Conditions Precedent. The Borrower shall ensure that the amount advanced and outstanding under the Operating Loan shall at no time exceed the amount of the Operating Loan set out above and at no time exceeds the Margin Requirement as calculated by the Bank described below.

1.4 Repayment:

All amounts outstanding under the Operating Loan shall be repaid on demand by the Bank and, unless and until otherwise demanded, interest shall be paid at the rate(s) set out below and in the manner provided in the attached Schedule.

1.5 Interest:

At the Borrower's option, exercisable by the delivery of the Required Notice, at:

- (a) the Bank's Prime Rate plus 1.00% per annum;

1.6 Fees:

The Borrower shall pay to the Bank:

- a) one time set up and administration fee of CAD 4,000 (received and deemed earned);
- b) an annual review fee of CAD 2,000;
- c) standby fee of 0.25% per month of unutilised funds over CAD500,000 in the event that the Facilities are not utilized and/or adjustments to limits are not implemented thereto.
- d) An Administration Fee in the amount of \$500.00 per Lease Schedule is payable at the time of execution of the respective Lease Schedule

2. Capital Loan

2.1 Amount:

CAD ~~1,400,000~~ ^{TAMM} demand non-revolving loan (the "Capital Loan").

2.2 Purpose:

To refinance the existing indebtedness of the Borrower incurred when purchasing existing above-ground quarry equipment.

2.3 Availability:

Available by way of single advance following satisfaction of the Conditions Precedent.

2.4 Repayment:

All amounts outstanding under the Capital Loan shall be repaid on demand by the Bank and, unless and until otherwise demanded, interest shall be paid at the rate(s) set out below and in the manner provided in the attached Schedule, together with principal repayments of CAD ~~25,333.33~~ ^{CAD 7,675} on the last day of each month following the month in which the initial advance of the Capital Loan is made. The Capital Loan shall, in any event, be repaid in full by December 2021.

2.5 Interest:

At the Borrower's option, exercisable by the giving of the Required Notice, at the Bank's Fixed Rate per annum, subject to availability.

AS
EB

3. **Capital Lease Loan**

3.1 **Amount:**

CAD 3,000,000 Capital Lease (the "Capital Lease").

3.2 **Purpose:**

To assist in financing acquisition of Fixed Assets by the Borrower.

3.3 **Availability:**

Available by way of single advance following satisfaction of the Conditions Precedent. The Capital Lease shall be subject to HSBC Leasing Department's concurrence and offer letter.

3.4 **Repayment:**

As per Master Lease Agreement and Offer.

3.5 **Interest and Fee:**

As per Lease Agreement.

4. **Margin Requirement**

In addition to ensuring that no Loan exceeds its loan amount, as set out in this Facility Letter, the Borrower shall ensure that the aggregate Canadian Dollar Equivalent of the amount advanced and outstanding under the Operating Loan shall at no time exceed the Margin Requirement, being the aggregate of:

- (a) 75% of uninsured Acceptable Receivables
- (b) 90% of insured under 90 day trade receivables, subject to maximums in insurance certificate, plus;
- (c) Priority Claims.

5. **Security**

5.1 **Security Documents:**

The liability, indebtedness and obligations of the Borrower under the Loan(s) and this Facility Letter shall be evidenced, governed and secured, as the case may be, by the following documents (the "Security Documents") completed in form and manner satisfactory to the Bank's or its solicitors:

- (a) line of credit by way of current account overdraft agreement executed by the Borrower (the Operating Loan(s));



- (b) general security agreement creating a first priority security interest in all present and after acquired personal property of the Borrower and a floating charge over all of the Borrower's present and after acquired real property, save and except:
 - (i) 2013 CAT 336ELH excavator, serial number RZA00861
 - (ii) 2014 CAT 950k loader, serial number R4A02413;
- (c) assignment/endorsements by the Borrower to the Bank of all risk insurance (including extended coverage endorsement) in amounts and from an insurer acceptable to the Bank, on all of the Borrower's real and personal property including, without limitation, lands, buildings, equipment and inventory owned by the Borrower, showing the Bank as first loss payee by way of standard mortgage endorsement, such policy to include business interruption lost profit and public liability insurance;
- (d) assignment and postponement by the shareholder(s) of all present and future indebtedness and other amounts owing or outstanding to them by the borrower
- (e) environmental agreement and indemnity executed by the Borrower;
- (f) security agreement over cash, credit balances and deposit instruments;
- (g) Master Lease Agreement
- (h) Unlimited guarantee of the indebtedness of the Borrower to the Bank, executed by Mr. Anthony Guido
- (i) all supporting certificates and opinions as the Bank may reasonably require;
- (j) such other documents as the Bank may reasonably request in order to register or otherwise perfect the documents listed above.

5.2 Registration:

The Security Documents will be registered in all jurisdictions and at all registries or public office as the Bank may determine necessary or beneficial to perfect or protect its interest under the Security Documents. The Security Documents shall rank in priority to all other mortgages, charges, liens, encumbrances and security interests unless otherwise specifically agreed to in writing by the Bank.

6. Conditions Precedent

The conditions precedent to the Bank's obligation to the advance of the Loan(s) and to the continued availability of the Loan(s) are set out below and in Section IV of the attached Schedule to this Facility Letter (collectively the "Conditions Precedent"). The Borrower shall deliver or cause to be delivered the following in form and content satisfactory to the Bank or its solicitor:

- a) All Security Documents set out above.
- b) Bank statements and margin information for the Borrower for each of the three months prior to funding.

ES c) Review Engagement financial statements for the Borrower for the year ended April 30, 2016 confirming results acceptable to the Bank. *ES*

#1, 212, 500.00 *EB*

- d) Appraisal addressed to the Bank in form and content and completed by a licensed appraiser approved by the Bank confirming a present fair market value of the equipment to be refinanced by the Term Loan of not less than CAD ~~2,333,333~~ and a remaining useful life of not less than 5 years. *THIS CONDITION HAS BEEN SATISFIED. EB*
- e) Invoices for new equipment per Leasing's specifications, insurance, Lease Schedule and other ancillary documentation to be completed prior to each advance of the Lease Facility.
- f) The Borrower shall maintain their day to day operating accounts solely with the Bank.
- g) SLO from Bank approved lawyer confirming all security is on-hand.
- h) Letter from borrower's lawyer confirming date, amount & source of proceeds for share purchase of Ronald W Myers Ltd. *THIS CONDITION HAS BEEN SATISFIED. EB*
- i) Site visit of Myers Quarry, Augusta ON, confirming this facility is operating, is producing stone & existing assets are in use to the extent that is satisfactory to the Bank. *EB*
- j) Copy of most recent Compliance Assessment Report, completed by third party consultant. *THIS CONDITION HAS BEEN SATISFIED. EB*
- k) Copies of usage agreements between Royal Canadian Bedrock & each holdco owning quarries that RCB operates. *THIS CONDITION HAS BEEN SATISFIED. EB EB*
- l) 30 September 2016 Year to Date financial Statements & Account Receivables listing, confirming RCB is growing in line with projections. *THIS CONDITION HAS BEEN SATISFIED. EB*
- m) ~~Amend~~ *Detail* PMW statement of Mr. Anthony Guido to reflect personal assets only. Mr. Guido to provide evidence of validity of cash & securities listed. *THIS CONDITION HAS BEEN SATISFIED. EB*
- n) Additional information on 2 key new customers Locati Luciani Enrico and P.L.L. Stone srl. *THIS CONDITION HAS BEEN SATISFIED. EB*
- o) Updated Backlog. *THIS CONDITION HAS BEEN SATISFIED. EB*

7. **Borrower's Covenants and Conditions**

The Borrower covenants and agrees with the Bank that, so long as any portion of the Loan(s) or any indebtedness or liabilities of the Borrower under this Facility Letter remain outstanding, it shall not, without the prior written consent of the Bank:

- a) The ratio of Current Assets to Current Liabilities is to be greater than 1.25 to 1 at all times

Current Ratio is calculated as total current assets divided by total current liabilities. Current assets shall exclude amounts due from related companies. The portion of the debt scheduled to be repaid at least one year plus one day from the balance sheet date may be excluded from the current liabilities.

- b) The ratio of Debt to Tangible Net Worth ("TNW") is to be less than 2.50 to 1 at all times

EB

Debt is the sum of the Borrower's debt plus operating and capital leases but excluding any loans postponed to the Bank. TNW is the sum of the Borrower's capital stock, postponed loans and retained earnings less any assets deemed intangible by the Bank which includes, but is not limited to goodwill, deferred charges, investments in related companies, advances to shareholders and amounts due from related companies.

c) The Debt Service Coverage Ratio is to be above 1.25 to 1 at all times

Debt Service Coverage is defined as Earnings Before Interest, Taxes, Depreciation, Amortization less cash taxes, dividends/distributions, advances to related parties and unfunded capital expenditures divided by the total of principal payments on long term debt and capital leases plus interest.

The Borrower agrees that the foregoing financial tests shall be calculated by the Bank using internally prepared financial statements of the Borrower or with such other statements as the Bank may agree to use from time to time.

8. Financial Statements and Reports

The Borrower shall deliver to the Bank the following:

- (a) Monthly, within 30 days of each calendar month end:
 - (i) aged list of accounts receivable & aged list of accounts payable of the Borrower;
 - (ii) declaration of inventory in accordance with the Bank's format under Section 427 of the *Bank Act*;
 - (iii) internally-prepared profit and loss statement and balance sheet for the Borrower;
 - (iv) statement signed by a senior officer of the Borrower setting out the covenant calculation & calculation of the Acceptable Receivables ~~and Acceptable Inventory~~ as at the preceding month end;
- (b) Annually, within 120 days of the Borrower's fiscal year end.
 - (i) Review Engagement financial statements for the Borrower;
 - (ii) *pro forma* financial statements, cash flow statement and budget for the following fiscal year of the Borrower;
 - (iii) PNW statement of the Personal Guarantor, at the Bank's request.
- (c) Such additional financial statements and information as and when requested by the Bank.

98
EB

9. **Periodic Review and Cancellation**

Without limiting the Bank's right to demand repayment of the Loan(s) at any time, the Loan(s) shall be subject to periodic review by the Bank as and when determined by the Bank in its discretion. Any unadvanced portion of the Loan(s) shall be automatically cancelled upon demand being made by the Bank for repayment of the amount outstanding under the Loan(s). The Loan(s) under this Facility Letter are uncommitted and, notwithstanding any other provision of this Facility Letter, the Bank may, at any time, in its sole discretion, (i) on same day notice to the Borrower, terminate the Borrower's right to make requests for the Loan(s) hereunder, and (ii) even if the amounts available under the Loan(s) has not terminated, decline any request for the Loan(s).

10. **Acceptance**

The terms and conditions of this Facility Letter may be accepted by signing, dating and returning the enclosed duplicate copy of this Facility Letter signed by each Borrower and Guarantor(s) to the Bank by 5:00 p.m. on 11 November 2016. Failing such acceptance, this offer shall be of no further force or effect.

Yours truly,
HSBC BANK CANADA



Eoghan Brennan
Relationship Manager
Commercial Banking



William Truffen
Assistant Vice President
Commercial Banking

The undersigned hereby acknowledges and agrees to the terms and conditions of this Facility Letter this 7th day of November, 2016.

THE BORROWER:

Per: 
Name: Mr. Anthony Guido
Title:

THE PERSONAL GUARANTOR:

Per: 
Name: Mr. Anthony Guido

**SCHEDULE TO FACILITY LETTER
FROM HSBC BANK CANADA
TO ROYAL CANADIAN BEDROCK INC
DATED 31 OCTOBER 2016**

This Schedule shall form part of the Facility Letter and the Loan(s) as described in the Facility Letter shall also be subject to the following terms and conditions:

I. Definitions

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

"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, subject only to Priority Claims;

"Acceptable Receivables" means the aggregate of accounts receivable of the Borrower, determined by the Bank from the most recent financial statements and aged list of accounts receivable of the Borrower, over which the Bank holds a first assignment or first security interest, subject only to Priority Claims, from customers approved by the Bank and which have been outstanding for not more than 90 days, 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;

"Bank's Fixed Rate" means the annual fixed rate of interest offered by the Bank and accepted by the Borrower for the requested funds for a period of 30, 60, 90, or 180 days or 1, 2, 3, 4 or 5 years, as selected by the Borrower (but maturing not later than the final date for payment of the subject Loan(s), in any event;

"Bank's Prime Rate" means the variable annual rate of interest established and adjusted 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 2.70% on 31 October 2016

"Business Day" means a day upon which the Bank is open for business in the branch first above written;

"Canadian Dollar 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. Pacific time on such date, including all premiums and costs of exchange;

"Compensating Amount" means an amount determined by the Bank to be the net cost, if any, incurred by the Bank as a direct result of the repayment of all or a portion of a Loan accruing interest at the Bank's Fixed Rate or based on LIBOR, on a date other than the expiration of the selected interest period or LIBOR Period, respectively, including, without limitation, the loss or expense sustained or incurred by the Bank relating to such payment based on the rate at which the Bank can lend the amount prepaid into the wholesale market for balance of the said interest period or LIBOR Period. A certificate of a manager or account manager of the Bank shall, absent manifest error, be conclusive evidence of the Compensating Amount from time to time;

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

RESTRICTED

- 8 -



"Governmental Authority" means any governmental, legislative, or regulatory authority, agency, commission, board or court, tribunal or other law, regulation or rule making entity having or purporting to have jurisdiction on behalf of any nation, province, or city;

"Guarantor(s)" means the party or parties who have or are to execute a guarantee or guarantees of the indebtedness of the Borrower under or in connection with this Facility Letter and the Security Documents;

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

"Off-Balance Sheet Arrangements" means any transaction, agreement or other contractual arrangement between the Borrower and an entity that is not consolidated on the Borrower's financial statements, under which the Borrower may have: (i) any obligation under a direct or indirect guarantee or similar arrangement; (ii) a retained or contingent interest in assets transferred to an unconsolidated entity, (iii) derivatives, to the extent that the financial statements do not fully reflect fair value thereof as a liability or asset; or (iv) any obligation or liability, including a contingent obligation or liability, to the extent that it is not fully reflected in the Borrower's financial statements;

"Priority Claims" means any lien, claim, charge, security interest, trust claim, right or encumbrance of any Governmental Authority or other party (whether arising under any statute, law, contract or otherwise) having priority over the Security Documents and the mortgage, charge and security interest of the Bank in any of the inventory or accounts receivable of the Borrower.

"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 three Business Days immediately preceding the date on which:

- (a) an advance is to be made;
- (b) a rollover is to be made from one interest option to another;
- (c) a banker's acceptance is to be issued for acceptance by the Bank; or
- (d) a documentary credit or LC is to be issued by the Bank;

as the case may be, stating the date, amount and term of the requested advance or rollover, or particulars of the banker's acceptance or letter of credit.

With respect to the foregoing, a certificate of a manager or account manager of the Bank shall be *prima facie* evidence of the Bank's Fixed Rate, the Bank's Prime Rate, the Bank's U.S. Base Rate and LIBOR, from time to time.

II. Representations and Warranties

If a corporation, the Borrower and each Guarantor represents and warrants, as at the time of drawing under or other utilization of the Loan(s), that:

- (a) it has been duly incorporated and organized, is properly constituted, is in good standing 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 the Borrower and each Guarantor, respectively; or
 - (ii) any provision contained in any other loan or credit agreement or borrowing instrument or contract to which the Borrower and each Guarantor, 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 the Borrower and each Guarantor, and constitute valid and binding obligations of the Borrower and each Guarantor, as the case may be, and are enforceable in accordance with their respective terms;
- (d) all necessary Legal Requirements have been met and all other authorizations, approvals, consents and orders have been obtained with respect to the Loan(s) and the execution and delivery of the Security Documents.

Each of the Borrower and the Guarantor(s) also represents and warrants to the Bank that all financial and other information provided to the Bank in connection with the Loan(s) is true and accurate, 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.

III. Interest, Fees Payment and Rights

- (a) Interest on the daily balance of the principal amount advanced under the Loan(s) and remaining unpaid from time to time shall be payable by the Borrower as set out in the Facility Letter both before and after demand, maturity, default and judgment;
- (b) In the case of interest at the Bank's Fixed Rate, 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;
- (c) 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 3 months, whichever is earlier;
- (d) If the Borrower repays any portion of the Loan(s) accruing interest at the Bank's Fixed Rate or based on LIBOR on a date other than the expiration of the selected interest period or LIBOR Period, as the case may be, whether as a result of a demand for repayment by the Bank or otherwise, it shall also concurrently pay to the Bank the greater of:
 - (i) three months' interest on the portion prepaid at the Bank's Fixed Rate or based on the applicable rate above LIBOR, as the case may be; and,
 - (ii) the applicable Compensating Amount;
- (e) Interest based on the Bank's U.S. Base Rate and on LIBOR shall be computed on the basis of a year of 360 days and for actual days that the amounts are outstanding under the Loan(s) on this basis. For the purpose of the Interest Act, the annual rate of interest to which interest computed on the basis of a year of 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 360;
- (f) Loan(s) made available at the Bank's Fixed Rate or based on LIBOR, and banker's acceptances, shall be drawn in the minimum amount of CAD 500,000 and integral multiples of CAD 100,000 for periods of one, two, three, four, five or six months in the case of banker's acceptances;
- (g) Upon the expiration of a LIBOR Period, the term during which interest is accruing at the Bank's Fixed Rate, 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;



- (h) In addition to the fees previously described in other portions of the Facility Letter, the Borrower shall also pay to the Bank:
- (i) a fee of CAD 2,000 on each anniversary of this Facility Letter at which any amount remains outstanding or available under the Loan(s);
 - (ii) a fee of CAD 0 for each week that the Borrower is in default in providing the financial reports contemplated by this Facility Letter;
 - (iii) a fee of CAD 25 for each cheque of the Borrower which is honoured by the Bank, in its discretion, in excess of the authorized amount of the Loan(s);
- (i) The fees collected by the Bank shall be its property as consideration for the time, effort and expense incurred by it in the review and administration 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;
- (j) 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 monthly and payable on the last day of each month, both before and after demand, maturity, default and judgment, if no other interest rate is expressed for such amounts;
- (k) 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;
- (l) Notwithstanding anything to the contrary contained in the Facility Letter, the Bank may, in its discretion, make an advance under the Loan(s) to pay any unpaid interest or fees which have become due under the terms of the Facility Letter;
- (m) The Borrower acknowledges that the actual recording of the amount of any advance or repayment thereof under the Loan(s), and interest, fees and other amounts due in connection with the Loan(s), 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 Loan(s); provided that the obligation of the Borrower to pay or repay any indebtedness and liability in accordance with the terms and conditions of the Loan(s) 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 this Facility Letter;
- (n) 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:
- (i) any set-off, compensation, counterclaim, recoupment, defence or other right which the Borrower may have against the Bank or anyone else for any reason whatsoever; or
 - (ii) any insolvency, bankruptcy, reorganization or similar proceedings by or against the Borrower;
- (o) In addition to and not in limitation of any rights now or hereafter available to the Bank whether applicable law or arising in the Security Documents, the Bank is authorized, at any time and from time to time, upon delivery of written notice to the Borrower to set-off and appropriate and to apply any and all deposits (general and special) and any other indebtedness at any time held by or owing
- 

by the Bank to or for the credit of the Borrower against and on account of the obligations and liabilities of the Borrower to the Bank under this Facility Letter. The Bank agrees to provide written notice of the exercise of any of the rights under this section immediately after the exercise of such rights;

- (p) The remedies, rights and powers of the Bank under this Facility Letter, the Security Documents and at law and in equity are cumulative and not alternative and are not in substitution for any other remedies, rights or powers of the Bank and no delay or omission in exercise of such remedy, right, or power shall exhaust such remedies, rights or powers or be construed as a waiver of any of them.

IV. 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 Loan(s) that the Bank shall have received:

- (a) The Security Documents completed and, where necessary, registered in form and manner satisfactory to the Bank's solicitors;
- (b) Satisfactory banker's and/or other agency reports on the financial position of the Borrower, the Guarantor(s) and such customers of the Borrower as the Bank may specify from time to time;
- (c) Verification of insurance arranged by the Borrower conforming to the Bank's requirements;
- (d) If deemed necessary by the Bank, an environmental questionnaire, including site profile [in applicable provinces], and environmental site investigation report for the Lands prepared by an environmental consultant satisfactory to the Bank, in each case in form and content acceptable to the Bank;
- (e) confirmation that the Borrower is in compliance with each of the terms and conditions of the Facility Letter.

V. Borrower's Covenants and Conditions

In addition to the conditions previously set out, the following conditions shall apply until the Loan(s) are repaid in full and cancelled:

- (a) The Borrower shall not, without the prior written consent of the Bank:
 - (i) grant or allow any lien, charge, security interest, 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;
 - (ii) become guarantor or endorser or otherwise become liable upon any note or other obligation other than in the normal course of business of the Borrower;
 - (iii) declare or pay dividends on any class or kind of its shares, repurchase or redeem any of its shares or reduce its capital in any way whatsoever or repay any shareholders' advances that would place any bank covenant in default;
 - (iv) amalgamate with or permit all or substantially all of its assets to be acquired by any other person, firm or corporation or permit any reorganization or change of control of the Borrower;
 - (v) permit any property taxes or strata fees to be past due at any time.



- (b) 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 Loan(s) prior to satisfaction of any of the Conditions Precedent, but waiver by the Bank of any obligation or condition shall not constitute a waiver of performance of such obligation or condition in the future;
- (c) All financial terms and covenants shall be determined in accordance with generally accepted accounting principles, applied consistently;
- (d) If the amount outstanding under any Loan in Canadian dollars plus the Canadian Dollar Equivalent of the amount outstanding under any Loan in a currency other than Canadian dollars at any time exceeds the amount authorized under that Loan, the Bank may, from time to time, in its sole discretion:
 - (i) limit the further utilization of that Loan;
 - (ii) convert all or part of the amount outstanding under that Loan to Canadian Dollars in which event, interest shall accrue and be paid on such converted amounts at the rate set out in the Facility Letter for Canadian dollar 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 monthly and payable on the last day of each month, both before and after demand, maturity, default and judgment, until paid;
 - (iii) require the Borrower to pay off the excess;
- (e) The Borrower 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:
 - (i) 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
 - (ii) 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.

VI. Environmental Matters

- (a) 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 Borrower's lands, facilities or premises (the "Premises") or any adjacent property, nor have any such substances been stored or used on the Premises or in the Borrower's business or any adjacent property prior to the Borrower's ownership, possession or control of the Premises. 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. The Borrower



shall 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;

- (b) The Borrower shall 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 the Borrower's business] or 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;
- (c) The assets of the Borrower 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 Loan(s).

VII. Bank Visits

Representatives of the Bank shall be entitled to attend at the Borrower's business premises and to view all financial records of the Borrower at any time, on reasonable notice.

VIII. Legal and Other Expenses

The Borrower shall pay all reasonable legal fees and disbursements (on a solicitor and own client basis) in respect of the Loan(s), the preparation, issue and registration of the Security Documents, the enforcement and preservation of the Bank's rights and remedies under this Facility Letter and the Security Documents, 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 Loan(s).

IX. Syndication

The Bank shall have the right to syndicate all or any portion of the Loan(s).

X. Non-Merger and Non-Assignment

This Facility Letter shall, on execution by the Borrower and each Guarantor, replace all previous facility letters from the Bank to the Borrower with respect to the Loan(s). Any existing loan to the Borrower shall be modified, not refinanced, without novation of the Borrower's existing facilities or obligations, by virtue of the Facility Letter unless otherwise provided in the Facility Letter. 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 to the extent of such conflict.

The benefits conferred by this Facility Letter shall enure to the benefit of the Bank and its successors and assigns and shall be binding on the Borrower and Guarantor(s) and their successors and permitted assigns.



Neither the Borrower nor the Guarantor(s) shall assign all or any of its rights, benefits or obligations under this Facility Letter without the prior written consent of the Bank.

XI. Waiver or Variation

No term or condition of the Facility Letter or any of the Security Documents may be waived or varied verbally or by any course of conduct of any officer, employee or agent of the Bank. All waivers must be in writing and signed by the waiving party.

Any amendment to the Facility Letter or the Security Documents must be in writing and signed by a duly authorized officer of the Bank.

XII. Consent and Acknowledgement to Collection, Use and Disclosure of Information

When it is necessary for providing products and services to the Borrower or any Guarantor, the Borrower and each Guarantor consents to the Bank obtaining from any credit-reporting agency or from any person any information (including personal information) that the Bank may require at any time. The Borrower and each Guarantor also consent to the disclosure at any time by the Bank any information concerning the Borrower and any Guarantor to any credit grantor, to any credit reporting agency, or to the Bank's subsidiaries and affiliates. If applicable, the Borrower also authorizes the Bank to release the information contemplated by any builder's lien or similar legislation to all persons claiming a right to such information under such legislation. The Borrower and each Guarantor may refuse or withdraw these consents; however this may result in the Bank cancelling or withholding products or services for which these consents are necessary. Unless each Guarantor advises the Bank otherwise, the Bank may use the each Guarantor's social insurance number to help ensure accurate credit enquiries.

XIII. Time of Essence

Time shall be of the essence of the Facility Letter.

XIV. Indemnity

The Borrower agrees to keep the Bank and its officers, directors, employees, solicitors, agents and affiliates (collectively, the "Bank Group") indemnified against any claim for any damages, losses, costs or expenses (including, without limitation, legal costs on a solicitor and his own client basis) incurred or suffered by any of the Bank Group in relation to this Facility Letter or as a consequence (direct or indirect) of any breach by the Borrower of this Facility Letter, or as a result of an assessment made by any tax authority in respect of any payment made by the Bank to any third party including, without limitation, to the beneficiary of any LC, unless such damage, loss, cost or expense was incurred solely as a direct result of the Bank's gross negligence or wilful misconduct.

XV Governing Law

This Facility Letter and, unless otherwise specified therein, all other documents or instruments delivered in accordance with this Facility Letter shall be governed by and interpreted in accordance with the laws of the Province of Ontario (the "Governing Jurisdiction") and the laws of Canada applicable therein. The Borrower and Guarantor(s) irrevocably submit to the exclusive jurisdiction of the courts in the Governing Jurisdiction.





November 1, 2016

CONFIDENTIAL

Royal Canadian Bedrock Inc.
5600 – 100 King St West
Toronto, ON, M5X 1C9

Attention: Mr. Anthony Guido, President

OFFER TO LEASE

We are pleased to advise that, on the basis of the financial statements and other information provided by you, Royal Canadian Bedrock Inc. (“**Lessee**”), HSBC Bank Canada (“**Lessor**”) hereby offers to lease to Lessee the Equipment (as described below), on the terms and conditions set out in this Offer and in the form of the Master Equipment Lease and the lease schedule (together with any attachments, the “**Schedule**”) (the Master Equipment Lease and the Schedule, together, the “**Lease**”).

The Lease is incorporated in this Offer as if set out herein and Lessee agrees to be bound by the Lease as if executed by Lessee. Terms used in this Offer, and not otherwise defined, have the meanings set out in the Lease. If the Equipment will be leased to Lessee under more than one Schedule, then each reference in this Offer to “the Schedule” shall be interpreted as referring to the applicable Schedule(s).

1. **Currency:**

The Lease shall be in Canadian dollars. Unless otherwise expressly stated, all references to dollar amounts in this Offer are to amounts in such currency.

2. **Equipment:**

<u>Description</u>	<u>Estimated Cost</u>
Above ground quarry equipment (Dazzini chainsaw and wire saw, Atlas Polar Mofat fork lifts, Catapillar loaders and fork lifts) (collectively, the “ Equipment ”)	CAD3,000,000 <u>CAD 3,000,000</u>

3. **Personal Guarantor:** Mr Anthony Guido

4. **Amount of Lease Advance:**

4.1 The amount Lessor shall pay to purchase the Equipment shall be the actual cost thereof (including all applicable Taxes) to Lessor (the “**Equipment Cost**”), but in any event, not more than CAD 3,000,000 (the “**Advance**”). If the Equipment Cost exceeds the Advance, Lessor is not obliged to purchase the Equipment or enter into the Lease.

4.2 Lessor has agreed to provide the lease financing described in this Offer to Lessee as part of credit facilities otherwise made available to Lessee as described in the facility letter issued by the Lessor to the lessee and dated October 31, 2016. If such other credit facilities are cancelled or Lessor makes demand on Lessee for repayment of any amounts owing by Lessee, Lessor may at any time thereafter, by written notice to Lessee, cancel Lessor’s obligations under this Offer with respect to any Lease not then in effect. Lessor

may also, at any time in Lessor's discretion, with or without notice to Lessee, as part of any periodic review of such financing facilities, amend any fee or rate payable by Lessee or other terms and conditions under this Offer with respect to any Lease not then in effect.

4.3 Without limiting the Lessor's right to demand repayment of the Leases at any time, the Lease facility shall be subject to periodic review by the Lessor as and when determined by the Lessor in its discretion. Any unadvanced portion of the Lease facility shall be automatically cancelled upon demand being made by the Lessor for repayment of the amount outstanding under the Lease. The Lessor's obligations under this offer are uncommitted and, notwithstanding any other provision of this offer, the Lessor may, at any time, in its sole discretion, (i) on same day notice to the Borrower, terminate the Borrower's right to make requests for the Lease hereunder, and (ii) even if the amounts available under the Lease facility has not terminated, decline any request for the Lease.

5. **Availability of the Advance:**

5.1 If title to the Equipment is to be acquired by Lessor directly from the supplier or suppliers of the Equipment (collectively, the "**Supplier(s)**"), Lessor shall pay the Equipment Cost in one lump sum payment directly to the Supplier(s) and Lessee hereby irrevocably authorizes Lessor to purchase and pay for the Equipment on the terms and conditions of this Offer.

5.2 If Lessor is to purchase the Equipment directly from the Supplier(s) in instalments, all Equipment must be purchased, installed and accepted by Lessee by not later than August 31, 2017.

5.3 Any payment by Lessor under this section 5, to the Supplier(s), shall be subject to satisfaction of the conditions precedent specified below and, without limitation, in consideration of the applicable Supplier(s), as the case may be, transferring legal and beneficial title to the Equipment to Lessor free and clear of all Liens. Upon any such transfer, and subject to the conditions precedent specified below, Lessor will then lease the Equipment to Lessee on the terms and conditions set out in the Lease, as completed in accordance with this Offer.

6. **Term:** The Equipment shall be leased for a term (the "**Term**") of 84 months to be chosen in writing by Lessee and Lessor at the time the Schedule is executed by Lessee. The Term will commence, notwithstanding the date of delivery of the Equipment to Lessee, on the Commencement Date of Rental Payments (as defined below).

7. **Rent:**

7.1 Regular Rental Payments shall be (i) payable in advance commencing on the Commencement Date of Rental Payments and (ii) payable monthly. If at any time there is any uncertainty or ambiguity as to the amount of any such rates, Lessor's determination thereof shall be conclusive for all purposes.

7.2 Applicable Taxes shall be added to Rental Payments in all cases.

7.3 The "**Commencement Date of Rental Payments**" shall be the date agreed upon in writing by Lessee and Lessor.

7.4 The amount of each regular monthly Rental Payment shall be the product of the actual cost of the Equipment to Lessor multiplied by the Rental Factor (as defined below) as of the Commencement Date of Rental Payments.

7.4.1 The Rental Factor will be based on HSBC's CAD Cost of Funds Rate for the Term of 1.28% (as hereinafter defined), as agreed to by Lessor and Lessee plus 2.50% per annum. The Rental Factor at the date of this Offer would be 1.352482% based on a 84 month Term.

7.4.2 The Rental Factor and, therefore, the Rental Payments payable under the Lease, will then be fixed for the Term of the Lease. By way of example, based on a total cost of the Equipment of CAD 3,000,000, as of the date of this Offer, such regular Rental Payments would be CAD 40,574.46 based on a 84 month Term.

7.5 The Rental Payments shall be paid by Lessee via pre-authorized payments from Lessee's bank account.

8. **Security Deposit**

N/A

9. **Prepaid Rent and Fees:**

9.1 Lessee shall pay to Lessor,

9.1.1 the sum of \$500.00 as provided for in a Schedule as an administration fee at the time of the execution of such Schedule plus applicable Taxes; and

the sum of CAD 40,574.46 as non-refundable prepaid rent plus applicable Taxes (the "**Non-refundable Prepaid Rent**") with respect to the leasing facility contemplated herein; to be credited to the Lessee and applied against the first and subsequent month's rent due hereunder on the Commencement Date of Rental Payments;

9.2 Lessee acknowledges and agrees that the determination of the aforementioned costs is not feasible and that the application and set up fee, administration fee and prepaid rent specified above represent a reasonable estimate thereof, are not in any way to be considered a penalty and shall be retained by Lessor without prejudice to any other remedies which may be available to Lessor at law or in equity.

10. **Option to Purchase:**

10.1 Subject to section 18 of the Master Equipment Lease titled "Purchase Option" and following receipt by Lessor of the 84th monthly rental payment hereunder, Lessee shall have the right, exercisable at its option and on the terms and conditions more particularly specified in the Lease, to purchase all Lessor's right, title and interest in and to the Equipment for a purchase price in an amount of \$100.00.

11. **Joint Election Option:**

Lessee shall, at its option, at the time that any Schedule forming part of the Lease is entered into and in accordance with the *Income Tax Act* (Canada), have the right to file a "Joint Election" which will require Lessee to capitalize and enable Lessee to claim Capital Cost Allowances in respect of the Equipment. The Lessee will, at Lessor's request, execute all such instruments and documents as Lessor may reasonably require in connection with the Joint Election.

12. **Related Documents:**

Prior to Lessor paying the Equipment Cost, Lessee shall provide, or cause to be provided, to Lessor each of the following documents (the "**Related Documents**"):

- 12.1 an invoice from the Supplier(s), to Lessor, identifying and describing the Equipment in a manner acceptable to Lessor;
- 12.2 the Master Equipment Lease and the applicable Schedule, each executed by Lessee;
- 12.3 a pre-authorized payment form in Lessor's standard form and executed by Lessee with respect to interbank debiting of Rental Payments due under the Lease;
- 12.4 an Order Schedule;
- 12.5 such waivers, releases, acknowledgements and consents in registrable form (if necessary) as Lessor may require, in form and substance acceptable to Lessor, from the owners, landlords and mortgagees of any real property upon which any Equipment may be located;
- 12.6 Guarantee of the indebtedness of the Borrower to the Bank executed by the personal guarantor for an unlimited amount plus interest and charges as provided in the guarantee;
- 12.7 Assignment and postponement by the Shareholders of all present and future indebtedness and other amounts owing or outstanding to them by the Borrower;
- 12.8 such other waivers, releases, acknowledgements and consents in registrable form (if necessary) as Lessor may require, in form and substance acceptable to Lessor, from any other third party which Lessor's due diligence investigations indicate may hold or claim any interest in the Equipment, or any part thereof; and
- 12.9 all such additional instruments, documents, certificates and opinions as Lessor shall reasonably require.

Copies of Lessor's usual forms for the Related Documents are available for inspection by Lessee or any Indemnifier upon request.

13. **Conditions Precedent:**

Lessor's obligation to purchase or pay for any Equipment and enter into any lease thereof to Lessee is subject to satisfaction of each of the following conditions, each of which conditions is inserted for Lessor's sole benefit and may (but need not) be waived by Lessor at its option:

- 13.1 Lessor shall have received duly executed original copies of each of the Related Documents completed and, where necessary, registered, in a form and manner satisfactory to Lessor and Lessor's solicitors;
- 13.2 if the Equipment is being purchased by Lessor directly from the Supplier(s), evidence satisfactory to Lessor that upon payment of the Equipment Cost therefor to the Supplier(s), Lessor shall acquire legal and beneficial title to the Equipment, free and clear of any Liens;
- 13.3 Lessor shall have received all such detailed banker's and credit reports with respect to Lessee and any Indemnifier(s), as Lessor may require, containing results satisfactory to Lessor in its sole discretion;
- 13.4 Lessor shall have received confirmation of insurance conforming to all requirements specified in the Lease;



- 13.5 if required by Lessor, Lessor shall have received an appraisal of the Equipment addressed to Lessor by an appraiser acceptable to Lessor, which appraisal shall confirm the fair market value of the Equipment to be in an amount acceptable to Lessor;
- 13.6 Lessor shall have received all fees and pre-paid rent, as applicable, payable hereunder; and
- 13.7 no Event of Default or Unmatured Event of Default shall have occurred, or shall occur, as a result of the purchase of the Equipment by Lessor or the lease thereof to Lessee.

If, after the acceptance of this Offer, either (i) there has been, in Lessor's sole opinion, a material adverse change in the financial condition of Lessee, or the personal guarantor, or (ii) any of the conditions set out above have not been met and such conditions have not been waived in writing by Lessor, then this Offer shall terminate, Lessor shall have no further obligation to purchase or pay for any Equipment or enter into any lease thereof to Lessee and all of Lessor's other obligations hereunder or under the Lease with respect to the Equipment shall terminate.

14. **Legal Documentation and Other Expenses:**

Without limiting the terms of the Lease Agreement and whether or not the transactions contemplated by this Offer or the Lease shall be consummated, Lessee shall pay any and all reasonable costs Lessor incurs (including legal fees and disbursements on a Full Indemnity Basis) in connection with the preparation, negotiation, execution and delivery of this Offer and all Related Documents and all other documents and writings contemplated hereby or thereby or delivered in connection herewith or therewith, whether delivered on, prior to or after the consummation of the transactions contemplated hereby or thereby.

15. **Non-Merger and Conflict:**

The terms of this Offer shall survive execution of the Related Documents; provided that upon satisfaction or waiver of all conditions in accordance with the foregoing, the lease of the Equipment shall be governed by the terms of the signed Lease between Lessor and Lessee, and in the event of any inconsistency between the terms of this Offer and the terms of such Lease, the terms of such Lease shall supersede the terms of this Offer.

16. **Applicable Law:**

For purposes of the section of the Master Equipment Lease titled "Miscellaneous" and determining which law governs this Offer, the "Province" is Ontario.

17. **Assignment:**

The Lessee shall not have the right to assign any of the rights and benefits conferred by this Offer to Lease. This Offer to Lease and the Security Documents may be freely assigned by HSBC, in whole or in part, without the consent of the Lessee.

This Offer to Lease may be accepted by Lessee by signing, dating and returning to Lessor by 5:00 p.m. on November 11, 2016 the enclosed copy of this Offer. Upon receipt, Lessor shall arrange preparation of the Related Documents. If Lessee has not accepted this Offer and paid such amounts by such time, this Offer shall terminate, Lessor shall have no further obligation to purchase or pay for any Equipment or enter into any lease thereof with Lessee and all of Lessor's other obligations hereunder or under the Lease with respect to the Equipment shall terminate.

Yours very truly,

HSBC BANK CANADA

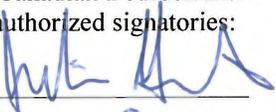

Naseem Guliwala
Senior Account Manager, Leasing


Mohammed Siddiqui
AVP, Regional Leasing

AGREED TO AND ACCEPTED THIS 7th DAY OF November, 2016.

THE LESSEE:

Royal Canadian Bedrock Inc.
by its authorized signatories:

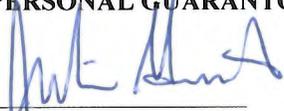

Name:

Title: President

Name:

Title:

THE PERSONAL GUARANTOR:


Anthony Guido

ADDITIONAL DEFINITIONS

“HSBC’s Cost of Funds Rate” means the aggregate cost as determined by Lessor and accepted by Lessee of the requested funds on an annual fixed rate basis for a period of 1, 2, 3, 4 or 5 years, as selected by Lessee, but maturing not later than the expiry of the Term, in any event, including dealer commissions and such reserves as are applicable;

“Total Lease Cost” means the total of the acquisition cost of the Equipment.





9 February 2017

PRIVATE AND CONFIDENTIAL

Royal Canadian Bedrock Inc
5600 – 100 King St West
Toronto, ON
M5X 1C9

Attention: Mr. Anthony Guido

We refer to the facility letter dated 31 October 2016, called the Facility Letter. Any terms not defined in this letter shall have the meaning given to those terms in the Facility Letter.

Based on the information, representations and documents you have provided to the Bank, the Bank has agreed to amend the terms and conditions governing the Loan(s) on the condition that the Facility Letter be modified as follows:

Paragraph 2 now reads:

2. Capital Loan

Amount:

CAD 396,000 demand non-revolving loan (the "Capital Loan").

Purpose:

To refinance the existing indebtedness of the Borrower incurred when purchasing existing above-ground quarry equipment.

Availability:

Available by way of single advance following satisfaction of the Conditions Precedent.

Repayment:

All amounts outstanding under the Capital Loan shall be repaid on demand by the Bank and, unless and until otherwise demanded, interest shall be paid at the rate(s) set out below, together with principal repayments of CAD6,600.00 on the last day of each month following the month in which the initial advance of the Capital Loan is made. The Capital Loan shall, in any event, be repaid in full by February 2022.

Interest:

At the Borrower's option, exercisable by the giving of the Required Notice, at the Bank's Cost of Funds Fixed Rate plus 2.5% per annum, to be determined at time of drawdown, subject to availability.

Paragraph 5.1 (b) now reads:

b) General security agreement creating a first priority security interest in all present and after acquired personal property of the Borrower and a floating charge over all of the Borrower's present and after acquired real property, save and except:

- 2013 CAT 336ELH excavator, serial number RZA00861
- 2014 CAT 950k loader, serial number R4A02413;
- 2005 Volvo L220E (VIN: EV3530)
- 2013 Kubota !KX057-4GA (VIN: 21846)
- 2014 Kubota !SVL90-2HFC (VIN: 13943)

Each of the terms and conditions of the Facility Letter, as amended by this extension letter, shall remain in full force and effect, and are hereby affirmed by the undersigned. In particular, the Loan(s) shall continue to be repayable on demand by the Bank, at any time.

The Loan(s) shall continue to be subject to periodic review to be conducted by the Bank in the Bank's sole discretion, and the Bank shall be under no obligation to conduct any such review or to provide a renewal letter or extension letter or other notification of such review if such review is conducted.

Kindly acknowledge receipt and acceptance of this letter by dating and returning to the Bank not later than 21 February 2017, the enclosed copy of this letter executed by the parties indicated below, failing which this offer will automatically expire and shall be of no further force or effect.

Yours truly,
HSBC BANK CANADA

Eoghan Brennan
Senior International Relationship Manager
Commercial Banking

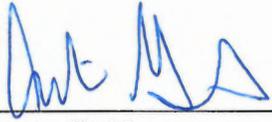
for Scott Brown
Vice President & Market Head
Commercial Banking

The undersigned hereby acknowledges and agrees to the terms and conditions of the Facility Letter this 9th day of February, 2017.

THE BORROWER:
Royal Canadian Bedrock Inc

Name: Anthony Curcio
Title: President
I/We have the authority to bind the Corporation.

THE PERSONAL GUARANTOR



Mr. Anthony Guido





22 November 2017

PRIVATE AND CONFIDENTIAL

Royal Canadian Bedrock Inc
5600 – 100 King St West
Toronto, ON
M5X 1C9

Attention: Mr. Anthony Guido

We refer to the facility letter dated 31 October 2016, and amendment letter dated 9 February 2017, collectively called the 'Facility Letter'. Any terms not defined in this letter shall have the meaning given to those terms in the Facility Letter.

Based on the information, representations and documents you have provided to the Bank, the Bank has agreed to amend the terms and conditions governing the Loan(s) on the condition that the Facility Letter be modified as follows:

Paragraph 1 now reads:

1. Operating Loan

1.1 Amount:

CAD 1,000,000 demand revolving loan (the "Operating Loan")

1.2 Purpose:

To assist in financing the day-to-day operating requirements of the Borrower.

1.3 Availability:

Available by way of account overdraft following satisfaction of the Conditions Precedent. The Borrower shall ensure that the amount advanced and outstanding under the Operating Loan shall at no time exceed the amount of the Operating Loan set out above and at no time exceeds the Margin Requirement as calculated by the Bank described below.

1.4 Repayment:

All amounts outstanding under the Operating Loan shall be repaid on demand by the Bank and, unless and until otherwise demanded, interest shall be paid at the rate(s) set out below and in the manner provided in the attached Schedule.

1.5 Interest:

At the Borrower's option, exercisable by the delivery of the Required Notice, at:

- a) the Bank's Prime Rate plus 1.20% per annum;

48
LB

1.6 Fees:

The Borrower shall pay to the Bank:

- a) annual review fee of CAD 2,000;
- b) monthly administration fee of CAD 250;
- c) late reporting fee of CAD 100 applied weekly;
- d) administration fee in the amount of CAD500.00 per Lease Schedule is payable at the time of execution of the respective Lease Schedule

Each of the terms and conditions of the Facility Letter, as amended by this extension letter, shall remain in full force and effect, and are hereby affirmed by the undersigned. In particular, the Loan(s) shall continue to be repayable on demand by the Bank, at any time.

The Loan(s) shall continue to be subject to periodic review to be conducted by the Bank in the Bank's sole discretion, and the Bank shall be under no obligation to conduct any such review or to provide a renewal letter or extension letter or other notification of such review if such review is conducted.

Kindly acknowledge receipt and acceptance of this letter by dating and returning to the Bank not later than 1 December 2017, the enclosed copy of this letter executed by the parties indicated below, failing which this offer will automatically expire and shall be of no further force or effect.

Yours truly,
HSBC BANK CANADA



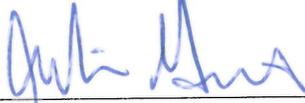
Eoghan Brennan
Senior International Relationship Manager
Commercial Banking



Arun Rebello
Assistant Vice President
Commercial Banking

The undersigned hereby acknowledges and agrees to the terms and conditions of the Facility Letter this 27th day of November, 2017.

THE BORROWER:
Royal Canadian Bedrock Inc



Name:
Title:
I/We have the authority to bind the Corporation.

THE PERSONAL GUARANTOR



Mr. Anthony Guido





November 1, 2016

CONFIDENTIAL

Royal Canadian Bedrock Inc.
5600 – 100 King St West
Toronto, ON, M5X 1C9

Attention: Mr. Anthony Guido, President

OFFER TO LEASE

We are pleased to advise that, on the basis of the financial statements and other information provided by you, Royal Canadian Bedrock Inc. (“**Lessee**”), HSBC Bank Canada (“**Lessor**”) hereby offers to lease to Lessee the Equipment (as described below), on the terms and conditions set out in this Offer and in the form of the Master Equipment Lease and the lease schedule (together with any attachments, the “**Schedule**”) (the Master Equipment Lease and the Schedule, together, the “**Lease**”).

The Lease is incorporated in this Offer as if set out herein and Lessee agrees to be bound by the Lease as if executed by Lessee. Terms used in this Offer, and not otherwise defined, have the meanings set out in the Lease. If the Equipment will be leased to Lessee under more than one Schedule, then each reference in this Offer to “the Schedule” shall be interpreted as referring to the applicable Schedule(s).

1. **Currency:**

The Lease shall be in Canadian dollars. Unless otherwise expressly stated, all references to dollar amounts in this Offer are to amounts in such currency.

2. **Equipment:**

<u>Description</u>	<u>Estimated Cost</u>
Above ground quarry equipment (Dazzini chainsaw and wire saw, Atlas Polar Mofat fork lifts, Catapillar loaders and fork lifts) (collectively, the “ Equipment ”)	CAD3,000,000 <u>CAD 3,000,000</u>

3. **Personal Guarantor:** Mr Anthony Guido

4. **Amount of Lease Advance:**

4.1 The amount Lessor shall pay to purchase the Equipment shall be the actual cost thereof (including all applicable Taxes) to Lessor (the “**Equipment Cost**”), but in any event, not more than CAD 3,000,000 (the “**Advance**”). If the Equipment Cost exceeds the Advance, Lessor is not obliged to purchase the Equipment or enter into the Lease.

4.2 Lessor has agreed to provide the lease financing described in this Offer to Lessee as part of credit facilities otherwise made available to Lessee as described in the facility letter issued by the Lessor to the lessee and dated October 31, 2016. If such other credit facilities are cancelled or Lessor makes demand on Lessee for repayment of any amounts owing by Lessee, Lessor may at any time thereafter, by written notice to Lessee, cancel Lessor’s obligations under this Offer with respect to any Lease not then in effect. Lessor

may also, at any time in Lessor's discretion, with or without notice to Lessee, as part of any periodic review of such financing facilities, amend any fee or rate payable by Lessee or other terms and conditions under this Offer with respect to any Lease not then in effect.

4.3 Without limiting the Lessor's right to demand repayment of the Leases at any time, the Lease facility shall be subject to periodic review by the Lessor as and when determined by the Lessor in its discretion. Any unadvanced portion of the Lease facility shall be automatically cancelled upon demand being made by the Lessor for repayment of the amount outstanding under the Lease. The Lessor's obligations under this offer are uncommitted and, notwithstanding any other provision of this offer, the Lessor may, at any time, in its sole discretion, (i) on same day notice to the Borrower, terminate the Borrower's right to make requests for the Lease hereunder, and (ii) even if the amounts available under the Lease facility has not terminated, decline any request for the Lease.

5. **Availability of the Advance:**

5.1 If title to the Equipment is to be acquired by Lessor directly from the supplier or suppliers of the Equipment (collectively, the "**Supplier(s)**"), Lessor shall pay the Equipment Cost in one lump sum payment directly to the Supplier(s) and Lessee hereby irrevocably authorizes Lessor to purchase and pay for the Equipment on the terms and conditions of this Offer.

5.2 If Lessor is to purchase the Equipment directly from the Supplier(s) in instalments, all Equipment must be purchased, installed and accepted by Lessee by not later than August 31, 2017.

5.3 Any payment by Lessor under this section 5, to the Supplier(s), shall be subject to satisfaction of the conditions precedent specified below and, without limitation, in consideration of the applicable Supplier(s), as the case may be, transferring legal and beneficial title to the Equipment to Lessor free and clear of all Liens. Upon any such transfer, and subject to the conditions precedent specified below, Lessor will then lease the Equipment to Lessee on the terms and conditions set out in the Lease, as completed in accordance with this Offer.

6. **Term:** The Equipment shall be leased for a term (the "**Term**") of 84 months to be chosen in writing by Lessee and Lessor at the time the Schedule is executed by Lessee. The Term will commence, notwithstanding the date of delivery of the Equipment to Lessee, on the Commencement Date of Rental Payments (as defined below).

7. **Rent:**

7.1 Regular Rental Payments shall be (i) payable in advance commencing on the Commencement Date of Rental Payments and (ii) payable monthly. If at any time there is any uncertainty or ambiguity as to the amount of any such rates, Lessor's determination thereof shall be conclusive for all purposes.

7.2 Applicable Taxes shall be added to Rental Payments in all cases.

7.3 The "**Commencement Date of Rental Payments**" shall be the date agreed upon in writing by Lessee and Lessor.

7.4 The amount of each regular monthly Rental Payment shall be the product of the actual cost of the Equipment to Lessor multiplied by the Rental Factor (as defined below) as of the Commencement Date of Rental Payments.

7.4.1 The Rental Factor will be based on HSBC's CAD Cost of Funds Rate for the Term of 1.28% (as hereinafter defined), as agreed to by Lessor and Lessee plus 2.50% per annum. The Rental Factor at the date of this Offer would be 1.352482% based on a 84 month Term.

7.4.2 The Rental Factor and, therefore, the Rental Payments payable under the Lease, will then be fixed for the Term of the Lease. By way of example, based on a total cost of the Equipment of CAD 3,000,000, as of the date of this Offer, such regular Rental Payments would be CAD 40,574.46 based on a 84 month Term.

7.5 The Rental Payments shall be paid by Lessee via pre-authorized payments from Lessee's bank account.

8. **Security Deposit**

N/A

9. **Prepaid Rent and Fees:**

9.1 Lessee shall pay to Lessor,

9.1.1 the sum of \$500.00 as provided for in a Schedule as an administration fee at the time of the execution of such Schedule plus applicable Taxes; and

the sum of CAD 40,574.46 as non-refundable prepaid rent plus applicable Taxes (the "**Non-refundable Prepaid Rent**") with respect to the leasing facility contemplated herein; to be credited to the Lessee and applied against the first and subsequent month's rent due hereunder on the Commencement Date of Rental Payments;

9.2 Lessee acknowledges and agrees that the determination of the aforementioned costs is not feasible and that the application and set up fee, administration fee and prepaid rent specified above represent a reasonable estimate thereof, are not in any way to be considered a penalty and shall be retained by Lessor without prejudice to any other remedies which may be available to Lessor at law or in equity.

10. **Option to Purchase:**

10.1 Subject to section 18 of the Master Equipment Lease titled "Purchase Option" and following receipt by Lessor of the 84th monthly rental payment hereunder, Lessee shall have the right, exercisable at its option and on the terms and conditions more particularly specified in the Lease, to purchase all Lessor's right, title and interest in and to the Equipment for a purchase price in an amount of \$100.00.

11. **Joint Election Option:**

Lessee shall, at its option, at the time that any Schedule forming part of the Lease is entered into and in accordance with the *Income Tax Act* (Canada), have the right to file a "Joint Election" which will require Lessee to capitalize and enable Lessee to claim Capital Cost Allowances in respect of the Equipment. The Lessee will, at Lessor's request, execute all such instruments and documents as Lessor may reasonably require in connection with the Joint Election.

12. **Related Documents:**

Prior to Lessor paying the Equipment Cost, Lessee shall provide, or cause to be provided, to Lessor each of the following documents (the "**Related Documents**"):

- 12.1 an invoice from the Supplier(s), to Lessor, identifying and describing the Equipment in a manner acceptable to Lessor;
- 12.2 the Master Equipment Lease and the applicable Schedule, each executed by Lessee;
- 12.3 a pre-authorized payment form in Lessor's standard form and executed by Lessee with respect to interbank debiting of Rental Payments due under the Lease;
- 12.4 an Order Schedule;
- 12.5 such waivers, releases, acknowledgements and consents in registrable form (if necessary) as Lessor may require, in form and substance acceptable to Lessor, from the owners, landlords and mortgagees of any real property upon which any Equipment may be located;
- 12.6 Guarantee of the indebtedness of the Borrower to the Bank executed by the personal guarantor for an unlimited amount plus interest and charges as provided in the guarantee;
- 12.7 Assignment and postponement by the Shareholders of all present and future indebtedness and other amounts owing or outstanding to them by the Borrower;
- 12.8 such other waivers, releases, acknowledgements and consents in registrable form (if necessary) as Lessor may require, in form and substance acceptable to Lessor, from any other third party which Lessor's due diligence investigations indicate may hold or claim any interest in the Equipment, or any part thereof; and
- 12.9 all such additional instruments, documents, certificates and opinions as Lessor shall reasonably require.

Copies of Lessor's usual forms for the Related Documents are available for inspection by Lessee or any Indemnifier upon request.

13. **Conditions Precedent:**

Lessor's obligation to purchase or pay for any Equipment and enter into any lease thereof to Lessee is subject to satisfaction of each of the following conditions, each of which conditions is inserted for Lessor's sole benefit and may (but need not) be waived by Lessor at its option:

- 13.1 Lessor shall have received duly executed original copies of each of the Related Documents completed and, where necessary, registered, in a form and manner satisfactory to Lessor and Lessor's solicitors;
- 13.2 if the Equipment is being purchased by Lessor directly from the Supplier(s), evidence satisfactory to Lessor that upon payment of the Equipment Cost therefor to the Supplier(s), Lessor shall acquire legal and beneficial title to the Equipment, free and clear of any Liens;
- 13.3 Lessor shall have received all such detailed banker's and credit reports with respect to Lessee and any Indemnifier(s), as Lessor may require, containing results satisfactory to Lessor in its sole discretion;
- 13.4 Lessor shall have received confirmation of insurance conforming to all requirements specified in the Lease;



- 13.5 if required by Lessor, Lessor shall have received an appraisal of the Equipment addressed to Lessor by an appraiser acceptable to Lessor, which appraisal shall confirm the fair market value of the Equipment to be in an amount acceptable to Lessor;
- 13.6 Lessor shall have received all fees and pre-paid rent, as applicable, payable hereunder; and
- 13.7 no Event of Default or Unmatured Event of Default shall have occurred, or shall occur, as a result of the purchase of the Equipment by Lessor or the lease thereof to Lessee.

If, after the acceptance of this Offer, either (i) there has been, in Lessor's sole opinion, a material adverse change in the financial condition of Lessee, or the personal guarantor, or (ii) any of the conditions set out above have not been met and such conditions have not been waived in writing by Lessor, then this Offer shall terminate, Lessor shall have no further obligation to purchase or pay for any Equipment or enter into any lease thereof to Lessee and all of Lessor's other obligations hereunder or under the Lease with respect to the Equipment shall terminate.

14. **Legal Documentation and Other Expenses:**

Without limiting the terms of the Lease Agreement and whether or not the transactions contemplated by this Offer or the Lease shall be consummated, Lessee shall pay any and all reasonable costs Lessor incurs (including legal fees and disbursements on a Full Indemnity Basis) in connection with the preparation, negotiation, execution and delivery of this Offer and all Related Documents and all other documents and writings contemplated hereby or thereby or delivered in connection herewith or therewith, whether delivered on, prior to or after the consummation of the transactions contemplated hereby or thereby.

15. **Non-Merger and Conflict:**

The terms of this Offer shall survive execution of the Related Documents; provided that upon satisfaction or waiver of all conditions in accordance with the foregoing, the lease of the Equipment shall be governed by the terms of the signed Lease between Lessor and Lessee, and in the event of any inconsistency between the terms of this Offer and the terms of such Lease, the terms of such Lease shall supersede the terms of this Offer.

16. **Applicable Law:**

For purposes of the section of the Master Equipment Lease titled "Miscellaneous" and determining which law governs this Offer, the "Province" is Ontario.

17. **Assignment:**

The Lessee shall not have the right to assign any of the rights and benefits conferred by this Offer to Lease. This Offer to Lease and the Security Documents may be freely assigned by HSBC, in whole or in part, without the consent of the Lessee.

This Offer to Lease may be accepted by Lessee by signing, dating and returning to Lessor by 5:00 p.m. on November 11, 2016 the enclosed copy of this Offer. Upon receipt, Lessor shall arrange preparation of the Related Documents. If Lessee has not accepted this Offer and paid such amounts by such time, this Offer shall terminate, Lessor shall have no further obligation to purchase or pay for any Equipment or enter into any lease thereof with Lessee and all of Lessor's other obligations hereunder or under the Lease with respect to the Equipment shall terminate.

Yours very truly,

HSBC BANK CANADA

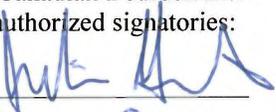

Naseem Guliwala
Senior Account Manager, Leasing


Mohammed Siddiqui
AVP, Regional Leasing

AGREED TO AND ACCEPTED THIS 7th DAY OF November, 2016.

THE LESSEE:

Royal Canadian Bedrock Inc.
by its authorized signatories:


Name:

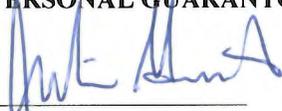
Title:

President

Name:

Title:

THE PERSONAL GUARANTOR:


Anthony Guido

ADDITIONAL DEFINITIONS

“HSBC’s Cost of Funds Rate” means the aggregate cost as determined by Lessor and accepted by Lessee of the requested funds on an annual fixed rate basis for a period of 1, 2, 3, 4 or 5 years, as selected by Lessee, but maturing not later than the expiry of the Term, in any event, including dealer commissions and such reserves as are applicable;

“Total Lease Cost” means the total of the acquisition cost of the Equipment.



HSBC Bank Canada

Leasing Division
2nd Floor, 2910 Virtual Way
Vancouver, British Columbia V5M 0B2

Master Equipment Lease

Lessor: HSBC Bank Canada

Lessee: ROYAL CANADIAN BEDROCK INC.

Lessee

Address: 5600-100 KING STREET WEST

TORONTO, ONTARIO M5X1C9

1. **LEASE.** Lessor hereby leases to Lessee and Lessee hereby leases from Lessor the assets and property described in any lease schedule(s) executed by Lessor and Lessee from time to time and which refer to and incorporate by reference this Master Equipment Lease (each, together with any attached schedules or other attachments to it, a "**Schedule**"). The assets and property described in each Schedule, together with all additions, parts, attachments and accessories thereto from time to time, any substitutions, repairs, replacements and proceeds thereof from time to time and any related software described in the Schedule ("**Software**"), are collectively referred to in this Agreement as "**Equipment**". Any reference to "this Agreement" or "herein" "hereunder" or similar expressions refers to this Master Equipment Lease together with each Schedule. Certain other terms used herein are defined in section 27 hereof.
2. **SEPARATE LEASES.** Each Schedule constitutes a separate lease (a "Lease") from Lessor to Lessee of the Equipment described in the Schedule, in each case on the terms and conditions set out in this Master Equipment Lease and in the Schedule, and, in the case of Software, in the related licence. In the event of any conflict between any provision in this Master Lease Agreement and any provision in any Schedule hereto, the provision of such Schedule shall prevail with respect to the Lease affected thereby. Except as Lessor may otherwise agree in writing, (i) Lessor has no obligation to enter into any additional leases with, or extend any future lease financing to, Lessee, and (ii) if Lessor has agreed to provide lease financing to Lessee as part of any credit facilities otherwise made available to Lessee, Lessor may at any time cancel its obligation to provide such lease financing by written notice to Lessee. Any such unutilized lease financing facility shall automatically terminate upon demand being made by Lessor for repayment of any other amounts owing by Lessee. Lessor may, at any time in its discretion, with or without notice to Lessee, as part of any periodic review of its financing facilities provided to Lessee, amend any fee or rate payable by Lessee in connection with, or other terms and conditions of, any lease financing to be provided by Lessor to Lessee after such time.
3. **RENT.** As rent for use of the Equipment under each Schedule during the applicable Term (as defined below), Lessee shall pay Lessor all rental payments, security deposits, advance rents, additional rent and interim or per diem rents (collectively, "**Rent**") in the amounts and at the times specified in such Schedule. All Rent and other amounts due under this Agreement shall be made together with all applicable taxes (including all sales, use, social service, transfer, goods and services, GST, HST and similar taxes together with any interest and/or penalties) (collectively, "**Taxes**") in immediately available funds in the currency in which such payment is required to be made under this Agreement and shall be payable to Lessor at its address shown above or to such other place or in such other manner as Lessor may at any time or times designate in writing. Lessee shall pay Lessor interest on any overdue amount due under this Agreement (including Rent) from the due date to the date of payment at 21% per annum calculated and compounded monthly. Lessee authorizes Lessor to collect all Rent and other amounts due hereunder by automatic withdrawals and agrees to execute such forms relating thereto as Lessor may provide from time to time.
4. **SECURITY DEPOSIT.** No later than the commencement date of rental payments specified in a Schedule, Lessee shall pay Lessor a refundable security deposit in the amount specified therefor (if any) in such Schedule (each, a "**Deposit**"). Lessee grants Lessor only a security interest in the Deposit as security for payment and performance of all of Lessee's present and future liabilities and obligations under this Agreement (including under the related Schedule) or under any other agreement existing at any time between Lessee and Lessor or any affiliate of Lessor (including timely payment of all Rent) (collectively, the "**Obligations**"). The Deposit will not accrue interest and Lessor may commingle the Deposit with its own funds. Lessor may, at any time or from time to time, deduct from any Deposit, any amounts payable by Lessee including any applicable Taxes. Upon satisfaction of all Obligations, Lessor shall return each Deposit to Lessee less any sums applied in accordance with the foregoing or section 16(c).
5. **LEASE ABSOLUTE; NON-CANCELLABLE.** Neither this Agreement nor any Lease may be cancelled or terminated except as expressly provided herein. Lessee's obligation to pay all Rent and other amounts due or to become due hereunder is absolute and unconditional and is not to be subject to any delay, reduction, set-off, defence, withholding, deduction, claim, counterclaim or recoupment for any reason at all, including any failure, destruction, repossession or theft of the Equipment, loss of use of the Equipment (including if it does not operate as intended by Lessee, or at all), any representations by the manufacturer or the vendor of the Equipment, any past, present or future claims of Lessee against Lessor under this Agreement or otherwise, any fundamental breach of contract or for any other cause, whether similar or dissimilar to the foregoing, it being the intention of the parties hereto that all Rent and other amounts payable by Lessee under this Agreement shall continue to be payable in all events in the manner and at the times required hereby and by any Schedule. If the Equipment is unsatisfactory for any reason, Lessee shall make any claim solely against the manufacturer or the vendor thereof and shall, nevertheless, pay Lessor all Rent and other amounts payable hereunder including under any Lease.
6. **TERM.** This Agreement will come into effect on the date it is signed by Lessee and Lessor and will continue in effect as long as any Lease remains in effect. Each Lease will come into effect, and the term of each Lease (the "**Term**") will commence, on the date agreed upon in writing by Lessee and Lessor. Unless sooner terminated or renewed

by agreement of Lessor and Lessee, the Term of each Lease will end at the end of the Term specified in the related Schedule; however, all obligations of Lessee under each Lease shall continue until they have been performed in full.

7. TITLE.

- (a) Lessor shall at all times have and retain whatever title to the Equipment is acquired by Lessor from the vendor or manufacturer of the Equipment or from Lessee. Lessee shall have no right, title or interest in any Equipment other than the right of possession and use in accordance with the terms hereof and any rights provided under section 18 hereof. Notwithstanding the foregoing, Lessee acknowledges that ownership of any Software may be held by some third party, but that Lessee's right to use such software has been obtained by Lessor and is also subject to the terms and conditions of this Agreement. If at any time Lessee shall cease to have the right to use or retain possession of the balance of the Equipment, or Lessor shall have the right to retake possession thereof, Lessee shall in such event immediately cease use of the Software in all respects, notwithstanding that it may have a license to use the Software as provided by some third party. In such event, to the extent permitted by law, Lessee shall return all copies of any such Software in its possession to Lessor and Lessor shall have the right to retake possession thereof to the same extent as it would for any other Equipment.
- (b) Lessee shall affix to the Equipment, and not remove, conceal or alter, any labels, plates or other identification supplied by Lessor indicating Lessor's ownership. Lessee acknowledges that the Equipment is and shall remain personal and movable property and shall take such steps as may be requested by Lessor to prevent any person from acquiring any rights in any Equipment by reason of the Equipment being claimed or deemed to be real property or part thereof.
- (c) Lessee shall obtain and deliver to Lessor such waivers, in registrable form (if necessary), as Lessor may request from the owners, landlords and mortgagees of any real property upon which any Equipment may be located.
- (d) In addition to, and without limiting the title retention provided for above or any other security obtained by Lessor, (i) Lessee grants to Lessor a security interest in all Equipment and all proceeds thereof as security for the payment and performance of all Obligations; and (ii) Lessee hereby acknowledges and agrees that any and all guarantees, security agreements or similar agreements previously or hereafter executed by Lessee in favour of Lessor, whether in connection with this Agreement or otherwise, shall, in addition, notwithstanding any inconsistency or provision to the contrary contained therein, constitute continuing security for the Obligations. If, for any reason, Lessee requests that Lessor release or otherwise discharge its interest in any such guarantees, security agreements or similar agreements, at its option, Lessor may proceed as if there had been an Event of Default and exercise the rights provided for in section 16(e) hereof.

- 8. NO WARRANTIES.** Lessee (i) has selected all Equipment and the vendor and manufacturer thereof, (ii) agrees that it is solely responsible for the use of, and results obtained from, the Equipment, (iii) leases all Equipment "as is" and (iv) acknowledges that it has not relied on Lessor's skill or judgment in any way in selecting the Equipment, that it has requested Lessor to purchase the Equipment for the purposes of leasing such Equipment to Lessee pursuant to a Lease and that Lessor has made no representation or warranty, and there are no conditions, with respect to this Agreement including any Lease or any Equipment, including its condition, safety, design, durability, capability, workmanship, quality, operation, compliance with law, suitability or fitness for the use intended by Lessee, patent or intellectual property infringement, latent or patent defects, its freedom from security interests, liens or other encumbrances (collectively, "**Liens**"), Lessor's (or in the case of Software, any licensor's) good title thereto, or with respect to any other matter or thing whatsoever. All representations, warranties and conditions, whether express or implied, statutory or otherwise, are hereby excluded. Lessor shall not be liable to Lessee or any other Person for any liability, claim, loss, cost, damage or expense of any kind or nature caused directly or indirectly by the Equipment or any deficiency or defect thereof or the use, ownership or maintenance thereof or for any loss of business or other damages whatsoever and howsoever caused (including indirect, special, consequential, punitive or exemplary damages). Lessor hereby assigns to Lessee for the Term of each Lease only, all assignable rights under any warranty given to Lessor by the vendor or manufacturer of the related Equipment, and at Lessee's expense, agrees to co-operate reasonably with Lessee in the enforcement of any such warranty. Lessee acknowledges and agrees that neither the manufacturer or vendor, nor any salesperson, representative or other agent of the manufacturer or vendor, is an agent of Lessor or is authorized to waive or alter any term or condition of this Agreement or any Schedule and no representation or warranty as to the Equipment or any other matter by the manufacturer or vendor shall in any way affect Lessee's duty to pay Rent and perform its other Obligations as set forth in this Agreement or any Schedule.

- 9. USE.** All Equipment is at Lessee's risk and shall be used by Lessee for commercial, industrial or professional purposes only. Lessee shall not, without Lessor's prior written consent, change the location of any Equipment from that specified in the applicable Schedule nor change the use of any Equipment to any use which could in any way result in a change of capital cost allowance class from that specified in the related Schedule. Lessee shall not affix the Equipment to real or immovable property nor to any goods, chattels or movable property not otherwise leased hereunder without the prior written consent of Lessor. Lessee shall ensure that the Equipment is used only by competent and qualified operators and not for any illegal or improper purpose, and in the case of any Software, same is used in accordance with each applicable licence thereof.

10. REPAIR.

- (a) Lessee shall, at its own expense (i) keep the Equipment in its original condition and working order, normal wear and tear only excepted, (ii) use, operate, maintain, repair, overhaul and service the Equipment (including furnishing all fuel, oils, lubricants and other material necessary for the operation and maintenance of the Equipment) and (iii) maintain all records, logs and other materials, in compliance with all manufacturer and vendor recommendations, all requirements to maintain all applicable warranties and insurance in effect and all applicable laws, orders, rules, regulations and directives of any federal, provincial, local or foreign government agencies, departments, boards or authorities (collectively, "**Applicable Laws**"). At the request of Lessor, Lessee shall furnish all proof of required maintenance of the Equipment. Lessee shall immediately give notice to Lessor of any theft, loss, damage or destruction to or of any Equipment or any Total Loss (as defined below), and, at Lessor's option, Lessee shall forthwith repair such Equipment or replace it with similar equipment of equivalent value; provided that if any Equipment shall be lost, stolen, substantially destroyed, condemned, expropriated, confiscated or seized (a "**Total Loss**"), at its option, Lessor may treat such Total Loss as an Event of Default and require Lessee, instead of repairing or replacing same, to pay Lessor the amount contemplated by section 16(e) hereof with respect thereto

plus all other amounts then payable by Lessee under the applicable Lease together with a late charge on such amounts at a rate per annum equal to the annual rate imputed in the Rent payments thereunder (as reasonably determined by Lessor) from the date of the Total Loss through to the date of payment of such amounts, plus all applicable Taxes thereon, whereupon Lessor shall transfer to Lessee all of Lessor's interest, if any, in and to such Equipment on an "as is, where is" basis. Lessor shall represent that the Equipment shall not be at the time of such transfer subject to any Lien granted by Lessor, but otherwise the transfer shall be without recourse, representation, warranty or condition of any kind whatsoever from Lessor (whether express, implied, statutory or otherwise).

- (b) All additions, parts, attachments, accessories and replacements to Equipment, whether by way of substitution, repair, alteration, addition or improvement, shall immediately become the property of Lessor and part of the Equipment for all purposes hereof and Lessee shall execute such documents as Lessor may request to evidence Lessor's title thereto free from any Liens. Lessee may alter or modify Equipment only with the prior written consent of Lessor and, in the case of Software, subject to the terms of and in compliance with the related licence. Any such alteration or modification shall be removed and the Equipment restored to its original, unaltered condition at Lessee's expense (without damaging the Equipment's originally intended function or its value) prior to its return to Lessor when required to be so returned.
11. **INSURANCE.** For so long as Lessee leases any Equipment hereunder, Lessee shall obtain and maintain, at its own expense, a public or third party liability insurance in respect of the Equipment and all risk insurance (including extended coverage, earthquake and flood endorsements where required by Lessor) against loss or damage to such Equipment, including coverage for fire, theft, collision and such other risks of loss as are customarily covered by insurance on such type of Equipment and by prudent operators of businesses similar to that in which Lessee is engaged, in such amounts, in such form, with such deductibles and with such insurers, all as shall be satisfactory to Lessor; provided that (i) the amount of insurance at any time covering damage to or loss of Equipment shall not be less than the greater of the full replacement value of the Equipment and the aggregate instalments of Rent for such Equipment then remaining unpaid; and (ii) each liability insurance policy shall provide coverage of not less than the amount specified in the applicable Schedule for such Equipment for each occurrence. Each liability insurance policy will name Lessee and Lessor as insureds, and each property policy will name Lessor as first loss payee thereof. Each policy (i) shall contain a standard (IBC 3000) mortgage endorsement clause, (ii) shall require the insurer to give Lessor at least 30 days prior written notice of any alteration in the terms of such policy or the cancellation thereof and (iii) will provide that no act, omission or misrepresentation by Lessee or any other named insured will affect the rights thereunder of Lessor and its successors and assigns. Lessee shall furnish Lessor with a certificate of insurance or other evidence satisfactory to Lessor of such insurance coverage prior to the commencement of the applicable Lease and, on request, provided that Lessor shall be under no duty either to ascertain the existence of or to examine such insurance policy or to advise Lessee in the event such insurance coverage shall not comply with the requirements hereof. If Lessee fails to insure Equipment as required hereunder, Lessor may, but shall not be required to, obtain such insurance itself and the cost of the insurance shall be for the account of Lessee due as additional Rent as part of the next due Rent. Lessee consents to Lessor's release, upon Lessee's failure to obtain appropriate insurance coverage, of any and all information necessary to obtain required insurance. Lessee will at its expense make all proofs of loss and take all other steps necessary to recover insurance benefits, unless advised in writing by Lessor that Lessor desires to do so, which Lessor may do at Lessee's expense. Provided no Event of Default (as defined below), or any event that with the giving of notice, the passage of time or otherwise would become an Event of Default (an "**Unmatured Event of Default**"), has occurred, proceeds of property insurance will be disbursed by Lessor to Lessee against satisfactory invoices for repair or replacement of Equipment in compliance herewith; provided that if there shall be a Total Loss of Equipment, all such insurance proceeds may be applied by Lessor against any amounts owing to Lessor as a result of such Total Loss. Lessee hereby appoints Lessor, with full power of substitution and coupled with an interest, as Lessee's attorney-in-fact to make claim for, receive payment of and execute and endorse all documents, cheques or drafts issued with respect to any claim under any insurance policy relating to the Equipment.
12. **LESSEE'S COVENANTS.** Lessee will:
- (a) permit Lessor or its agents at all reasonable times to fully inspect any Equipment or any documents (including maintenance records) relating thereto and take copies thereof, to determine Lessee's compliance with this Agreement or the condition of the Equipment or for any other purpose;
 - (b) keep the Equipment free and clear of all seizures, forfeitures, Liens, claims, privileges, debts or taxes of any nature whatsoever and not, without the prior written consent of Lessor, sublet or otherwise relinquish possession (except for required or scheduled maintenance) of the Equipment or any part thereof;
 - (c) pay when due, and indemnify and save Lessor harmless from, all taxes (including all Taxes), fees, assessments or other levies necessary to license the Equipment or otherwise imposed under Applicable Laws upon the Equipment or the delivery, purchase, lease, use, ownership, operation, possession, sale, storage or return thereof or any Rent payments, whether assessed to Lessor or Lessee, and any fines, penalties or forfeitures relating to the Equipment. Lessee will immediately deliver proof of payment of such amounts to Lessor. Each item of Equipment in respect of which licensing or registration is required shall be licensed and registered in Canada in the name of Lessor, unless otherwise required by Applicable Law, in which case such registration will indicate that Lessor is the lessor of each such item. The licensing and registration of any item of Equipment and any renewal thereof shall be the sole responsibility of Lessee and shall be effected by Lessee on a timely basis in accordance with Applicable Laws;
 - (d) indemnify and save Lessor harmless from and against all liabilities, claims, losses, costs, claims, demands, damages, awards, actions and causes of action and other expenses of any nature whatsoever (including legal fees and disbursements on a full indemnity and solicitor and his own client basis (a "**Full Indemnity Basis**")) (collectively, "**Losses**") arising, directly or indirectly, as a result of this Agreement including any Lease hereunder or any breach hereof (or of any Software licence) by Lessee, or the inaccuracy of any representation or warranty made by Lessee under or in connection herewith or in any other way relating to the lease, use, operation, ownership, manufacture, design, durability, capability, workmanship, quality, compliance with law, suitability, selection, purchase, character, safety, condition, delivery, refusal by Lessee to accept delivery, possession, sale, storage or return of any Equipment, including damage or injury (including death) of Persons or property, and whether caused by Lessee's negligence or otherwise;
 - (e) not include the cost of the Equipment in a capital cost allowance class and not claim or attempt to claim capital cost allowance in respect of the Equipment unless Lessee has exercised its joint election option, if available;

- (f) whether or not the transactions contemplated by this Agreement or any Lease shall be consummated, pay any and all reasonable legal fees and disbursements of Lessor on a Full Indemnity Basis in connection with this Agreement and any Lease including, without limitation, the preparation, issue and registration of this Agreement, any Lease and any Related Documents and the enforcement and preservation of Lessor's rights and remedies thereunder and all reasonable fees and costs for appraisals, insurance consultation, credit reporting and responding to demands of any government agency or department thereof;
 - (g) not change its name or change the location of its chief executive office or domicile or jurisdiction of incorporation (in the case of a corporation), without providing Lessor with at least 30 days' prior written notice thereof;
 - (h) as soon as possible, and, in any event, within five days, after Lessee learns of the following, notify Lessor, in writing and in reasonable detail, of (i) any proceeding instituted or threatened to be instituted against Lessee in any court or before any commission or any regulatory body (federal, provincial, territorial, local or foreign), or the occurrence of any other event, circumstance or claim, that could reasonably be expected to have a material adverse effect on Lessee, Lessee's ability to perform its Obligations, any of the Equipment or the rights of Lessor under or in connection with this Agreement, (ii) the occurrence of any Event of Default or any Unmatured Event of Default, together with a statement of the action which Lessee has taken or proposes to take with respect thereto or (iii) any change in the location of any place of business or depot (including additional locations) of Lessee where Lessee keeps any of the Equipment; and
 - (i) deliver to Lessor annually, within 120 days of Lessee's, and each Indemnifier's if any, fiscal year end, as the case may be, audited, review engagement, notice to reader, financial statements for Lessee, and [audited], [review engagement], [notice to reader] financial statements for each Indemnifier, pro forma financial statements, cash flow statement and budget for the following fiscal year of Lessee, and each Indemnifier, and such additional financial and other information as Lessor may reasonably require from time to time.
13. **LESSOR'S RIGHT TO MAKE PAYMENTS.** If Lessee fails to perform any of its obligations under this Agreement, Lessor may, but need not, perform the obligation or cause it to be performed, in each case such performance shall not be deemed a waiver or cure of any breach of this Agreement resulting from such failure. Lessee will reimburse Lessor immediately on demand for any amounts paid or expense or liability incurred by Lessor in so doing.
14. **RETURN OF EQUIPMENT.** Except for Equipment purchased by Lessee pursuant hereto, upon termination of the Term of a Lease, or upon demand by Lessor pursuant to section 16 below, Lessee shall, at its own expense and in a prudent manner, immediately dismantle, package, label and return the applicable Equipment, free of all Liens, to Lessor at such location as Lessor may designate and in the condition required to be maintained under section 10 and under any Return Standards Addendum or other document agreed to by Lessee setting out requirements for the condition of Equipment upon the return thereof. In addition, all returned Equipment shall also meet all recertification requirements and be capable of being immediately assembled and operated by a third party purchaser or third party lessee without further repair, replacement, alteration or improvement. Prior to any such return of Equipment and unless Lessee has exercised an option hereunder to purchase same, Lessee shall cooperate in all reasonable respects with Lessor's remarketing of the Equipment and in particular, but without limitation, during the 30 day period prior to the expiry of the Term of any Lease, Lessor and its prospective purchasers or lessees shall have right of access to the premises on which any Equipment is located to inspect such Equipment. If Lessee fails to return any Equipment when required, then, without affecting Lessors rights and remedies under this Agreement or the applicable Lease, the terms and conditions of such Lease shall continue to be applicable and Lessee shall continue to pay Lessor for each month or part thereof beyond the applicable Term the periodic Rent in effect during the last month of such Term until such Equipment is received by Lessor. Payment of Rent in such circumstances shall not entitle Lessee to keep such Equipment.
15. **EVENTS OF DEFAULT.** The occurrence or happening of any one or more of the following events shall constitute an "Event of Default":
- (a) Lessee shall fail to make any payment (including Rent) required hereunder when due; or
 - (b) without Lessor's prior written consent, Lessee removes any Equipment (other than Equipment which is specified in the related Schedule as being "**Mobile Goods**") from its place of location stated on the related Schedule or moves any Mobile Goods outside of Canada; or
 - (c) without Lessor's prior written consent, Lessee parts with possession of any Equipment or purports to (or does) sell, assign, transfer, sublet or otherwise suffer a Lien of any kind upon or against any interest in this Agreement or any Equipment; or
 - (d) Lessee fails to maintain in effect any insurance required hereunder; or
 - (e) the Equipment is used in a manner that may result in accelerated depreciation; or
 - (f) Lessee or any Indemnifier shall fail to perform or observe any covenant, condition or other obligation under this Agreement, other than as referred to above in this section 15; or
 - (g) Lessee defaults under any other agreement to which Lessee and Lessor (or any affiliate of Lessor) are parties or any Indemnifier defaults under any other agreement to which such Indemnifier and Lessor (or any affiliate of Lessor) are parties; or
 - (h) any representation or warranty made by Lessee in this Agreement or in any document or certificate furnished Lessor in connection with or pursuant to this Agreement shall prove to be incorrect at any time in any material respect; or
 - (i) Lessee or any Indemnifier shall become insolvent or bankrupt or make an assignment for the benefit of creditors or consent to the appointment of a trustee, receiver or similar official (a "**Receiver**"); or a Receiver shall be appointed for Lessee or any Indemnifier or for a substantial part of any of its property without its consent and such appointment shall not be terminated within the lesser of 30 days and such period during which Lessee or such Indemnifier is actively and in good faith seeking its termination; or bankruptcy, reorganization, arrangement, insolvency, winding-up or similar proceedings shall be instituted by or against Lessee or any Indemnifier and if instituted against Lessee or any Indemnifier, shall not be dismissed within the lesser of 30 days and such period during which Lessee or such Indemnifier is actively and in good faith seeking its dismissal; or
 - (j) Lessee or any Indemnifier shall dissolve, liquidate, wind up or cease its business, sell or otherwise dispose of all or a substantial part of its assets or make any material change in its capital structure or business; or

- (k) Lessee or any Indemnifier fails to pay when due any indebtedness for borrowed money or under conditional sales agreement, instalment sales agreement, leases or obligations evidenced by bonds, debentures, notes or other similar agreements or instruments or guarantees thereof; or
- (l) any final, non-appealable judgment shall be rendered against Lessee or any Indemnifier which remains unsatisfied for 30 days following the rendering of such judgment; or
- (m) any Equipment or any material part thereof is seized, confiscated, sequestered or attached or if a distress is levied thereon; or
- (n) any Indemnifier who is an individual dies; or
- (o) control or beneficial ownership of Lessee or any Indemnifier which is not an individual changes from that which existed at the date of execution of this Agreement or there is an amalgamation of Lessee or any Indemnifier without Lessor's prior written consent or any special resolution is passed or other proceeding taken regarding the wind-up of Lessee or any such Indemnifier; or
- (p) Lessee or any Indemnifier ceases to carry on the business presently conducted by it or shall suffer the loss or suspension of any licences, permits or other operating authorities required for the operation of its business or any part of it; or
- (q) Lessor in good faith believes and has commercially reasonable grounds to believe itself insecure, that the prospect of payment or performance by Lessee hereunder is about to be impaired or that the Equipment is or is about to be placed in jeopardy.

For greater certainty, any Event of Default with respect to any particular Lease shall be an Event of Default with respect to all Leases hereunder.

16. REMEDIES ON DEFAULT. Upon the occurrence of an Event of Default, Lessor may:

- (a) take possession of any or all Equipment and for that purpose enter any premises where Equipment is located, whether or not the Equipment is affixed to any such premises, and store, sell, lease or otherwise dispose of the Equipment by public or private means and upon such terms and consideration (including cash or credit) as Lessor may in its sole discretion determine. Lessee will not be entitled to be credited with the proceeds of any deferred payment until actually received. Lessee hereby waives any damages or claim to damages arising from any entering of premises or retaking of possession under the terms of this Agreement;
- (b) demand that Lessee return any or all of the Equipment to Lessor in accordance with section 14 above;
- (c) apply all or any Deposits against any Obligations including reimbursement of all costs and expenses of Lessor as a result of such Event of Default, including legal fees and disbursements on a Full Indemnity Basis;
- (d) in the name of and as the irrevocably appointed agent and attorney for Lessee and without terminating or being deemed to have terminated any Lease, take possession of any or all Equipment and proceed to lease such Equipment to any other Person on such terms and conditions for such rental and for such period of time as Lessor may determine and receive such rental and hold the same and apply the same against any monies expressed to be payable from time to time by Lessee hereunder; or
- (e) terminate any or all Leases and by written notice to Lessee require Lessee to forthwith pay to Lessor on the date specified in such notice, as a genuine pre-estimate of liquidated damages for loss of a bargain and not as a penalty (i) all amounts then due hereunder and thereunder plus (ii) the present value of (A) the aggregate of all unpaid amounts not then due hereunder and thereunder, whether Rent or otherwise, to the expiration of the Term of each such Lease (as if such Lease had not been terminated) together with (B) the residual value of all of the Equipment subject to each such Lease as of the expected expiration of the Term of the applicable Lease, which the parties agree shall be equal to any applicable Purchase Option Price specified in each applicable Schedule if any, or otherwise such amount as Lessor shall reasonably specify therefor, calculated by discounting such amounts at 1.5% per annum compounded monthly, less (iii) the net amount received by Lessor on any sale, lease or other disposition of the related Equipment after deducting all costs and expenses including legal fees and disbursements on a Full Indemnity Basis. Any payment under this section shall be increased by an amount determined by multiplying the payment by the rate of goods and services tax and any similar provincial value-added tax applicable to payments of rent.

No one or more of the remedies referred to herein is intended to be exclusive, but each shall be cumulative and in addition to any other remedies referred to herein or otherwise available to Lessor at law or in equity and, in particular, pursuant to the Personal Property Security Act of any Province or Territory in Canada. If upon a disposition of any Equipment under the provisions of this Agreement or under the provisions of any other remedies so available to Lessor there shall be any surplus after application thereof to the Obligations, such surplus shall be the sole and absolute property of Lessor.

17. WAIVERS. To the extent permitted by Applicable Laws, Lessee unconditionally and irrevocably waives all of the rights, benefits and protections given by any present or future statute that imposes limitations on the rights, powers or remedies of a lessor or a secured party or on the methods of, or the procedures for, realization of security, including any "seize or sue" or "anti-deficiency" statute or any similar provision of any other statute. Without limiting the generality of the preceding sentence, Lessee agrees that *The Limitation of Civil Rights Act* (Saskatchewan) will have no application to Lessor's rights, powers or remedies under this Agreement or any Lease or any other agreement renewing or extending or collateral hereto or thereto.

18. PURCHASE OPTION. Provided that the applicable Schedule provides for one or more purchase options in favour of Lessee for the Equipment under such Schedule, and, unless waived by Lessor in writing, that no Event of Default or Unmatured Event of Default shall have occurred either on the date Lessee gives notice in accordance with the following or on the date Lessee is required to pay the applicable Purchase Option Price (and in particular, but without limitation, that Lessee has made all Rents payments required to be paid on or before such date), Lessee may, upon written notice to Lessor received at least 30 days before any Purchase Option Date specified in such Schedule (the "**Purchase Date**"), purchase all the Equipment covered by such Schedule on the Purchase Date at the applicable Purchase Option Price specified in such Schedule. Any such notice shall be irrevocable and binding and if Lessee provides such a notice, then, on the applicable Purchase Date for the related Equipment, Lessee shall pay to Lessor the applicable Purchase Option

Price specified in the applicable Schedule, together with all Taxes applicable to the transfer of the Equipment and any other amount payable and arising under the applicable Lease, in immediately available funds, whereupon Lessor shall transfer to Lessee all of Lessor's interest, if any, in and to such Equipment on an "as is, where is" basis. Lessor shall represent that the Equipment shall not at the time of such transfer be subject to any Lien granted by Lessor, but otherwise the transfer shall be without recourse, representation, warranty or condition of any kind whatsoever from Lessor (whether express, implied, statutory or otherwise).

19. **CURRENCY INDEMNITY.** All amounts payable by Lessee under this Agreement (including under any Lease), whether Rent or otherwise, shall be paid to Lessor in the currency (the "**Original Currency**") in which Lessee is required to pay such amount. If Lessee makes payment of any liability or obligation of Lessee to Lessor under this Agreement in a currency (the "**Other Currency**") other than the Original Currency (whether voluntarily or pursuant to an order or judgment of a court or tribunal of any jurisdiction), such payment shall constitute a discharge of the liability of Lessee hereunder in respect of such liability or obligation only to the extent of the amount of the Original Currency which Lessor purchases in Canada with the amount Lessor receives on the date of receipt in accordance with Lessor's normal practice. If the amount of the Original Currency which Lessor is able to purchase is less than the amount of such currency originally due to it in respect of such relevant liability or obligation, Lessee shall indemnify and save Lessor harmless from and against any loss or damage arising as a result of such deficiency. This indemnity shall constitute an obligation separate and independent from the other liabilities and obligations contained herein, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by Lessor from time to time and shall continue in full force and effect notwithstanding any judgment or order in respect of any amount due hereunder or under any judgment or order.
20. **SURVIVAL.** All indemnities provided by Lessee to Lessor under this Agreement, including, without limitation, under sections 12(c), 12(d) and 19, shall be on an after tax basis and shall survive and continue in full force and effect notwithstanding any matter or thing, including termination of this Agreement, the end of the Term of any Lease, any other release or discharge from this Agreement of any Equipment, the sale or disposition of any Equipment or the release or discharge of Lessee to pay any Rent.
21. **REPRESENTATIONS.** Lessee represents and warrants to Lessor on the date hereof and on the date of each Schedule that: (a) each of Lessee and each Indemnifier (unless an individual) is duly formed and organized, validly existing and in good standing under the laws of the jurisdiction of its formation and is entitled to conduct its business in all jurisdictions in which it carries on business or has assets; (b) the execution, delivery and performance by Lessee and each Indemnifier of this Agreement (including each Schedule), each Lease and all Related Documents are within Lessee's (or, as applicable, each Indemnifier's) powers, have been duly authorized by all necessary action, and do not contravene (i) Lessee's or any Indemnifier's organizational documents or (ii) any Applicable Laws or contractual restriction binding on or affecting Lessee or any Indemnifier; (c) no authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by Lessee or any Indemnifier of this Agreement (including each Schedule), each Lease and all Related Documents; (d) this Agreement (including each Schedule), each Lease and all Related Documents constitute legal, valid and binding obligations of Lessee (and, as applicable, each Indemnifier), enforceable against Lessee (and, as applicable, each Indemnifier) in accordance with their respective terms; (e) Lessee's principal place of business, chief place of business, registered office and chief executive office is at the address specified on the first page of this Agreement, and its full legal name (including any French versions thereof) is specified on the signature page of this Agreement; (f) Lessee has no other existing place of business or depot where Lessee keeps any of the Equipment, except for the location specified on the first page of this Agreement and, if more than one, the Provinces and Territories of Canada specified on any Schedule where the additional place(s) of business or depot(s) may be located; (g) Lessee is duly registered, as a vendor, in all applicable Provinces and Territories of Canada for the payment and/or collection of Taxes; (h) there are no actions, suits or proceedings pending, or to the knowledge of Lessee, threatened, before any court, administrative agency, arbitrator or governmental body which may, if determined adversely to Lessee, materially compromise its ability to perform its obligations under this Agreement; (i) all financial statements that are delivered from time to time by Lessee to Lessor pursuant to this Agreement shall have been prepared in accordance with generally accepted accounting standards applied on a consistent basis and shall fairly state in all material respects the financial condition of Lessee and its consolidated subsidiaries (subject to normal year-end adjustments) as at the date thereof, and all other financial and other information, budgets, timetables, certificates, plans, specifications and other material provided to Lessor in connection with any Lease are (or will be, as the case may be) true and accurate; and (j) the Lessee has, or will have at the time of each Lease, all licenses, permits and consents as are required under any Applicable Laws in connection with its possession, use or operation of the Equipment.
22. **ORDER, DELIVERY AND INSTALLATION OF EQUIPMENT.** Lessee is solely responsible for arranging the order, delivery and installation of the Equipment entirely at its own risk and expense, and in particular, shall pay any and all delivery and installation charges except as otherwise agreed by Lessor. Lessor appoints Lessee as Lessor's agent for the sole and limited purpose of ordering and accepting delivery and installation of the Equipment. Lessor shall not be liable to Lessee for any delay in, or failure of, or refusal to accept, delivery of the Equipment. Lessee shall evidence its acceptance of Equipment by completing, signing and delivering an acknowledgment of acceptance in Lessor's standard form and upon delivery thereof it shall be conclusively deemed that the Equipment is as ordered, satisfactory to Lessee and in good condition and repair and suitable for the purposes of Lessee. Lessee will not acquire any title to the Equipment and shall only acquire the right to possession and use of the Equipment in accordance with the terms of this Agreement after the actual delivery of the Equipment to the Lessee in Canada at the premises of the Lessee in Canada or at another location in Canada agreed upon in writing by Lessor and Lessee. Notwithstanding the foregoing, the Equipment shall be at the risk of Lessee. If Lessor acquires the Equipment outside Canada, Lessee shall arrange for the importation of the Equipment. In the event that Lessee does not arrange for such importation, Lessor hereby authorizes Lessee to act as its agent, and Lessee agrees to so act, solely for the purpose of arranging for the importation of the Equipment, in which case, Lessee shall provide all documentation relating to such importation to Lessor. Lessor shall be responsible for paying any amount payable as or on account of tax payable on the Equipment under Division III of Part IX of the *Excise Tax Act* and any customs duties in respect of the importation of the Equipment. In the event the importation of the Equipment is not carried out in the manner stated herein, Lessor and Lessee shall agree to separate terms governing the importation of the Equipment that shall override the terms herein, and Lessee shall provide notice to Lessor sufficient for the importation to take place in the manner described in the separate terms.

The indemnity of Lessee provided for in clause 12(c) shall extend to and include any loss relating to tax Lessor may pay but not recover under Part IX of the *Excise Tax Act* and any customs duties payable, arising as a result of the importation of the Equipment in accordance herewith.

23. **CONSENT AND ACKNOWLEDGEMENT TO COLLECTION, USE AND DISCLOSURE OF INFORMATION.** Each of Lessee and each Indemnifier consents to Lessor obtaining from any credit reporting agency or from any person any information (including personal information) that the Lessor may require at any time. Lessee and each Indemnifier also consent to the disclosure at any time by the Lessor of any information concerning Lessee and any Indemnifier to any credit grantor, to any credit reporting agency or to the Lessor's subsidiaries and affiliates. If applicable, Lessee also authorizes the Lessor to release the information contemplated by any builder's lien or similar legislation to all persons claiming a right to such information under such legislation. Lessee and each Indemnifier may refuse or withdraw these consents; however, this may result in the Lessor canceling or withholding products or services for which these consents are necessary. Unless each Indemnifier advises the Lessor otherwise, the Lessor may use each Indemnifier's social insurance number to help ensure accurate credit enquiries.
24. **ENTIRE AGREEMENT.** This Agreement (including each Schedule), each Lease and any Related Documents given in connection with this Agreement constitutes the entire agreement between the parties and supersede all proposals or prior agreements, oral or written, and all other communications between Lessor and Lessee with respect to the subject matter hereof.
25. **COPY OF AGREEMENT.** Lessee hereby acknowledges having received an executed copy of this Agreement including each Schedule in effect on the date hereof and waives all rights to receive from Lessor a copy of any financing statement, financing statement (transition), financing change statement or verification statement filed at any time in respect of each Lease.
26. **FURTHER ASSURANCES.** Lessee will execute, acknowledge, register, record, publish or file, as the case may be, all such further documents and do all such further acts as may be reasonably requested by Lessor or necessary or proper to carry out more effectively the purposes of this Agreement or any Lease, to protect Lessor's rights herein or therein and to perfect, protect, preserve and render opposable in all applicable jurisdictions, Lessor's interest in all Equipment and Deposits.
27. **DEFINED TERMS AND INTERPRETATION.** When used in this Agreement, "including", "includes" and "include" respectively mean "including without limitation", "includes without limitation" and "include without limitation"; "Indemnifier" means any Person which provides any guaranty or indemnity agreement of any kind to Lessor to secure the obligations of Lessee to Lessor; "Person" includes any individual, trust, corporation, partnership, sole proprietorship, limited partnership, joint venture, unincorporated organization, association, institution, entity, party or government (including any division, agency or department thereof) and the successors, heirs and assigns of each; "proceeds" has the meaning set out in the Personal Property Security Act of the Province; "Province" has the meaning set out in the Schedules hereto (or, if more than one Province is set out in the Schedules hereto, means the last such one so set out); and "Related Documents" means all purchase orders, delivery and/or installation receipts, indemnities, guarantees, other security documents and other documents required by Lessor as a condition to or otherwise in connection with any Lease. Unless the context otherwise requires, all references herein to any statute or any provision thereof will include such statute or provision as it may be amended, restated, re-enacted or replaced from time to time. If the context so requires, words importing number shall be deemed to include a greater or lesser number, words importing gender shall be deemed to include the other gender or the body corporate and words importing the body corporate shall be deemed to include either gender. The captions in this Agreement are for convenience only and shall not define or limit any of the terms hereof.
28. **FAX INSTRUCTIONS.**
- Lessee, understanding and acknowledging the risks thereof, hereby requests Lessor to act from time to time on written instructions transmitted by electronic means producing a facsimile (a "Facsimile") of a document (the "Instructions") purporting to bear the signature(s) (the "Signatures") of an authorized signing person(s) for Lessee.
 - Lessor need not at any time, but is authorized to, act upon the Instructions without verifying the Signatures or enquiring as to the validity of the Instructions and may consider the Instructions of like force and effect as written orders made in accordance with the signing authorities held by Lessor from time to time in connection herewith (the "Authorities").
 - If Lessor seeks to verify the Signatures or the validity of the Instructions by telephone or otherwise and is unable to do so to its satisfaction, it may delay in acting or refuse to act upon the Instructions. Nothing in this section and no verifications of any Instructions or Signatures at any time made by Lessor shall obligate Lessor to verify the validity of the Instructions or the Signatures in any particular case.
 - Lessee shall indemnify and save Lessor harmless from all Losses that Lessor may suffer or incur or that may be brought against Lessor in any way relating to or arising out of Lessor acting upon, delaying in acting upon or refusing to act upon any Instructions, including improper, unauthorized or fraudulent Instructions given by any Person, including any employee, agent or representative of Lessee.
 - Lessor may immediately debit any account of Lessee with the amount of any payment, transfer or transaction made pursuant to an Instruction, Lessor's fees and charges relative thereto and any other amounts owing to Lessor and may otherwise act in accordance with any Instruction.
 - This Agreement shall supplement the Authorities held by Lessor from time to time and the Authorities shall otherwise remain in full force and effect.
29. **QUEBEC.** Where this Agreement is governed by the laws of Quebec, this Agreement shall be construed as a contract of leasing, governed by articles 1842 to 1850 of the Civil Code of Quebec, and, for greater certainty,
- the word "lease" as used herein and in any Schedules or forms related shall be read as "contract of leasing" or "leasing"; as the context requires;
 - the security interests granted in sections 4 and 7 hereof shall be in the nature of a moveable hypothec for \$ _____ with interest at the rate of 25% per annum from the date hereof;

Lessee (if more than one) shall be solidarily liable with one another and waives all benefits of division and discussion; "joint and several" and "jointly and severally" shall include "solidary" and "solidarily"; an "agent" shall include a "mandatory" and a "corporation" shall include a "company"; and any right of "setoff" or similar expression shall include a "right of compensation".

30. MISCELLANEOUS.

- (a) This Agreement, each Lease and all Related Documents shall, unless otherwise expressly stated therein, be governed by the laws of the Province. If any provision shall be held to be invalid or unenforceable in any jurisdiction, the validity and enforceability of the remaining provisions shall not in any way be affected or impaired. Without prejudice to the ability of Lessor to enforce this Agreement each Lease and all Related Documents in any other proper jurisdiction, Lessee irrevocably submits to the jurisdiction of any court of competent jurisdiction in the Province for any action or proceeding arising out of or relating to this Agreement, any Lease, all Related Documents or the transactions contemplated hereby or thereby and Lessee irrevocably agrees that all claims in respect of any such action or proceeding may be heard and determined in such court.
- (b) For the purposes of the *Interest Act* (Canada), if, in this Agreement, in any Lease or in any Related Document, a rate of interest is or is to be calculated on the basis of a period which is less than a full calendar year, the yearly rate of interest to which the said rate is equivalent is the said rate multiplied by the actual number of days in the calendar year for which such calculation is made and divided by the number of days in such period.
- (c) This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument.
- (d) Time is of the essence hereof and of each Related Document.
- (e) Any waiver by Lessor of any Unmatured Event of Default or Event of Default and any compromise or extension of payment granted by Lessor must be in writing signed by Lessor and no such waiver shall constitute a waiver of any other default, Unmatured Event of Default or Event of Default by Lessee or shall be a waiver of any other right of Lessor.
- (f) This Agreement may be amended but only in writing signed by the parties hereto except as otherwise herein provided.
- (g) This Agreement is not binding on Lessor until it has been signed by an authorized officer of Lessor.
- (h) This Agreement, each Lease and all Related Documents shall be binding upon and enure to the benefit of the parties hereto or thereto and their heirs, executors, administrators, successors and permitted assigns. Lessee may not assign this Agreement, any Lease or any Related Documents or any interest herein or any of its rights hereunder or thereunder without the prior written consent of Lessor. Lessor may sell, assign or otherwise dispose of its interest in, or grant a Lien in, this Agreement, any one or more Leases or any Related Documents and/ or the Equipment individually or together, in whole or in part. If Lessee is given written notice of any such sale, assignment, other disposition or grant of a Lien, it shall immediately make all applicable payments of Rent and other amounts hereunder or thereunder directly to the applicable transferee. Each such transferee shall have all of the rights of Lessor under each Lease, or part thereof, assigned to it, but, without limiting section 5, Lessee shall not assert against any such transferee any set-off, defence, claim, deduction or counterclaim that Lessee may have against Lessor or any other Person. Lessee consents to Lessor disclosing to any actual or potential transferee any information regarding Lessee in the possession of Lessor.
- (i) Except as otherwise provided herein, all notices, approvals, consents, correspondence or other communications required or desired to be given hereunder shall be in writing and delivered and given by overnight courier, by hand delivery, provided that no disruption of postal service is in effect or threatened, by post or by Facsimile (i) if to Lessor, then to the address of Lessor set out in the first page of this Agreement or such other address or addresses as shall be designated from time to time by Lessor to Lessee in a notice delivered in accordance with this section, and (ii) if to Lessee, then to the address or fax number of Lessee set out on the first page of this Agreement, Attention: President, or such other address as shall be designated from time to time by Lessee to Lessor in a notice delivered in accordance with this section. All such notices and correspondence shall be effective when received.
- (j) Where there shall be more than one Lessee, their obligations hereunder shall be joint and several.
- (k) Lessor and Lessee confirm that they have expressly required that this Agreement, all Schedules and all Related Documents be drafted in English. Le Locateur et le Locataire confirment qu'ils ont expressément exigé que la Convention de Bail d'Équipement Principale et tous les annexes, bons de commande, avis et documents y afférents soient rédigés en anglais.

Executed this 22nd day of December, 2016.

Lessee <u>ROYAL CANADIAN BEDROCK INC.</u>	C/S Lessor <u>HSBC Bank Canada</u>
By <u>[Signature]</u>	By <u>[Signature]</u>
Authorized Signatory	Authorized Signatory
<u>President</u>	<u>[Signature]</u>
Title	Title
By _____	By _____
Authorized Signatory	Authorized Signatory
Title	Title

FIXED RATE LEASE SCHEDULE

Lease Schedule Number: 34685004 to Master Equipment Lease between HSBC Bank Canada ("Lessor" and
Royal Canadian Bedrock Inc. ("Lessee") dated December 22, 2016 (the "Master Equipment Lease")

The Master Equipment Lease is incorporated into this Schedule by reference and this Schedule constitutes a separate lease (a "Lease") from Lessor to Lessee of the Equipment described in this Schedule in each case on the terms and conditions set out in the Master Equipment Lease and in this Schedule. Terms used in this Schedule and not otherwise defined, have the meanings set out in the Master Equipment Lease.

1. Equipment

Quantity	Make and Description	Model Number	Serial Number	Acquisition Cost
Two (2)	Brand New 2017 Chain Saws	QS4000D	2250417 2260417	\$392,187.82
One (1)	New Tracked Drilling Machine	MPLÉ4	7597	
Total				\$392,187.82

2. Term

(a) Term (from Commencement Date of Rental Payments)	(b) Commencement Date of Rental Payments	(c) Termination Date of Term
84 Months	July 23, 2018	July 22, 2025

3. Currency:

Canadian dollars U.S. dollars

Unless otherwise expressly stated, all references to dollar amounts in this Schedule are to amounts in such indicated currency.

4. Rental

(a) Rental Payments: in advance in arrears will be made monthly quarterly annually.

(b) Rental Payments shall start with a payment due on the Commencement Date of Rental Payments shown above and payments thereafter on the same date in each month, quarter or year, as applicable, during the Term (each, a "Rental Payment Date").

	Initial Term (84 Months)	Secondary Term (N/A Months)
(c) Rental Payments are as follows:	\$ 5,529.90	N/A
Provincial Sales Taxes, if any: (based on the current Provincial Sales Tax rate, subject to	\$ 0.00	N/A
Goods and Services Tax or Harmonized Sales Tax #R891586281:	\$ 718.89	N/A
Total Rental Payment:	\$ 6,248.79	N/A
(d) Number of Rental Payments: (excluding Interim Rental)	84	

(e) Interim Rent for the period from the date, inclusive, of the execution of this Lease Schedule by Lessee to the Commencement Date of Rental Payment, exclusive, shall be paid in advance by Lessee to Lessor in an amount equal to the number of days in the said period multiplied by the per diem rental, plus applicable Taxes. The per diem rental is \$ \$184.33 day. For greater certainty, it is the intention of Lessee and Lessor that they shall be bound by the terms and conditions of the Lease throughout the said interim period. Any references to Rent in the Lease shall include such Interim Rent.

5. Purchase Option

(a) Purchase Option Date: July 23, 2025

(b) Purchase Option Price: (plus applicable Taxes) \$100.00

6. Place of use (or if Mobile Goods, specify such)

104 Quarry Rd,
Warton, ON, N0H 2T0

7. Required Amount of Liability Insurance - Cdn \$ 2,000,000.00

8. Security Deposit \$ NIL

9. Province (for governing contract law) Ontario

10. Capital Cost Allowance Class (for Lessor purposes only)

(a) Class Number 38 (b) Capital Cost Allowance Rate 30 % Declining Balance Straight Line

11. Date of Delivery of Equipment July 23, 2018

Lessee acknowledges that the Equipment (complete with accessories where applicable) has been inspected, is in good condition, has been installed, is operating satisfactorily and in all respects is as represented and acceptable to Lessee and that Lessor is directed and authorized to pay the supplier of the Equipment the purchase price owing for it. Lessee acknowledges that such Equipment is located as represented in the Lease.

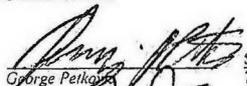
In witness whereof the parties have executed this Lease Schedule on the respective dates set forth below and this Lease Schedule shall be deemed to have been executed on the later of such dates.

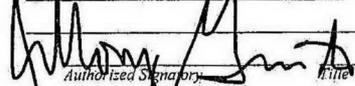
Lessor: HSBC Bank Canada

Lessee:

Royal Canadian Bedrock Inc.

C/S

By  Senior Account Manager
 Title

By  President
 Authorized Signatory Title

Muhammad J Siddiqui AVP Regional Leasing
 Title

Authorized Signatory Title

Date JUL 25 2018

Date July 23, 2018

FIXED RATE LEASE SCHEDULE

Lease Schedule Number: 34685004 to Master Equipment Lease between HSBC Bank Canada ("Lessor" and
Royal Canadian Bedrock Inc. ("Lessee") dated December 22, 2016 (the "Master Equipment Lease")

The Master Equipment Lease is incorporated into this Schedule by reference and this Schedule constitutes a separate lease (a "Lease") from Lessor to Lessee of the Equipment described in this Schedule in each case on the terms and conditions set out in the Master Equipment Lease and in this Schedule. Terms used in this Schedule and not otherwise defined, have the meanings set out in the Master Equipment Lease.

1. Equipment

Quantity	Make and Description	Model Number	Serial Number	Acquisition Cost
Two (2)	Brand New 2017 Chain Saws	QS4000D	2250417 2260417	\$392,187.82
One (1)	New Tracked Drilling Machine	MPL4	7597	
Total				\$392,187.82

2. Term

(a) Term (from Commencement Date of Rental Payments) 84 Months	(b) Commencement Date of Rental Payments July 23, 2018	(c) Termination Date of Term July 22, 2025
---	---	---

3. Currency:

Canadian dollars U.S. dollars

Unless otherwise expressly stated, all references to dollar amounts in this Schedule are to amounts in such indicated currency.

4. Rental

(a) Rental Payments: in advance in arrears will be made monthly quarterly annually.

(b) Rental Payments shall start with a payment due on the Commencement Date of Rental Payments shown above and payments thereafter on the same date in each month, quarter or year, as applicable, during the Term (each, a "Rental Payment Date").

	Initial Term (84 Months)	Secondary Term (N/A Months)
(c) Rental Payments are as follows:	\$ 5,529.90	N/A
Provincial Sales Taxes, if any: (based on the current Provincial Sales Tax rate, subject to	\$ 0.00	N/A
Goods and Services Tax or Harmonized Sales Tax #R891586281:	\$ 718.89	N/A
Total Rental Payment:	\$ 6,248.79	N/A
(d) Number of Rental Payments: (excluding Interim Rental)	84	

(e) Interim Rent for the period from the date, inclusive, of the execution of this Lease Schedule by Lessee to the Commencement Date of Rental Payment, exclusive, shall be paid in advance by Lessee to Lessor in an amount equal to the number of days in the said period multiplied by the per diem rental, plus applicable Taxes. The per diem rental is \$ 184.33 day. For greater certainty, it is the intention of Lessee and Lessor that they shall be bound by the terms and conditions of the Lease throughout the said interim period. Any references to Rent in the Lease shall include such Interim Rent.

5. Purchase Option

(a) Purchase Option Date: July 23, 2025

(b) Purchase Option Price: (plus applicable Taxes) \$100.00

6. Place of use (or if Mobile Goods, specify such) 104 Quarry Rd,
Warton, ON, N0H 2T0

7. Required Amount of Liability Insurance - Cdn \$ 2,000,000.00

8. Security Deposit \$ NIL

9. Province (for governing contract law) Ontario

10. Capital Cost Allowance Class (for Lessor purposes only)

(a) Class Number 38 (b) Capital Cost Allowance Rate 30 % Declining Balance Straight Line

11. Date of Delivery of Equipment July 23, 2018

Lessee acknowledges that the Equipment (complete with accessories where applicable) has been inspected, is in good condition, has been installed, is operating satisfactorily and in all respects is as represented and acceptable to Lessee and that Lessor is directed and authorized to pay the supplier of the Equipment the purchase price owing for it. Lessee acknowledges that such Equipment is located as represented in the Lease.

In witness whereof the parties have executed this Lease Schedule on the respective dates set forth below and this Lease Schedule shall be deemed to have been executed on the later of such dates.

Lessor: HSBC Bank Canada

Lessee: Royal Canadian Bedrock Inc. C/S

By George Pathway Senior Account Manager
 Title
Muhammad J Siddiqui AVP Regional Leasing
 Title

By [Signature] President
 Authorized Signatory Title

Date JUL 25 2018

Date July 23, 2018



HSBC Bank Canada

Leasing Division

FIXED RATE LEASE SCHEDULE

3013037-E_2010-06

Lease Schedule Number: 34685004 to Master Equipment Lease between HSBC Bank Canada ("Lessor" and Royal Canadian Bedrock Inc. ("Lessee") dated December 22, 2016 (the "Master Equipment Lease")

The Master Equipment Lease is incorporated into this Schedule by reference and this Schedule constitutes a separate lease (a "Lease") from Lessor to Lessee of the Equipment described in this Schedule in each case on the terms and conditions set out in the Master Equipment Lease and in this Schedule. Terms used in this Schedule and not otherwise defined, have the meanings set out in the Master Equipment Lease.

1. Equipment

Quantity	Make and Description	Model Number	Serial Number	Acquisition Cost
Two (2)	Brand New 2017 Chain Saws	QS4000D	2250417 2260417	\$392,187.82
One (1)	New Tracked Drilling Machine	MPLE4	7597	
Total				\$392,187.82

2. Term

(a) Term (from Commencement Date of Rental Payments) 84 Months	(b) Commencement Date of Rental Payments July 23, 2018	(c) Termination Date of Term July 22, 2025
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3. Currency:

Canadian dollars U.S. dollars

Unless otherwise expressly stated, all references to dollar amounts in this Schedule are to amounts in such indicated currency.

4. Rental

(a) Rental Payments: in advance in arrears will be made monthly quarterly annually.

(b) Rental Payments shall start with a payment due on the Commencement Date of Rental Payments shown above and payments thereafter on the same date in each month, quarter or year, as applicable, during the Term (each, a "Rental Payment Date").

	Initial Term (84 Months)	Secondary Term (N/A Months)
(c) Rental Payments are as follows:	\$ 5,529.90	N/A
Provincial Sales Taxes, if any: (based on the current Provincial Sales Tax rate, subject to	\$ 0.00	N/A
Goods and Services Tax or Harmonized Sales Tax #R891586281:	\$ 718.89	N/A
Total Rental Payment:	\$ 6,248.79	N/A
(d) Number of Rental Payments: (excluding Interim Rental)	84	

(e) Interim Rent for the period from the date, inclusive, of the execution of this Lease Schedule by Lessee to the Commencement Date of Rental Payment, exclusive, shall be paid in advance by Lessee to Lessor in an amount equal to the number of days in the said period multiplied by the per diem rental, plus applicable Taxes. The per diem rental is \$ 184.33 day. For greater certainty, it is the intention of Lessee and Lessor that they shall be bound by the terms and conditions of the Lease throughout the said interim period. Any references to Rent in the Lease shall include such Interim Rent.

5. Purchase Option

(a) Purchase Option Date: July 23, 2025
 (b) Purchase Option Price: (plus applicable Taxes) \$100.00

6. Place of use (or if Mobile Goods, specify such) 104 Quarry Rd,
Warton, ON, N0H 2T0

7. Required Amount of Liability Insurance – Cdn \$ 2,000,000.00

8. Security Deposit \$ NIL

9. Province (for governing contract law) Ontario

10. Capital Cost Allowance Class (for Lessor purposes only)

(a) Class Number 38 (b) Capital Cost Allowance Rate 30 % Declining Balance Straight Line

11. Date of Delivery of Equipment July 23, 2018

Lessee acknowledges that the Equipment (complete with accessories where applicable) has been inspected, is in good condition, has been installed, is operating satisfactorily and in all respects is as represented and acceptable to Lessee and that Lessor is directed and authorized to pay the supplier of the Equipment the purchase price owing for it. Lessee acknowledges that such Equipment is located as represented in the Lease.

In witness whereof the parties have executed this Lease Schedule on the respective dates set forth below and this Lease Schedule shall be deemed to have been executed on the later of such dates.

Lessor: HSBC Bank Canada

Lessee: Royal Canadian Bedrock Inc. C/S

By George Petkovic Senior Account Manager
Title

By Authorized Signatory Title

Muhammad J Siddiqui AVP Regional Leasing
Title

Authorized Signatory Title

Date _____

Date _____

Exhibit “C”

This General Security Agreement made as of the 10 day of January, 2017.

Between:

ROYAL CANADIAN BEDROCK INC.

5600-100 King Street West
Toronto, ON M5X 1C9

(hereinafter called the "Debtor")

and:

HSBC BANK CANADA

4550 Hurontario Street
Mississauga, ON L5R 4E4

(hereinafter called the "Bank")

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 substantial indemnity 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 immoveable, 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.

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 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 to 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 this 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 10 day of January, 2017.

ROYAL CANADIAN BEDROCK INC.

Per: _____

Name: Anthony Guido

Title: President

I have authority to bind the Corporation.

SCHEDULE 'A'

Locations of Collateral:

1548 Blue Church Road, Augusta, Ontario
1512 South Campbell Road, Augusta, Ontario
104 Quarry Road, Warton, Ontario
126 Quarry Road, Warton, Ontario
136 The Bury Road, Mar, Ontario
3772 Highway 520, Magnetawan, Ontario
48 Ties Mountain Road, Bobcaygeon, Ontario
5600 – 100 King Street West, Toronto, Ontario

Schedule 'B'

Encumbrances Affecting Collateral:

Nil