

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

BETWEEN:

HSBC BANK CANADA

Applicant

- and -

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

Respondents

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

April 30, 2018

DENTONS CANADA LLP
77 King Street West, Suite 400
Toronto-Dominion Centre
Toronto, ON M5K 0A1

John Salmas (LSO # 42336B)

Tel: (416) 863-4737

Fax: (416) 863-4592

john.salmas@dentons.com

Dennis Wiebe (LSO # 25189V)

Tel: (416) 863-4475

dennis.wiebe@dentons.com

Vanja Ginic (LSO # 69981W)

Tel: (416) 863-4673

vanja.ginic@dentons.com

Lawyers for HSBC Bank Canada

TO:

AIRD & BERLIS LLP

Brookfield Place, 181 Bay Street, Suite
1800

Toronto, ON M5J 2T9

Steven Graff

Tel: (416) 865-7726

Fax: (416) 863-1515

sgraff@airdberlis.com

*Lawyers for the Respondents and
Fulcrum Capital Partners (Collector) V,
LP*

INDEX

INDEX

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

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

TAB I

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

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

A Commissioner for Taking Affidavits, etc.

GENERAL SECURITY AGREEMENT (Ontario)

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

Between:

INNOVATIVE STEAM TECHNOLOGIES INC. (hereinafter called the 'Debtor')
(Name of Debtor)

549 Conestoga Blvd., Cambridge, Ontario N1R 7P4
(Address)

And:

HSBC BANK CANADA (hereinafter called the 'Bank')

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

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

A. Grant of Security Interests

1. The Debtor hereby grants to the Bank, by way of mortgage, charge, assignment and transfer, a security interest (the 'Security Interest') in the undertaking of the Debtor and in all Personal Property including, without limitation, all Goods (including all parts, accessories, attachments, special tools, additions and accessions thereto), Accounts, Chattel Paper, Documents of Title (whether negotiable or not), Instruments, Intangibles, Money and Investment Property now or hereafter owned or acquired by or on behalf of the Debtor and in all proceeds and renewals thereof, accretions thereto and substitutions therefor (hereinafter collectively called the 'Collateral') including without limitation, all of the following now or hereafter owned or acquired by or on behalf of the Debtor:
 - (i) all Inventory of whatever kind and wherever situate;
 - (ii) all Equipment of whatever kind and wherever situate including, without limitation, all machinery, tools, apparatus, plant furniture, fixtures and vehicles of whatsoever nature or kind;
 - (iii) all accounts and book debts and generally all debts, dues, claims, choses in action and demands of every nature and kind howsoever arising or secured including letters of credit, guarantees and advices of credit which are now due, owing or accruing or growing due to or owned by or which may hereafter become due, owing or accruing or growing due to or owned by the Debtor;
 - (iv) all deeds, documents, writings, papers, books of account and other books relating to or being records of Accounts, Chattel Paper or Documents of Title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;
 - (v) all contractual rights and insurance claims and all goodwill, patents, trademarks, copyrights and other intellectual property;
 - (vi) all monies other than trust monies lawfully belonging to others; and
 - (vii) all property and assets, real and personal, moveable or 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 (as defined below).

B. Attachment

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

C. Representations and Warranties of Debtor

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

D. Covenants and Agreements of Debtor

5. The Debtor hereby covenants and agrees with the Bank that until all of the Indebtedness is paid in full:
- (a) the Debtor shall not without the prior written consent of the Bank sell or dispose of any of the Collateral in the ordinary course of business or otherwise, and if the amounts on or in respect of the Collateral or Proceeds thereof shall be paid to the Debtor, the Debtor shall receive the same in trust for the Bank and forthwith pay over the same to the Bank upon request; provided however that the Inventory of the Debtor may be sold or disposed of in the ordinary course of business and for the purpose of carrying on the same;
 - (b) the Debtor shall not without the prior written consent of the Bank create or permit any Encumbrances upon or assign or transfer as security or pledge or hypothecate as security the Collateral except to the Bank;
 - (c) the Debtor shall at all times have and maintain insurance over the Collateral against risks of fire (including extended coverage), theft, and such risks as the Bank may reasonably require in writing, containing such terms, in such form, for such periods and written by such companies as may be reasonably satisfactory to the Bank. The Debtor shall duly and reasonably pay all premiums and other sums payable for maintaining such insurance and shall cause the insurance money thereunder to be payable to the Bank as its interest hereunder may appear and shall, if required, furnish the Bank with certificates or other evidence satisfactory to the Bank of compliance with the foregoing insurance provisions. In the event that Debtor fails to pay all premiums and other sums payable in accordance with the foregoing insurance provision, the Bank may make such payments to be repayable by the Debtor on demand and any such payments made by the Bank shall be secured hereby;
 - (d) the Debtor shall keep the Collateral in good condition and repair according to the nature and description thereof, and the Bank may, whenever it deems necessary, either in person or by agent, inspect the Collateral and the reasonable cost of such inspection shall be paid by the Debtor and secured hereby and the Bank may make repairs as it deems necessary and the cost thereof shall be paid by the Debtor and secured hereby;
 - (e) the Debtor shall duly pay all taxes, rates, levies, assessments of every nature which may be lawfully levied, assessed or imposed against or in respect of the Debtor or the Collateral as and when the same become due and payable; and
 - (f) the Debtor agrees that the Bank may, at any time, whether before or after a default under this General Security Agreement, notify any account debtor of the Debtor of the Security Interest, require such account debtor to make payment to the Bank, take control of any Proceeds of Collateral and may hold all amounts received from any account debtor and any Proceeds as part of the Collateral and as security for the Indebtedness.
6. The Debtor shall at all times and from time to time do, execute, acknowledge and deliver or cause to be done, executed, acknowledged or delivered any such further act, deed, transfer, assignment, assurance, document or instrument as the Bank may reasonably require for the better granting, mortgaging, charging, assigning and transferring unto the Bank the property and assets hereby subjected or intended to be subject to the Security Interest or which the Debtor may hereafter become bound to mortgage, charge, assign, transfer or subject to the Security Interest in favour of the Bank for the better accomplishing and effectuating of this General Security Agreement and the provisions contained herein and each and every officer of the Bank is irrevocably appointed attorney to execute in the name and on behalf of the Debtor any document or instrument for the said purposes.
7. The Debtor shall permit the Bank at any time, either in person or by agent, to inspect the Debtor's books and records pertaining to the Collateral. The Debtor shall at all times upon request by the Bank furnish the Bank with such information concerning the Collateral and the Debtor's affairs and business as the Bank may reasonably request including, without limitation, lists of Inventory and Equipment and lists of Accounts showing the amounts owing upon each Account and securities therefor and copies of all financial statements, books and accounts, invoices, letters, papers and other documents in any way evidencing or relating to the Accounts.

8. The Debtor acknowledges and agrees that, in the event it amalgamates with any other corporation or corporations, it is the intention of the parties hereto that the term 'Debtor' when used herein shall apply to each of the amalgamating corporations and to the amalgamated corporation, such that the Security Interest granted hereby:
- (i) shall extend and attach to 'Collateral' (as that term is herein defined) owned by each of the amalgamating corporations and the amalgamated corporation at the time of amalgamation and to any 'Collateral' thereafter owned or acquired by the amalgamated corporation;
 - (ii) shall secure the 'Indebtedness' (as that term is herein defined) of each of the amalgamating corporations and the amalgamated corporation to the Bank at the time of amalgamation and any 'Indebtedness' of the amalgamated corporation to the Bank thereafter arising.

E. Default

9. The Debtor shall be in default under this General Security Agreement upon the occurrence of any one of the following events:
- (a) the nonpayment by the Debtor, when due, whether by acceleration or otherwise, of any of the Indebtedness;
 - (b) the death or a declaration of incompetency by a court of competent jurisdiction with respect to the Debtor, if an individual;
 - (c) the failure of the Debtor to observe or perform any covenant, undertaking or agreement heretofore or hereafter given to the Bank, whether contained herein or not;
 - (d) an execution or any other process of the Court becomes enforceable against the Debtor or a distress or an analogous process is levied upon the property of the Debtor or any part thereof;
 - (e) the Debtor becomes insolvent, commits an act of bankruptcy, makes an assignment in bankruptcy or a bulk sale of its assets, any proceeding for relief as a debtor or liquidation, re-assignment or winding-up is commenced with respect to the Debtor or a bankruptcy petition is filed or presented against the Debtor and is not bona fide opposed by the Debtor;
 - (f) the Debtor ceases to carry on business; or
 - (g) the Debtor defaults in the observance or performance of any provision relating to indebtedness of the Debtor to any creditor other than the Bank and thereby enables such creditor to demand payment of such indebtedness.
10. The Bank may in writing waive any breach by the Debtor of any of the provisions contained herein or any default by the Debtor in the observance or performance of any covenant or condition required by the Bank to be observed or performed by the Debtor; provided that no act or omission by the Bank in the premises shall extend to or be taken in any manner whatsoever to affect any subsequent breach or default or the rights resulting therefrom.

F. Remedies of the Bank

11. (a) Upon any default under this General Security Agreement, the Bank may declare any or all of the Indebtedness to be immediately due and payable and the Bank may proceed to realize on the security hereby constituted and to enforce its rights by entry or by the appointment by instrument in writing of a receiver or receivers of all or any part of the Collateral and such receiver or receivers may be any person or persons, whether an officer or officers or employee or employees of the Bank or not, and the Bank may remove any receiver or receivers so appointed and appoint another or others in his or their stead; or by proceedings in any court of competent jurisdiction for the appointment of a receiver or receivers or for sale of the Collateral or any part thereof, or by any other action, suit, remedy or proceeding authorized or permitted hereby or by law or by equity; and may file such proofs of claim and other documents as may be necessary or advisable in order to have its claim lodged in any bankruptcy, winding-up or other judicial proceedings relative to the Debtor.
- (b) Any such receiver or receivers so appointed shall have power:
- (i) to take possession of the Collateral or any part thereof and to carry on the business of the Debtor;
 - (ii) to borrow money required for the maintenance, preservation or protection of the Collateral or any part thereof or the carrying on of the business of the Debtor;
 - (iii) to further charge the Collateral in priority to the Security Interest as security for money so borrowed; and
 - (iv) to sell, lease or otherwise dispose of the whole or any part of the Collateral on such terms and conditions and in such manner as he shall determine.

In exercising any powers any such receiver or receivers shall be deemed to act as agent or agents for the Debtor and the Bank shall not be responsible for the actions of such agent or agents.

- (c) In addition, the Bank may enter upon and lease or sell the whole or any part or parts of the Collateral and any such sale may be made hereunder by public auction, by public tender or by private contract, with or without notice, advertising or any other formality, all of which are hereby waived by the Debtor, and such sale shall be on such terms and conditions as to credit or otherwise and as to upset or reserve bid or price as the Bank in its sole discretion may seem advantageous and such sale may take place whether or not the Bank has taken such possession of such Collateral.
- (d) No remedy for the realization of the security hereof or for the enforcement of the rights of the Bank shall be exclusive of or dependent on any other such remedy, and any one or more of such remedies may from time to time be exercised independently or in combination.
- (e) The term 'receiver' as used in this General Security Agreement includes a receiver and manager.

G. Rights of the Bank

- 12. All payments made in respect of the Indebtedness and money realized from any securities held therefor may be applied on such part or parts of the Indebtedness as the Bank may see fit and the Bank shall at all times and from time to time have the right to change any appropriation of any money received by it and to re-apply the same on any other part or parts of the Indebtedness as the Bank may see fit, notwithstanding any previous application by whomsoever made.
- 13. The Debtor grants to the Bank the right to set off against any and all accounts, credits or balances maintained by it with the Bank, the aggregate amount of any of the Indebtedness when the same shall become due and payable whether at maturity, upon acceleration of maturity thereof or otherwise.
- 14. The Bank, without exonerating in whole or in part the Debtor, may grant time, renewals, extensions, indulgences, releases and discharges to, may take securities from and give the same and any or all existing securities up to, may abstain from taking securities from or from perfecting securities of, may accept compositions from and may otherwise deal with the Debtor and all other persons and securities as the Bank may see fit.
- 15. The Bank may assign, transfer and deliver to any transferee any of the Indebtedness or any security or any documents or instruments held by the Bank in respect thereof provided that no such assignment, transfer or delivery shall release the Debtor from any of the Indebtedness; and thereafter the Bank shall be fully discharged from all responsibility with respect to the Indebtedness and security, documents and instruments so assigned, transferred or delivered. Such transferee shall be vested with all powers and rights of the Bank under such security, documents or instruments but the Bank shall retain all rights and powers with respect to any such security, documents or instruments not so assigned, transferred or delivered. The Debtor shall not assign any of its rights or obligations hereunder without the prior written consent of the Bank.

H. Miscellaneous

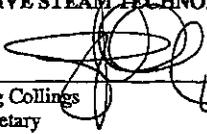
- 16. This General Security Agreement is in addition to, not in substitution for and shall not be merged in any other agreement, security, document or instrument now or hereafter held by the Bank or existing at law in equity or by statute.
- 17. Nothing herein shall obligate the Bank to make any advance or loan or further advance or loan or to renew any note or extend any time for payment of any indebtedness of the Debtor to the Bank.
- 18. This General Security Agreement shall be binding upon the Debtor and its heirs, legatees, trustees, executors, administrators, successors and assigns including any successor by reason of amalgamation of or any other change in the Debtor and shall enure to the benefit of the Bank and its successors and assigns.
- 19. In construing this General Security Agreement, terms herein shall have the same meaning as defined in the PPSA, as hereinafter defined, unless the context otherwise requires. Words importing gender shall include all genders. Words importing the singular number shall include the plural and vice versa.
- 20. If one or more of the provisions contained herein shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.
- 21. The headings in this General Security Agreement are included herein for convenience of reference only and shall not constitute a part of this General Security Agreement for any other purpose.
- 22. Any notice or statement referred to herein may be delivered, sent by facsimile machine or providing that postal service throughout Canada is fully operative, may be mailed by ordinary prepaid mail to the Debtor at his last address known to the Bank and the Debtor shall be deemed to have received such notice or statement on the day of delivery, if delivered, one business day after transmission and confirmation received if sent by facsimile machine and three business days after mailing, if mailed.
- 23. Where any provision or remedy contained or referred to in this General Security Agreement is prohibited, modified or altered by the laws of any province or territory of Canada which governs that aspect of this General Security Agreement and the provision or remedies may be waived or excluded by the Debtor in whole or in part, the Debtor hereby waives and excludes such provision to the fullest extent permissible by law.

24. This General Security Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario as the same may be in effect from time to time including, where applicable, the Personal Property Security Act of that Province (as amended or substituted, the 'PPSA'). For the purpose of legal proceedings this General Security Agreement shall be deemed to have been made in the said Province and to be performed there and the courts of that Province shall have jurisdiction over all disputes which may arise under this General Security Agreement and the Debtor hereby irrevocably and unconditionally submits to the non-exclusive jurisdiction of such courts, provided always that nothing herein contained shall prevent the Bank from proceeding at its election against the Debtor in the Courts of any other Province, country or jurisdiction.
25. The Debtor acknowledges having received a copy of this General Security Agreement.

This General Security Agreement has been duly executed by the Debtor on the 10th day of April, 2015.

[Remainder of page intentionally left blank]

INNOVATIVE STEAM TECHNOLOGIES INC.

Per: 
Name: Greg Collins
Title: Secretary

Schedule 'A'

Locations of Collateral:

549 Conestoga Blvd.
Cambridge, Ontario
N1R 7P4

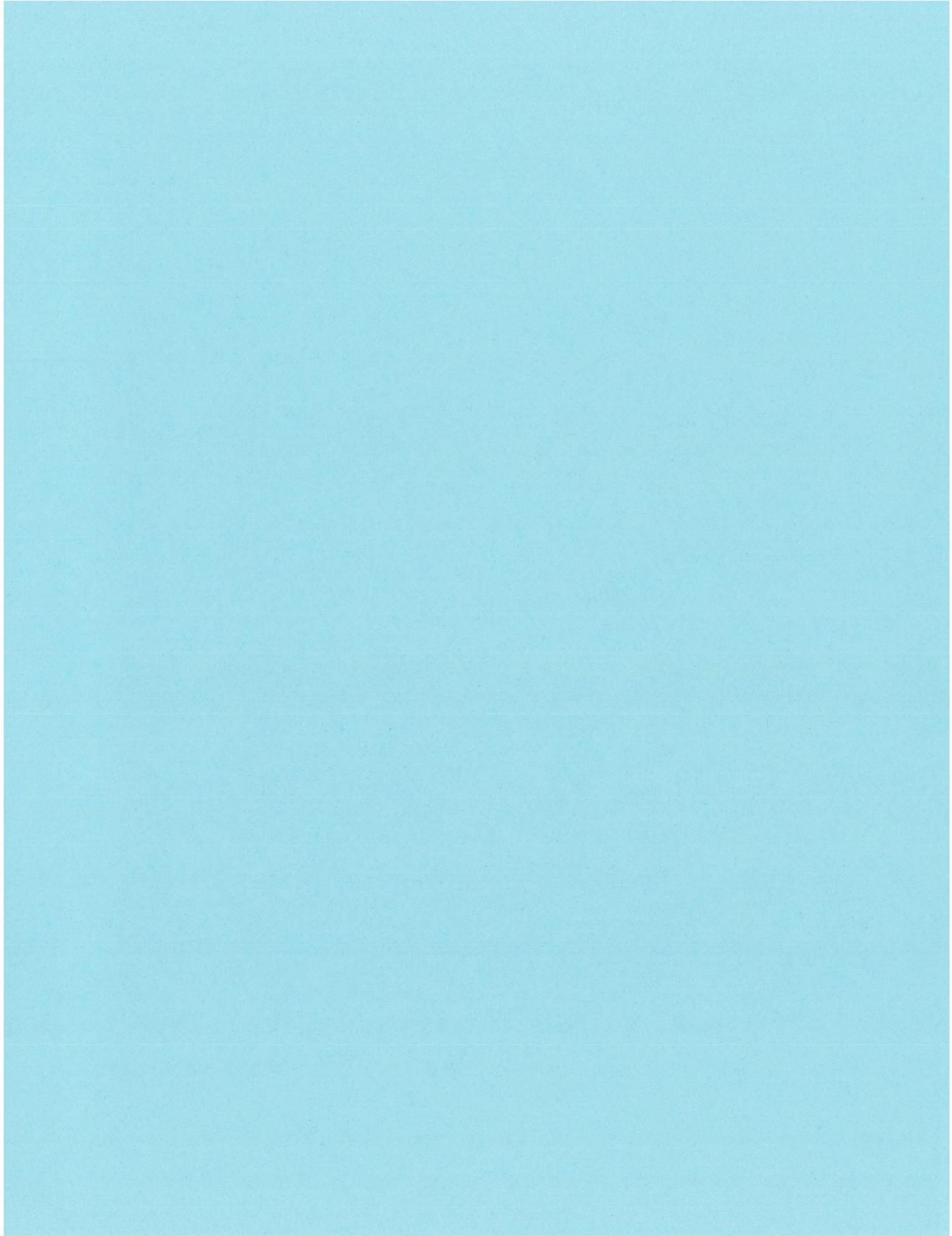
Suite 100, 1 Natura Way,
Cambridge, Ontario

Goeman Borgeiuslaan 77,
3315 ET Utecht,
The Netherlands

Schedule 'B'

Encumbrances Affecting Collateral:

Innovative Steam Technologies Inc.						
	Registration Number	Reference File No.	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
1.	20150402 1912 1793 3651	704802402	April 2, 2025	Innovative Steam Technologies Inc.	Fulcrum Capital Partners (Collector) V, LP	I, E, A, O, MV
2.	20101207 1516 1862 7643	666417123	Dec 7, 2020	Innovative Steam Technologies Inc.	The Toronto-Dominion Bank, as Agent	I, E, A, O, MV
3.	20080814 1019 1862 7232 Assigned Secured Party from "Caterpillar Financial Services Limited" to "The Toronto-Dominion Bank" by 20100615 1118 1862 5071 Assigned the Secured Party from "The Toronto-Dominion Bank" to "The Toronto-Dominion Bank, as Agent" by 20101207 1507 1504 1862 7619	647723079	Aug 14, 2018	Innovative Steam Technologies Inc.	The Toronto-Dominion Bank, as Agent	I, E, A, O, MV



SECURITY OVER CASH, CREDIT BALANCES AND DEPOSIT INSTRUMENTS BY THIRD PARTY
(All Provinces Except Quebec)

To: **HSBC Bank Canada**

70 York Street, Toronto, Ontario M5J 1S9

Branch Address

Date: April 10, 2015

Charge

1. In consideration of HSBC Bank Canada (the "Bank") dealing with 2460623 Ontario Inc. (the "Customer") and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged by the undersigned), the undersigned hereby lodges and pledges in favour of the Bank and grants to the Bank a fixed mortgage, charge, and security interest in and releases to the Bank and the entire right, title, claim and interest of the undersigned in and to:

- Delete (b) and (c) for security over the specific deposit instrument* (a) ~~the principal sum, interest, and all other monies owing and payable or hereafter owing and payable to the undersigned pursuant to the terms of the instrument or instruments (the "Instrument"), if any, described in the Schedule of Instruments set out below, and the entire right, title and interest of the undersigned in and to the Instrument;~~
- Delete (a) and (c) for security over monies in cash collateral* (b) ~~all monies in account number(s) _____ at the branch of the Bank set out above, including monies which the Bank has withdrawn or withdraws from any other account of the undersigned and has deposited or deposits in the said account, the Bank being hereby authorized to make such withdrawals and deposits from time to time;~~
- Delete (a) and (b) for security over credit balances* (c) all monies which are now or which may from time to time in the future stand to the credit of the undersigned in any accounts at the branch of the Bank set out above;

All of which are hereinafter collectively referred to as the "Deposits".

Obligations Secured

2. The mortgage, charge, security interest, release and pledge granted above shall be general and continuing security for payment, performance and satisfaction of each and every obligation, indebtedness and liability of the Customer or the undersigned to the Bank (including interest thereon), present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, wheresoever and howsoever incurred, and any ultimate unpaid balance thereof (including interest thereon) including all future advances and re-advances, and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether the customer or the undersigned be bound alone or with another or others and whether as principal or surety (all of which obligations, indebtedness and liabilities are herein collectively called the "Obligations"). The undersigned covenants and agrees to say and satisfy the Obligations, limited to the amount of the Deposits.

Representations and Warranties

3. The undersigned represents and warrants that:

- this Agreement has been duly authorized, executed and delivered by the undersigned to the Bank; and
- the Deposits are legally and beneficially owned by the undersigned free of all security interests, mortgages, liens, claims, charges and other encumbrances, save for the security constituted by this Agreement and any other security in favour of the Bank.

Dealing with Instruments and Renewals

4. The undersigned irrevocably authorizes and directs the Bank to receive the principal, interest and other monies represented by the Instrument, if any, described in the Schedule of Instruments, and, in the Bank's sole and absolute discretion, to retain or reinvest all or part of such monies in one or more instruments of the same or similar nature on such terms as are in effect as such maturity and to receive another instrument which shall then stand in the place of and be deemed to be the Instrument; Provided that unless otherwise instructed by the undersigned, the Bank shall not be bound to reinvest the monies as provided above and shall not be responsible for any loss occasioned by its failure or neglect to do so. The Bank shall not be responsible for any loss whatsoever occasioned by retention or reinvestment of the monies or acceptance of a replacement certificate as aforesaid.

5. It is understood and agreed that the security constituted by this Agreement extends to any renewals and replacements of the Deposits and all interest earned thereon and to all proceeds of any type or kind whatsoever, derived directly or indirectly from any dealing with the Deposits or proceeds arising from them.

Default

6. Unless otherwise agreed in writing by the Bank, the occurrence of any of the following events shall be a default under this Agreement:

- the Obligations or any part thereof are not repaid and satisfied when the same become due;
- the Customer or the undersigned breaches any term, condition, proviso, agreement or covenant with the Bank, or any representation or warranty given by the Customer or the undersigned to the Bank in this Agreement, or otherwise, is untrue;
- the Customer or the undersigned makes an assignment for the benefit of its creditors, is declared bankrupt, makes a proposal or otherwise takes advantage of provisions for relief under the Bankruptcy Act (Canada), the Companies' Creditors Arrangement Act (Canada) or similar legislation in any jurisdiction, or makes an authorized assignment; or
- there is instituted by or against the Customer or the undersigned any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against, or winding up of the affairs of, the Customer or the undersigned; or
- if the Customer or the undersigned is a natural person, the Customer or the undersigned dies or is declared incompetent to manage his or her affairs; or
- the Customer or the undersigned ceases or threatens to cease to carry on business or makes or agrees to make a bulk sale of assets or commits or threatens to commit an act of bankruptcy; or
- a receiver, receiver and manager or receiver-manager of all or any part of the Deposits or of any other property, assets or undertaking of the Customer or the undersigned is appointed; or
- any execution, sequestration, extent or other process of any court becomes enforceable against the Customer and the undersigned or a distress or analogous process is levied upon the Deposits or any part thereof; or
- an order is made or an effective resolution is passed for winding up the Customer or the undersigned; or

- (j) without the prior written consent of the Bank, the Customer or the undersigned creates or permits to exist any encumbrance against any of the Deposits other than an encumbrance in favour of the Bank; or
- (k) the Customer or the undersigned enters into any reconstruction, reorganization, amalgamation, merger or other similar arrangement with any other person; or
- (l) the Bank in good faith believes and has commercially reasonable grounds to believe that the prospect of payment or performance of any of the Obligations is impaired or that any of the Deposits are or are about to be placed in jeopardy.

Enforcement

7. Upon default under this Agreement, the security constituted by this Agreement will immediately become enforceable, and to enforce and realize on the security constituted by this Agreement, the Bank may take any action permitted by law or in equity as it may deem expedient, and in particular, without limiting the generality of the foregoing, the Bank may, subject to applicable law, immediately without notice, demand for payment, or other formality, enforce and realize upon the security constituted by this Agreement as fully and effectually as if the Bank were the absolute owner of the Deposits and the Bank may retain or apply all or any portion of the Deposits against payment of the Obligations or any part of it in such amount and in any manner that the Bank, in its absolute discretion sees fit, and the Bank may apply the Deposits against the Obligations without having to seize or otherwise realize upon the Deposits.

Combination and Set-Off

8. The Bank may, at any time and without notice to the undersigned, combine or consolidate any other account of the undersigned, whether or not otherwise subject to notice, and set off the Deposits and any monies standing to the credit of such account against the Obligations.

Restriction on Withdrawal

9. Notwithstanding any other agreement to the contrary, the undersigned shall not withdraw, assign, transfer or otherwise deal with the Deposits, and the Bank shall not be required to surrender or deliver up the Deposits by reason of any partial payment on account of the Obligations and may retain the Deposits or the proceeds derived from them until the entire Obligations have been satisfied in full.

Continuing Security

10. This Agreement shall:
- (a) be in addition to and not in substitution for any other security held by the Bank;
 - (b) not operate as a merger or a novation of any debt outstanding to the Bank, nor suspend the fulfillment of or affect the rights, remedies and powers of the Bank or any obligations of the undersigned or any other person to the Bank;
 - (c) not be deemed to be redeemed or cancelled pro tanto or otherwise, due to any partial payment made by the undersigned on account of the Obligations or any ceasing by the undersigned to be indebted to the Bank, and this Agreement shall remain valid security for any subsequent Obligations.

Non-Exclusive Remedies, etc.

11. The remedies and rights given to the Bank in this Agreement are not intended to be exclusive. Each and every remedy and right shall be cumulative and shall be in addition to every other right or remedy given by this Agreement or now or hereafter existing at law, in equity, by statute or otherwise. In particular, without limiting the generality of the foregoing, this Agreement does not affect the rights of the Bank to any lien, claim or interest arising by operation of law. The exercise or commencement of exercise by the Bank of any one or more of such remedies or rights shall not preclude the simultaneous or later exercise by the Bank of any or all of such remedies or rights.
12. The Bank shall not be obliged to exercise any remedies which it may have against the undersigned or any other parties or against any other security it may hold before realizing on or otherwise dealing with the Deposits in whatever manner the Bank considers appropriate.
13. The Bank shall not be responsible for any failure to exercise or enforce, or for any delay in the exercise or enforcement of, any powers, rights or discretions of the Bank, or directions to the Bank, and the Bank shall be accountable only for such monies as it shall actually receive.

Dealings

14. The Bank may do all or any of the following:
- (a) grant time, renewals, extensions, indulgences, releases and discharges to;
 - (b) take securities from;
 - (c) abstain from taking additional security from;
 - (d) abstain from perfecting securities of;
 - (e) accept compositions from;
 - (f) obtain judgment against; and
 - (g) otherwise deal with

all persons and securities as the Bank may see fit without prejudice to the Bank's rights under this Agreement, including without limitation, the Bank's right to hold, deal with and realize on the Deposits in whatever way the Bank considers appropriate.

Severability

15. If any provision of this Agreement should be determined to be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

Miscellaneous

16. If the undersigned receives any of the Deposits, the undersigned shall receive the same in trust as depositary for and on behalf of the Bank, and shall deal with the Deposits as the Bank may direct, absent manifest error and fraud.
17. The records of the Bank shall constitute prima facie evidence of the amount of the Deposits and of the amount of the Obligations at any time and of the undersigned being in default or of any demand having been made.
18. The Bank or any manager, acting manager or account manager of the Bank is hereby appointed as the irrevocable attorney of the undersigned with authority to do such acts, execute all documents necessary to give effect to this Agreement (on behalf of and in the name of the undersigned) and to the realization and enforcement of this Agreement by the Bank.
19. The undersigned shall pay all reasonable costs, charges and expenses including reasonable solicitors' costs, charges and expenses which may be incurred by the Bank in connection with this Agreement and its enforcement.
20. If the Customer is a corporation, no change in the name, objects, share capital or constitution of the Customer shall in any way affect the liability of the undersigned, either with respect to transactions occurring before or after any such change, and this Agreement shall extend to all debts and liabilities to the Bank of the person or corporation who or which assumes the Obligations of the Customer in or in part in whatsoever manner including, without limitation, by amalgamation with the Customer.
21. If the Customer is a partnership, no change in the name of the Customer's or the undersigned's firm through the death, retirement or introduction of one or more partners or otherwise, or by the disposition of either firm's business in whole or in part, shall in any way affect the liability of the undersigned, either with respect to transactions occurring before or after any such change, and this Agreement shall extend to all debts and liabilities to the Bank of the person or corporation who or which assumes the Obligations of the Customer in whole or in part in whatsoever manner.

22. The undersigned:
- (a) acknowledges receiving a copy of this Agreement; and
 - (b) waives all rights to receive from the Bank a copy of any financing statement, financing change statement or verification statement filed at any time or from time to time in respect of this Agreement.
23. The Bank shall not be obliged to exhaust its recourse against the Customer before realizing or otherwise dealing with the Deposits in such a manner as the Bank considers desirable.
24. The undersigned, if a corporation, certifies that there are reasonable grounds for believing that, or the directors of the undersigned are of the opinion that, the giving of the financial assistance to the Customer by entering into this Agreement is in the best interests of the undersigned and the directors of the undersigned have passed a resolution authorizing the entering into this Agreement.
25. If this Agreement is executed by more than one party, the liability of each of the undersigned shall be joint and several with one another.
26. In this Agreement, any word importing the singular number shall include the plural, and, without restricting the generality of the foregoing, where there is more than one undersigned any reference to the undersigned refers to each and every one of the undersigned. The headings in this Agreement are inserted for convenience only and shall not affect the construction hereof.
27. Any notice, demand or other communication under this Agreement shall be in writing and addressed to the undersigned at the last address shown on the records of the Bank.
28. This Agreement shall be binding upon the undersigned and the heirs, executors, administrators, successors and assigns of the undersigned, and shall enure to the benefit of the Bank and its successors and assigns.
29. This Agreement shall be governed by and construed in accordance with the laws of the jurisdiction where the branch of the Bank indicated above is located, and the undersigned irrevocably submits to the non-exclusive jurisdiction of the courts of such jurisdiction, but this Agreement may be enforced in any court of competent jurisdiction.
30. The parties hereto acknowledge that they have expressly required that this Agreement and all deeds, documents or notices relating to this Agreement be drafted in the English language. Les parties aux présentes reconnaissent qu'elles ont exigé expressément que la présente convention et tous autres contrats, documents ou avis qui y sont afférents soient rédigés en langue anglaise.

IN WITNESS WHEREOF the undersigned has executed this Agreement as of the day and year first above written.

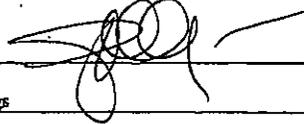
Schedule of Instrument(s)

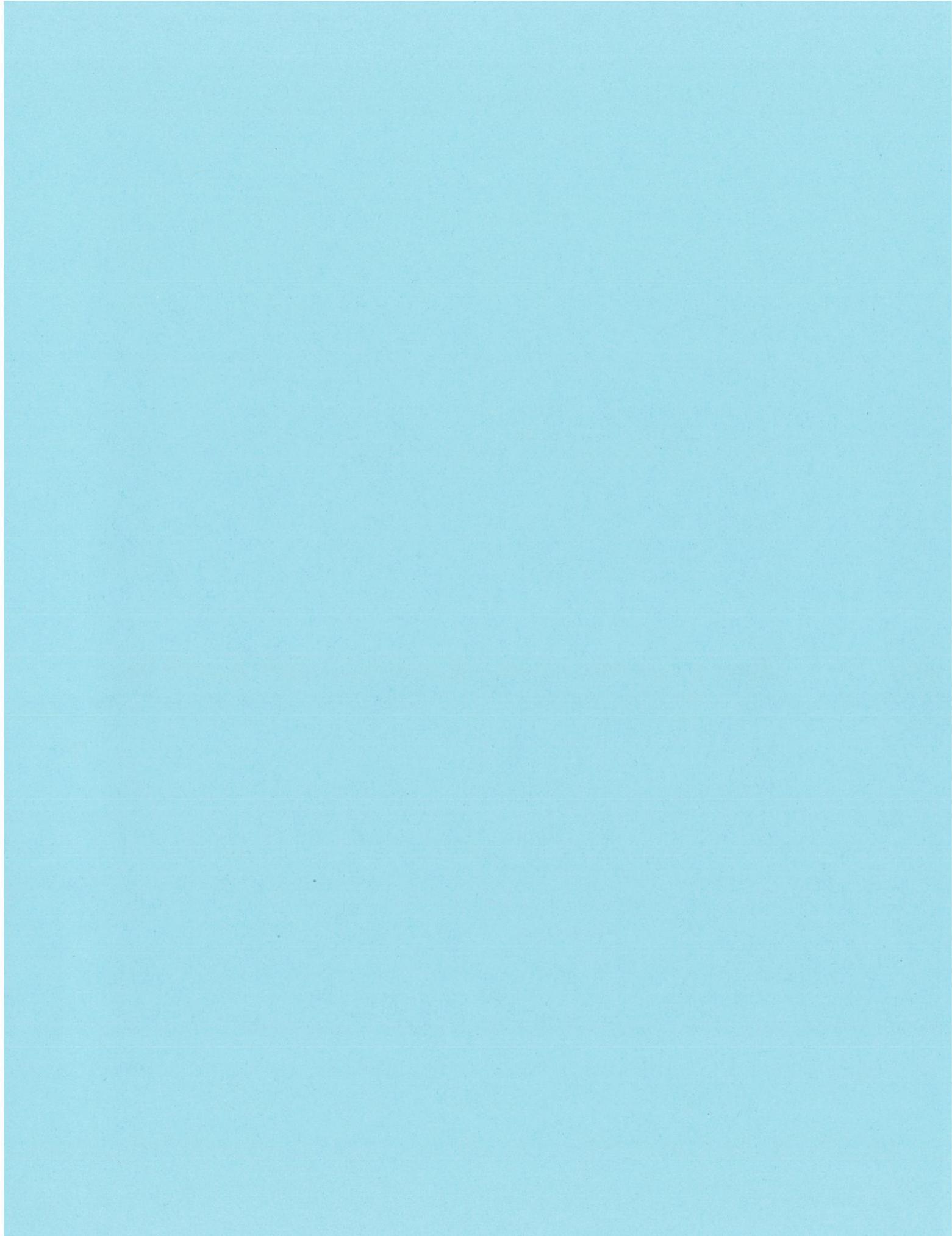
Date	Cert. No.	Principal Amount
------	-----------	------------------

[Remainder of page intentionally left blank]

INNOVATIVE STEAM TECHNOLOGIES INC.

Name of Corporation

Per: 
Name: Greg Collings
Title: Secretary



INTELLECTUAL PROPERTY SECURITY AGREEMENT

TO: HSBC BANK CANADA (the "Bank")

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Innovative Steam Technologies Inc. (the "Guarantor") agree as follows:

1. All capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in them in the facility letter dated as of April 10, 2015 by the Bank in favour of 2460623 Ontario Inc. (the "Borrower"), as borrower and the Guarantor, as guarantor, as such agreement may be further amended, supplemented, otherwise modified, restated or replaced from time to time (the "Facility Letter").
2. As security for all indebtedness, liabilities and obligations of the Borrower to the Bank present and future, direct or indirect, contingent or absolute, including without limitation under or pursuant to the Facility Letter, the Guarantor hereby grants to the Bank a security interest (the "Security Interest") in and to all of the right, title and interest of the Guarantor in and to the intellectual property listed on Schedule "A" attached hereto, together with all renewals and extensions thereof, all income, damages and payments now or hereafter due or payable with respect thereto including, without limitation, damages and payments for past or future infringements thereof, all license agreements relating thereto, and all rights corresponding thereto throughout the world (all of the foregoing is sometimes collectively referred to as the "Collateral").
3. The Security Interest shall become enforceable upon the delivery of written notice from the Bank to the Guarantor demanding payment in accordance with the terms of the Facility Letter ("Demand for Payment"). Upon issuing a Demand for Payment, the Bank may exercise all rights and remedies in respect of the Collateral which are available at law (specifically including all rights and remedies of a secured party under the *Personal Property Security Act* (Ontario)).
4. Upon the termination of all Loan(s) and the payment and satisfaction in full in cash of all secured obligations, the Bank shall release the Borrower, Guarantor and the Collateral from the Security Interest and file all such releases in form as may be reasonably requested by any of the Borrower and the Guarantor.
5. The Guarantor irrevocably constitutes and appoints the Bank and each of its authorized agents from time to time as the true and lawful attorney of the Guarantor with power of substitution in the name of the Guarantor, upon the Bank's delivery of a Demand for Payment to the Borrower, to: (a) endorse the name of the Guarantor on all applications, documents, papers, assignments and instruments necessary or desirable regarding the Collateral; (b) take any other actions with respect to the Collateral as the Bank deems to be in its best interest, including without limitation, the realization or collection of all or any income, damages or payments related thereto; (c) grant or issue any exclusive or non-exclusive license or sublicense under the Collateral; or (d) assign, pledge, convey or otherwise transfer title in or dispose of the Collateral to anyone by private or public sale, lease or otherwise upon such terms and conditions as the Bank may determine as permitted by law and whether or not the Bank has taken possession of the Collateral.

- 2.
6. This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. The Guarantor hereby irrevocably and unconditionally attorns and submits to the non-exclusive jurisdiction of the courts of the Province of Ontario, provided that nothing herein shall prevent the Bank from proceeding at its election against any of the Borrower and the Guarantor in the courts of any other province, country or jurisdiction.
7. From time to time, at the request of the Bank, the Guarantor shall make and do all acts and things and execute and deliver all documents, agreements and instruments as the Bank may reasonably request in order to create, preserve, perfect, validate or otherwise protect the Security Interest, to enable the Bank to exercise and enforce its rights and remedies hereunder and generally to carry out the provisions and purposes of this Agreement.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF this Agreement has been executed by the undersigned this 10th day of April, 2015.

INNOVATIVE STEAM TECHNOLOGIES INC.

By: 
Name: Greg Collings
Title: Secretary

Signature page to the IP Security Agreement

SCHEDULE "A"

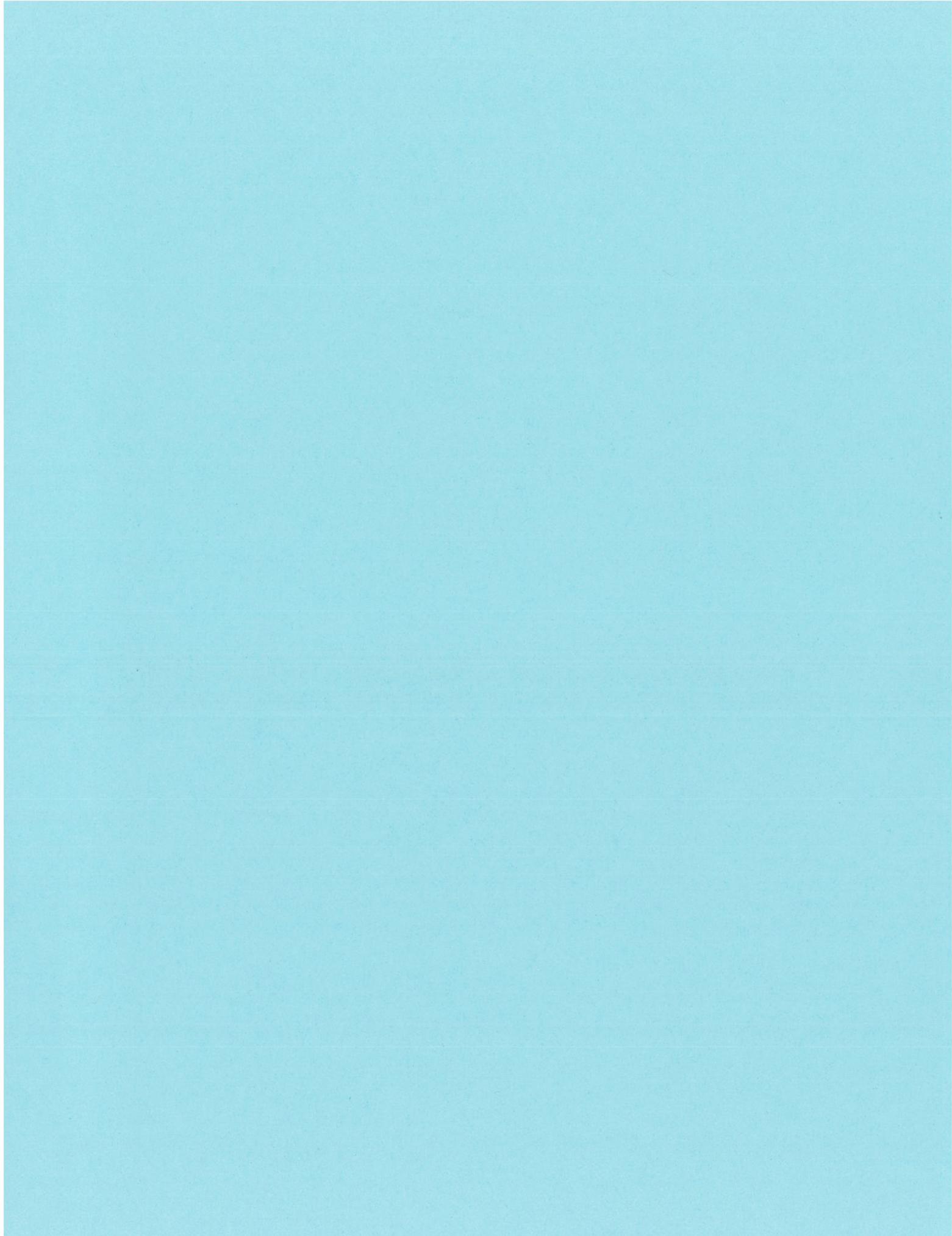
Trademarks

Mark	Country	Serial/Application Number	Registration Number	Registrant	Registration Date
INNOVATIVE STEAM TECHNOLOGIES	Canada	744979	TMA498915	Innovative Steam Technologies Inc.	08/19/1998
SQ90	Canada	1505595	TMA809970	Innovative Steam Technologies Inc.	10/25/2011
IST	Canada	888350	TMA529766	Innovative Steam Technologies Inc.	06/23/2000
	Canada	1297595	TMA731181	Innovative Steam Technologies Inc.	12/18/2008
	Canada	888292	TMA519989	Innovative Steam Technologies Inc.	11/29/1999
INNOVATIVE STEAM TECHNOLOGIES	USA	75/591,056	2657538	Innovative Steam Technologies Inc.	12/10/2002
SQ90	USA	85/202,920	4218531	Innovative Steam Technologies Inc.	10/02/2012
IST	USA	77/003,706	3207283	Innovative Steam Technologies Inc.	02/13/2007
	USA	78/914,775	3570837	Innovative Steam Technologies Inc.	02/03/2009

	USA	75/575,139	2427853	Innovative Steam Technologies Inc.	2/13/2001
---	-----	------------	---------	------------------------------------	-----------

Patent Applications

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



Branch
70 York Street
Toronto, Ontario M5J 1S9

ASSIGNMENT OF MONEYS WHICH MAY BECOME PAYABLE UNDER INSURANCE POLICIES

Know all men by these presents that in consideration of the sum of \$1.00, the receipt whereof is hereby acknowledged, all sums of money which may become payable to the undersigned by virtue of policy(ies) No.(s) 8611164 and 8611165
dated April 10, 2015 issued by Zurich Insurance Company Ltd.
for \$ See attached certificate respectively, are hereby transferred and assigned to HSBC Bank Canada (the "Bank")
and the Bank is hereby authorized to receive and give effectual receipts and discharges therefor.

And the said Insurance Company is hereby notified of the foregoing transfer and assignment and authorization.

Dated at Toronto, Ontario the 10th day of April, 2015.

[Remainder of page intentionally left blank]

To Customer:

INNOVATIVE STREAM TECHNOLOGIES INC.

Please sign and return both copies to the Bank.



Name: Greg Collings
Title: Secretary

(Seal)

The _____
(Name of Insurance Company)

consents to the above assignment which is recorded in the books of the Company.

To Insurance Company:

Please sign and return this copy, retaining duplicate.

(Seal)



Certificate of Insurance

No.: 2015-28-REV-1

Dated: April 29, 2015

This document supersedes any certificate previously issued under this number

This is to certify that the Policy(ies) of insurance listed below ("Policy" or "Policies") have been issued to the Named Insured identified below for the policy period(s) indicated. This certificate is issued as a matter of information only and confers no rights upon the Certificate Holder named below other than those provided by the Policy(ies).

Notwithstanding any requirement, term, or condition of any contract or any other document with respect to which this certificate may be issued or may pertain, the insurance afforded by the Policy(ies) is subject to all the terms, conditions, and exclusions of such Policy(ies). This certificate does not amend, extend, or alter the coverage afforded by the Policy(ies). Limits shown are intended to address contractual obligations of the Named Insured.

Limits may have been reduced since Policy effective date(s) as a result of a claim or claims.

Certificate Holder:

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

Named Insured and Address:

Innovative Steam Technologies Inc. and IST Boiler Components Inc.
549 Conestoga Blvd.
Cambridge, ON N1R 7P4

This certificate is issued regarding:

Evidence of Insurance

Type(s) of Insurance	Insurer(s)	Policy Number(s)	Effective/Expiry Dates	Sums Insured Or Limits of Liability	
COMMERCIAL GENERAL LIABILITY • Including Non-Owned Automobile Liability	Zurich Insurance Company Ltd	8611164	Apr 10, 2015 to Apr 10, 2016	Bodily Injury and Property Damage Liability	\$ 2,000,000 Each Occurrence
				Products & Completed Operations	\$ 2,000,000
				General Aggregate	\$ 10,000,000
UMBRELLA	Zurich Insurance Company Ltd	8611165	Apr 10, 2015 to Apr 10, 2016	Each Occurrence	\$ 13,000,000
				Products & Completed Operations Aggregate	\$ 13,000,000
				General Aggregate	\$ 13,000,000
PROPERTY - PRIMARY	Zurich Insurance Company Ltd	8611164	Apr 10, 2015 to Apr 10, 2016	Per Occurrence	\$ 50,267,000 Property of Every Description

Additional Information:

It is hereby understood and agreed that HSBC Bank Canada is added to the Commercial General Liability Policy as an Additional Insured, but only with respect to liability arising out of the operations of the Named Insured.

HSBC Bank Canada is added to the Property Policy as First Mortgagee and Loss Payee, subject to Standard Mortgage Clause as their interest may appear.

Notice of cancellation:

Should any of the policies described herein be cancelled before the expiration date thereof, the insurer(s) affording coverage will endeavour to mail 30 days written notice to the certificate holder named herein, but failure to mail such notice shall impose no obligation or liability of any kind upon the insurer(s) affording coverage, their agents or representatives, or the issuer of this certificate.

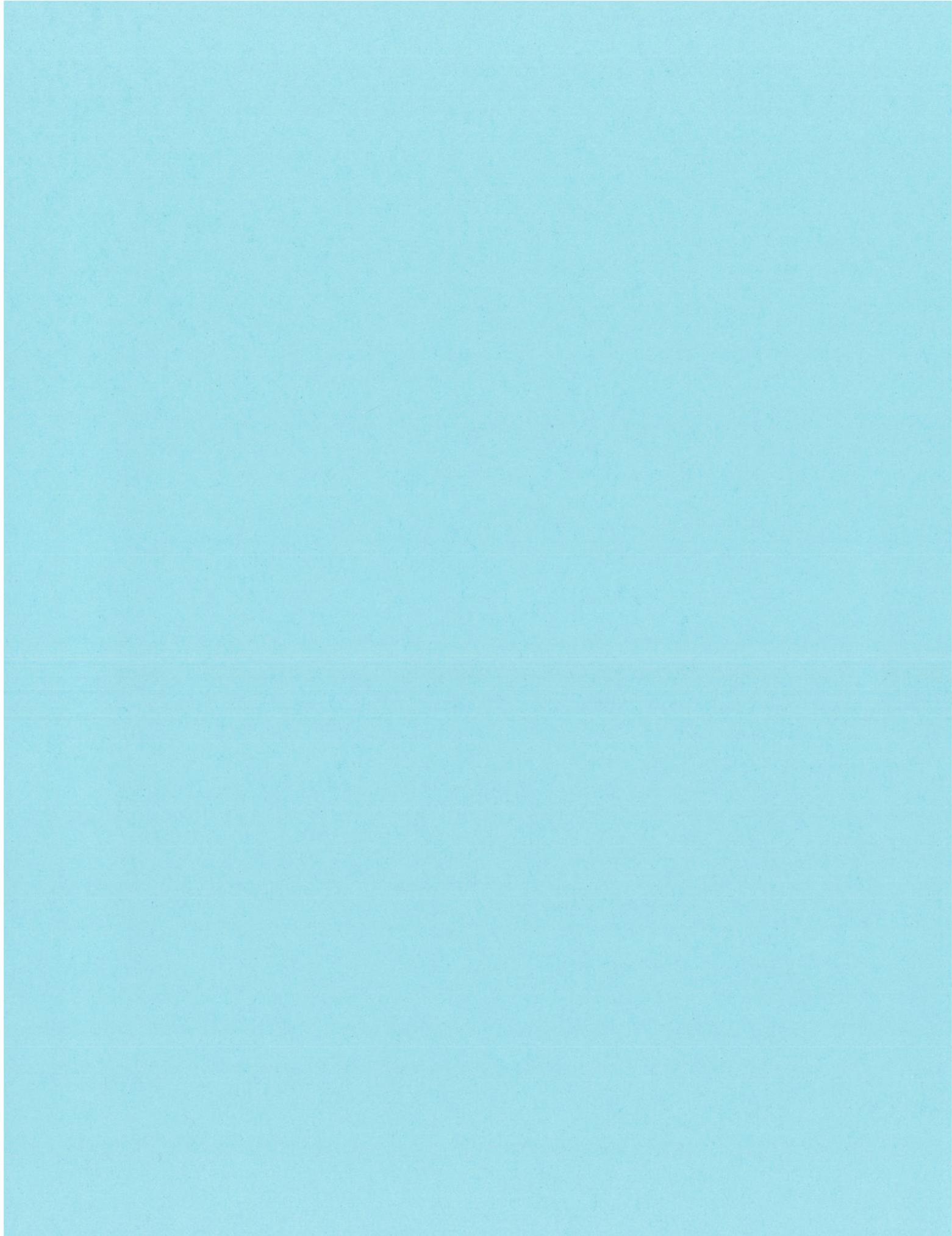
Marsh Canada Limited

120 Bremner Boulevard
Suite 800
Toronto, ON M5J 0A8
Telephone: 416-349-4496
Fax: 416-349-4513
joanne.n.korhammer@marsh.com

Marsh Canada Limited

By:

Joanne Korhammer



TO: HSBC BANK CANADA (the "Bank")

NEGATIVE PLEDGE AGREEMENT

WHEREAS the Bank, as lender, 2460623 Ontario Inc. as borrower (the "Borrower") and the undersigned, as guarantor, are party to a facility letter dated April 10, 2015 (as may be amended, restated, revised, renewed, replaced, supplemented or otherwise modified, the "Facility Letter");

AND WHEREAS the undersigned delivered security in favour of the Bank as security for all present and future debts and liabilities, direct or indirect, absolute or contingent, now or at any time and from time to time due or owing by the Borrower to the Bank pursuant to the Facility Letter;

NOW THEREFORE FOR VALUABLE CONSIDERATION, the undersigned hereby agrees that it shall not, without the prior written consent of the Bank, mortgage, charge, hypothecate, assign, create a security interest in or otherwise directly or indirectly encumber the real property having a municipal address of 549 Conestoga Blvd., Cambridge, Ontario or enter into any agreement to do so, except as permitted under the Facility Letter.

The undersigned acknowledges that the Bank is relying upon this Agreement in making funds available to the Borrower pursuant to the Facility Letter.

This Agreement shall be binding upon the undersigned, its successors and assigns, and shall enure to the benefit of the Bank and its successors and assigns.

Dated this 10th day of April, 2015.

**INNOVATIVE STEAM TECHNOLOGIES
INC.**

Per: _____

Name: Greg Collins

Title: Secretary

A handwritten signature in black ink, appearing to read 'Greg Collins', is written over a horizontal line. The signature is stylized and somewhat cursive.

(Signature Page – Negative Pledge – Innovative)

TAB J

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

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

A Commissioner for Taking Affidavits, etc.

RUN NUMBER : 114
RUN DATE : 2018/04/24
ID : 20180424153443.98

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 1
(10230)

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE CENTRAL OFFICE
OF THE PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM IN RESPECT OF THE FOLLOWING:

TYPE OF SEARCH : BUSINESS DEBTOR

SEARCH CONDUCTED ON : INNOVATIVE STEAM TECHNOLOGIES INC.

FILE CURRENCY : 23APR 2018

ENQUIRY NUMBER 20180424153443.98 CONTAINS 14 PAGE(S), 4 FAMILY(IES).

THE SEARCH RESULTS MAY INDICATE THAT THERE ARE SOME REGISTRATIONS WHICH SET OUT A BUSINESS DEBTOR NAME WHICH IS SIMILAR TO THE NAME IN WHICH YOUR ENQUIRY WAS MADE. IF YOU DETERMINE THAT THERE ARE OTHER SIMILAR BUSINESS DEBTOR NAMES, YOU MAY REQUEST THAT ADDITIONAL ENQUIRIES BE MADE AGAINST THOSE NAMES.

DENTONS CANADA LLP - ANNETTE FOURNIER
77 KING STREET WEST
TORONTO ON M5K 0A1



CONTINUED...



PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 114
RUN DATE : 2018/04/24
ID : 20180424153443.98

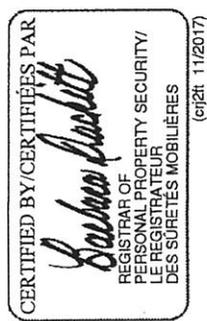
TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : INNOVATIVE STEAM TECHNOLOGIES INC.
FILE CURRENCY : 23 APR 2018

FORM 1C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION FILING	PAGE NO. OF PAGES	TOTAL MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER
001	1	20150407 0819 1793 3586		
RECORD REFERENCE	FILE NUMBER		RENEWAL YEARS	CORRECT PERIOD
21	704780469		1	
	PAGE AMENDED	NO SPECIFIC PAGE AMENDED	CHANGE REQUIRED	
22			B RENEWAL	
		FIRST GIVEN NAME	INITIAL	SURNAME
23		BUSINESS NAME		
24		INNOVATIVE STEAM TECHNOLOGIES INC.		
25		OTHER CHANGE		
26		REASON/ DESCRIPTION		
27				
28		DATE OF BIRTH	FIRST GIVEN NAME	INITIAL
02/				
05		DEBTOR/ TRANSFEREE	BUSINESS NAME	ADDRESS
03/				
06				
04/07				ONTARIO CORPORATION NO.

ASSIGNOR SECURED PARTY/LIEN CLAIMANT/ASSIGNEE	ADDRESS			
08				
09				
COLLATERAL CLASSIFICATION	ADDRESS			
CONSUMER				
10				
	GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER	MOTOR VEHICLE	DATE OF MATURITY OR	NO FIXED MATURITY DATE
	YEAR MAKE	MODEL	V.I.N.	
11				
12				
13				
14				
15				
16				
17				

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY ***
CONTINUED...



PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 114
RUN DATE : 2018/04/24
ID : 20180424153443.98

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : INNOVATIVE STEAM TECHNOLOGIES INC.
FILE CURRENCY : 23 APR 2018

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION : TOTAL MOTOR VEHICLE REGISTRATION REGISTERED
FILING NO. OF PAGES SCHEDULE NUMBER UNDER
001 1 20150410 1641 1793 3866
RECORD FILE NUMBER 704780469
PAGE-AMENDED NO. SPECIFIC PAGE-AMENDED CHANGE REQUIRED RENEWAL CORRECT
01 001 1 20150410 1641 1793 3866 PERIOD

REFERENCE : FIRST-GIVEN NAME INITIAL SURNAME
DEBTOR/ TRANSFEROR BUSINESS NAME : INNOVATIVE STEAM TECHNOLOGIES INC.

OTHER CHANGE : AMENDED TO RECORD THE AMALGAMATION AMONG INNOVATIVE STEAM TECHNOLOGIES INC. AND 2460623 ONTARIO INC.

DEBTOR/ TRANSFEREE : FIRST-GIVEN NAME INITIAL SURNAME
02/ DATE OF BIRTH
05/ DEBTOR/ TRANSFEREE BUSINESS NAME
03/ TRANSFEREE BUSINESS NAME
06/ ADDRESS
04/07 ADDRESS

ASSIGNOR : SECURED PARTY/LIEN CLAIMANT/ASSIGNEE
08 ADDRESS
09 ADDRESS

COLLATERAL CLASSIFICATION : ADDRESS
CONSUMER : ADDRESS
10 GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED AMOUNT Maturity OR Maturity DATE
MOTOR YEAR MAKE MODEL V.I.N.

11 MOTOR : AIRD & BERLIS LLP TORONTO ON M5J2T9
12 VEHICLE : 181 BAY STREET, SUITE 1800, BOX# 754
13 GENERAL :
14 COLLATERAL :
15 DESCRIPTION :
16 REGISTERING AGENT OR :
17 SECURED PARTY/ LIEN CLAIMANT ADDRESS

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***
CONTINUED...



PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 114
RUN DATE : 2018/04/24
ID : 20180424153443.98

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : INNOVATIVE STEAM TECHNOLOGIES INC.
FILE CURRENCY : 23APR 2018

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED
FILING NO. OF PAGES SCHEDULE NUMBER UNDER
001 704780523 20150407 0819 1793 3687

RECORD FILE NUMBER 704780523
PAGE AMENDED NO SPECIFIC PAGE AMENDED
001 1
CORRECT PERIOD

REFERENCE DEBTOR/ TRANSFEROR BUSINESS NAME 2460623 ONTARIO INC.
INITIAL SURNAME

OTHER CHANGE PERSON/ DESCRIPTION DATE OF BIRTH FIRST-GIVEN NAME INITIAL SURNAME

DEBTOR/ TRANSFEREE BUSINESS NAME ADDRESS

ASSIGNOR SECURED PARTY/LIEN CLAIMANT/ASSIGNEE ADDRESS

COLLATERAL CLASSIFICATION CONSUMER ADDRESS

GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MOTOR VEHICLE DATE OF NO. FIXED Maturity OR Maturity DATE

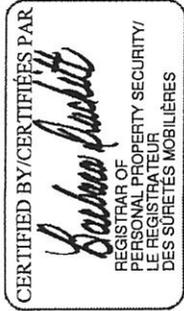
YEAR MAKE MODEL V.I.N.

MOTOR VEHICLE GENERAL COLLATERAL DESCRIPTION REGISTERING AGENT OR ADDRESS

SECURED PARTY/ LIEN CLAIMANT ADDRESS 181 BAY STREET, SUITE 1800, BOX# 754 TORONTO ON M5J2T9

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED...



RUN NUMBER : 114
 RUN DATE : 2018/04/24
 ID : 20180424153443.98

PROVINCE OF ONTARIO
 MINISTRY OF GOVERNMENT SERVICES
 PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
 ENQUIRY RESPONSE
 CERTIFICATE

REPORT : PSSR060
 PAGE : 7
 (10236)

TYPE OF SEARCH : BUSINESS DEBTOR
 SEARCH CONDUCTED ON : INNOVATIVE STEAM TECHNOLOGIES INC.
 FILE CURRENCY : 23APR 2018

FORM 2C FINANCING CHARGE STATEMENT / CHANGE STATEMENT

CAUTION PAGE NO. OF PAGES TOTAL MOTOR VEHICLE REGISTRATION REGISTERED
 FILING NO. SCHEDULE NUMBER UNDER

01 RECORD FILE NUMBER 001 2 20150410 1640 1793 3865

21 REFERENCE PAGE AMENDED NO. SPECIFIC PAGE AMENDED CHANGE REQUIRED RENEWAL CORRECT
 PERIOD

22 DEBTOR/ TRANSFEROR BUSINESS NAME FIRST GIVEN NAME INITIAL SURNAME

23 DEBTOR/ TRANSFEROR BUSINESS NAME 2460623 ONTARIO INC. FIRST GIVEN NAME INITIAL SURNAME

25 OTHER CHANGE AMENDED TO RECORD THE DEBTOR'S CHANGE OF NAME FROM "2460623 ONTARIO INC." TO "INNOVATIVE STEAM TECHNOLOGIES INC." AS A RESULT OF THE AMALGAMATION AMONG INNOVATIVE STEAM TECHNOLOGIES INC. AND 2460623

26 DEBTOR/ TRANSFEROR BUSINESS NAME INNOVATIVE STEAM TECHNOLOGIES INC. FIRST GIVEN NAME INITIAL SURNAME

27 ADDRESS 79 WELLINGTON STREET WEST TORONTO

28 ONTARIO CORPORATION NO. M5J1S9

29 ASSIGNOR SECURED PARTY/LIEN CLAIMANT/ASSIGNEE

08 COLLATERAL CLASSIFICATION ADDRESS

09 CONSUMER GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED MOTOR VEHICLE DATE OF NO. FIXED Maturity OR Maturity DATE

10 YEAR MAKE MODEL V.I.N.

11 MOTOR VEHICLE GENERAL

12 COLLATERAL DESCRIPTION

13 REGISTERING AGENT OR SECURED PARTY/ LIEN CLAIMANT

14 AIRD & BERLIS LLP 181 BAY STREET, SUITE 1800, BOX# 754 TORONTO

15 M5J2T9

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED...



PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 114
RUN DATE : 2018/04/24
ID : 20180424153443.98

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : INNOVATIVE STREAM TECHNOLOGIES INC.
FILE CURRENCY : 23 APR 2018

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED
FILING NO. OF PAGES SCHEDULE NUMBER UNDER
002 2 20150410 1540 1793 3865

20 RECORD FILE NUMBER 704780523
21 REFERENCED PAGE AMENDED NO SPECIFIC PAGE AMENDED CHANGE REQUIRED RENEWAL CORRECT
PERIOD

22 REFERENCE DEBTOR/ TRANSFEROR FIRST GIVEN NAME INITIAL SURNAME

23 BUSINESS NAME

24 OTHER CHANGE PERSON/ DESCRIPTION ONTARIO INC.

25 DEBTOR/ TRANSFEROR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
02/ 05 03/ 06 04/07

ONTARIO CORPORATION NO.

29 ASSIGNOR SECURED PARTY/LIEN CLAIMANT/ASSIGNEE ADDRESS

08 COLLATERAL CLASSIFICATION ADDRESS
09 CONSUMER GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED AMOUNT Maturity OR Maturity DATE
MOTOR VEHICLE DATE OF Maturity OR Maturity DATE

10 YEAR MAKE MODEL V.I.N.

11 MOTOR VEHICLE GENERAL COLLATERAL DESCRIPTION REGISTERING AGENT OR SECURED PARTY/ LIEN CLAIMANT ADDRESS

12 13 14 15 16 17



*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***
CONTINUED...

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 114
RUN DATE : 2018/04/24
ID : 20180424153443.98

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : INNOVATIVE STEAM TECHNOLOGIES INC.
FILE CURRENCY : 23 APR 2018

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION PAGE TOTAL MOTOR VEHICLE REGISTRATION REGISTERED
FILING NO. OF PAGES SCHEDULE NUMBER UNDER
001 1 20150410 1642 1793 3868

20 RECORD FILE NUMBER 704802402
21 PAGE AMENDED NO SPECIFIC PAGE AMENDED CHANGE REQUIRED RENEWAL CORRECT
001 1 20150410 1642 1793 3868 YEARS PERIOD

22 REFERENCE DEBTOR/ TRANSFEROR BUSINESS NAME INITIAL SURNAME
INNOVATIVE STEAM TECHNOLOGIES INC.

23 OTHER CHANGE AMENDED TO RECORD THE AMALGAMATION AMONG INNOVATIVE STEAM
24 PERSON/ TECHNOLOGIES INC. AND 2460623 ONTARIO INC.
25 DESCRIPTION

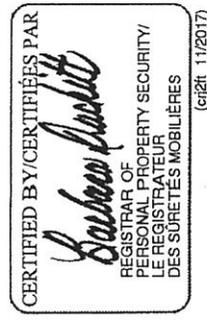
26 DEBTOR/ TRANSFEROR DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
27 BUSINESS NAME
28 ADDRESS

29 ASSIGNOR SECURED PARTY/LIEN CLAIMANT/ASSIGNEE
30 ADDRESS ONTARIO CORPORATION NO.

31 COLLATERAL CLASSIFICATION ADDRESS MOTOR VEHICLE DATE OF NO FIXED
32 CONSUMER GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED AMOUNT MATURITY OR MATURITY DATE
33 YEAR MAKE MODEL V.I.N.

34 MOTOR AIRD & BERLIS LLP TORONTO M5J2T9
35 VEHICLE GENERAL 181 BAY STREET, SUITE 1800, BOX# 754 ON
36 COLLATERAL REGISTERED AGENT OR
37 DESCRIPTION SECURED PARTY/ ADDRESS
38 LIEN CLAIMANT

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***
CONTINUED...



PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 114
RUN DATE : 2018/04/24
ID : 20180424153443.98

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : INNOVATIVE STEAM TECHNOLOGIES INC.
FILE CURRENT : 23 APR 2018

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION FILING	PAGE NO.	TOTAL PAGES	MOTOR VEHICLE SCHEDULE	REGISTRATION NUMBER	REGISTERED UNDER
001	2	704802429	20150410 1641 1793 3867		

RECORD REFERENCE 21 21

FILE NUMBER 704802429

PAGE AMENDED NO. SPECIFIC PAGE AMENDED

CHANGE REQUIRED A AMENDMENT

RENEWAL YEARS CORRECT PERIOD

22

REFERENCE DEBTOR/TRANSFERROR

FIRST GIVEN NAME INITIAL SURNAME

BUSINESS NAME 2460623 ONTARIO INC.

23 24

OTHER CHANGE REASON/DESCRIPTION

AMENDED TO RECORD THE DEBTOR'S CHANGE OF NAME FROM "2460623 ONTARIO INC." TO "INNOVATIVE STEAM TECHNOLOGIES INC." AS A RESULT OF THE AMALGAMATION AMONG INNOVATIVE STEAM TECHNOLOGIES INC. AND 2460623

DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME

DEBTOR/TRANSFERROR BUSINESS NAME

INNOVATIVE STEAM TECHNOLOGIES INC.

02/ 05 03/ 06

ADDRESS 79 WELLINGTON STREET WEST TORONTO

04/07 ONTARIO CORPORATION NO. M55189

29 ASSIGNOR SECURED PARTY/LIEN CLAIMANT/ASSIGNEE

08 09

ADDRESS

79 WELLINGTON STREET WEST TORONTO

10 COLLATERAL CLASSIFICATION

CONSUMER

GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED

MOTOR VEHICLE DATE OF NO FIXED AMOUNT MATURITY OR MATURITY DATE

MOTOR VEHICLE GENERAL COLLATERAL DESCRIPTION	YEAR MAKE	MODEL	V.I.N.
11 12 13 14 15 16 17			

11 12 13 14 15 16 17

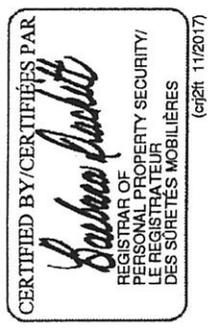
REGULATING AGENT OR SECURED PARTY/LIEN CLAIMANT

ADDRESS

AIRD & BERLIS LLP 181 BAY STREET, SUITE 1800, BOX# 754 TORONTO ON M5J2T9

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***

CONTINUED...



PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 114
RUN DATE : 2018/04/24
ID : 20180424153443.98

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : INNOVATIVE STEAM TECHNOLOGIES INC.
FILE CURRENT : 23 APR 2018

FORM 2C FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAPTION	PAGE	TOTAL MOTOR VEHICLE REGISTRATION REGISTERED	CORRECT
FILING	NO. OF PAGES	SCHEDULE NUMBER UNDER	PERIOD
01	002	20150410 1641 1793 3867	
21	FILE NUMBER	704802429	
22	PAGE AMENDED	NO SPECIFIC PAGE AMENDED	RENEWAL YEARS
23	REFERENCE	FIRST GIVEN NAME	INITIAL SURNAME
24	DEBTOR/ TRANSFEROR	BUSINESS NAME	INITIAL SURNAME
25	OTHER CHANGE		
26	REASON/ DESCRIPTION	ONTARIO INC.	
27			
28			
02/	DATE OF BIRTH	FIRST GIVEN NAME	INITIAL SURNAME
05	DEBTOR/ TRANSFEREE	BUSINESS NAME	INITIAL SURNAME
03/			
06			
04/07	ADDRESS		

ONTARIO CORPORATION NO.

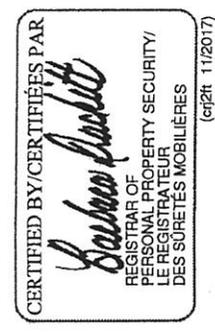
29 ASSIGNOR
SECURED PARTY/LIEN CLAIMANT/ASSIGNEE

08 ADDRESS
09 COLLATERAL CLASSIFICATION

10 CONSUMER
GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED AMOUNT MATURETY OR MATURETY DATE

11 MOTOR YEAR MAKE MODEL
12 VEHICLE GENERAL
13 GENERAL
14 COLLATERAL
15 DESCRIPTION
16 REGISTERING AGENT OR
17 SECURED PARTY/ ADDRESS
LIEN CLAIMANT

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***
CONTINUED...



PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

RUN NUMBER : 114
RUN DATE : 2018/04/24
ID : 20180424153443.98

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : INNOVATIVE STEAM TECHNOLOGIES INC.
FILE CURRENCY : 23APR 2018

INFORMATION RELATING TO THE REGISTRATIONS LISTED BELOW IS ATTACHED HERETO.

FILE NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER
704780469	20150402 1253 1793 3638	20150407 0819 1793 3686	20150410 1641 1793 3866
704780523	20150402 1254 1793 3640	20150407 0819 1793 3687	20150410 1640 1793 3865
704802402	20150402 1912 1793 3651	20150410 1642 1793 3868	
704802429	20150402 1912 1793 3653	20150410 1641 1793 3867	

10 REGISTRATION(S) ARE REPORTED IN THIS ENQUIRY RESPONSE.



TAB K

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

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

A Commissioner for Taking Affidavits, etc.

TO: HSBC Bank Canada (the "Lender")

RE: Facility letter dated April 10, 2015, as amended by a side letter dated April 10, 2015 and as such facility letter may be further amended from time to time (the "Facility Letter") between 2460623 Ontario Inc. (the "Borrower") and the Lender

ASSUMPTION AND CONFIRMATION AGREEMENT

WHEREAS the Lender and the Borrower are party to the Facility Letter pursuant to which the Lender established certain credit facilities for the benefit of the Borrower;

AND WHEREAS all indebtedness, liabilities and obligations owing to the Lender by the Borrower, direct or indirect, absolute or contingent or otherwise, immediately prior to the Amalgamation (as such term is hereinafter defined) are hereinafter collectively referred to as the "**Obligations**";

AND WHEREAS the Borrower amalgamated with Innovative Steam Technologies Inc. on April 10, 2015 (the "**Amalgamation**") with the corporation resulting from such Amalgamation continuing under the name 'innovative Steam Technologies Inc.' ("**Amalco**");

AND WHEREAS the Lender has consented to the Amalgamation on certain terms and conditions including that this Confirmation be executed and delivered by Amalco;

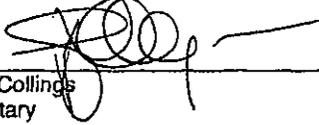
NOW THEREFORE FOR VALUABLE CONSIDERATION, Amalco hereby agrees with the Lender as follows:

1. Amalco acknowledges, represents and warrants that it is a corporation resulting from the amalgamation of the Borrower and Innovative Steam Technologies Inc. pursuant to the laws of the Province of Ontario, continuing under the corporate name 'Innovative Steam Technologies Inc.'
2. Amalco confirms, covenants and agrees that it is subject to and bound by, all of the Obligations and hereby acknowledges itself indebted to the Lender in respect thereof.
3. Amalco shall perform all of the obligations and shall comply with and benefit from all of the provisions of the Facility Letter in the same manner and to the same extent as if Amalco was an original party thereto.
4. Amalco covenants and agrees, at its expense and upon the request of the Lender, to do all such further acts and execute and deliver all such further documents, agreements, instruments and security in favour of the Lender as may, in the reasonable opinion of the Lender, be necessary or desirable in order to fully perform or carry out the purpose and intent of this Confirmation including without limitation more effectually charging Amalco's property, assets and undertaking.
5. This Confirmation shall be construed in accordance with the laws of the Province of Ontario. For the purpose of legal proceedings, this Confirmation 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 Confirmation.
6. This Confirmation shall be binding on Amalco and its successors and permitted assigns and shall enure to the benefit of the Lender and its successors and assigns.

[Remainder of page intentionally left blank]

DATED as of the 10th day of April, 2015.

INNOVATIVE STEAM TECHNOLOGIES INC.

By: 
Name: Greg Collings
Title: Secretary

I have authority to bind the Corporation.

(Signature Page – Assumption and Confirmation – Amalco)



TO: HSBC Bank Canada (the "Lender")

PLEDGE OF INVESTMENT COLLATERAL

Obligations Secured

1. In consideration of the Lender dealing with or extending credit for the benefit of the Debtor and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Debtor, the Debtor hereby enters into this agreement with the Lender as security for the payment and performance of all Obligations (as hereinafter defined). Insofar as it affects personal property located in Ontario, this agreement is governed by the PPSA.

Definitions and Interpretation

2. In this agreement, the following words shall, unless otherwise provided, have the meanings set out below:

"**Business Day**" means a day, other than a Saturday, Sunday or statutory holiday in the Province of Ontario;

"**Collateral**" means all present and future property, assets and undertaking of the Debtor pledged, assigned mortgaged, charged, hypothecated or made subject to a security interest pursuant to this agreement.

"**Debtor**" means Innovative Steam Technologies Inc., an Ontario corporation resulting from the amalgamation on April 10, 2015 of Innovative Steam Technologies Inc. and 2460623 Ontario Inc. and continuing as Innovative Steam Technologies Inc., and includes its successors and assigns by amalgamation or otherwise.

"**Facility Letter**" means the facility letter dated as of April 10 2015 between, *inter alia*, the Debtor, as borrower, and the Lender, as lender, as such facility letter may be amended, supplemented, otherwise modified, amended and restated or replaced from time to time.

"**Investment Collateral**" means all present and future Investment Property (as such term is defined in the PPSA) and Financial Assets (as such term is defined in the STA) of each subsidiary of the Debtor or in which the Debtor now or hereafter has an interest (including all present and future options and warrants of the Debtor in its subsidiaries), all rights and entitlements arising therefrom or related thereto, the Debtor's present and future interests in partnerships, limited partnerships, limited liability partnerships and limited liability companies, all substitutions for any of the foregoing, and all dividends and income derived therefrom or payable in connection therewith.

"**Issuer**" means an issuer as defined in the STA.

"**Money**" means a medium of exchange authorized or adopted by the Parliament of Canada as part of the currency of Canada or by a foreign government as part of its currency.

"Obligations" means all present and future indebtedness, liabilities and obligations, direct or indirect, absolute or contingent, matured or unmatured, joint or several, of the Debtor to the Lender, including, without limitation, all such indebtedness, liabilities and obligations pursuant to or in connection with the Facility Letter.

"PPSA" means the *Personal Property Security Act (Ontario)*, as amended from time to time, and any legislation substituted therefor and any amendments thereto.

"Proceeds" means identifiable or traceable personal or real property in any form derived directly or indirectly from any dealing with any of the Collateral or the proceeds therefrom.

"Security Interest" means the pledges, mortgages, charges, hypothecations and assignments of, and security interests in the Collateral created in favour of the Lender hereunder.

"STA" means the *Securities Transfer Act, 2006 (Ontario)*, as amended from time to time and any legislation substituted therefor and any amendments thereto.

3. The headings in this agreement are included for convenience of reference only, and shall not constitute a part of this agreement for any other purpose.

4. In construing this agreement terms used herein and not otherwise defined shall have the same meanings given to such terms in the PPSA. The word **"Debtor"**, the personal pronoun **"it"** or **"its"** and any verb relating thereto and used therewith shall be read and construed as required by and in accordance with the context in which such words are used. The words **"includes"** and **"including"** shall mean **"includes, without limitation"** and **"including, without limitation"**, respectively. The term **"successors"** shall include, without limiting its meaning, any corporation resulting from the amalgamation of a corporation with another corporation. Words and phrases defined using either the singular or the plural may be used in this agreement in both or either the singular or the plural, as the context requires.

5. 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.

6. In the event that any day, on or before which any action is required to be taken hereunder, is not a Business Day, then such action shall be required to be taken on or before the first Business Day thereafter.

7. The Lender may in writing (and not otherwise) waive any breach by the Debtor of any of the provisions contained in this agreement or any default by the Debtor in the observance or performance of any provision of this agreement; provided always that no waiver by the Lender shall extend to or be taken in any manner whatsoever to affect any subsequent breach or default, whether of the same or a different nature, or the rights resulting therefrom.

8. This agreement shall be construed in accordance with and governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein. For the purpose of legal proceedings, this agreement shall be deemed to have been made in the said Province and to be performed therein and the courts of that Province shall have jurisdiction over all disputes which

may arise under this agreement. The Debtor hereby irrevocably and unconditionally submits to the non-exclusive jurisdiction of such courts, provided always that nothing herein contained shall prevent the Lender from proceeding at its election against the Debtor in the courts of any other province, country or jurisdiction.

Creation of Security Interest

9. As security for the payment and performance of the Obligations, the Debtor hereby pledges, mortgages, charges, hypothecates, assigns and grants to and in favour of the Lender a security interest in the following:

- (a) 1,300,100 Class A shares in the capital stock of IST Boiler Components Inc. and all other shares in the capital stock of IST Boiler Components Inc. now or hereafter owned by the Debtor or in which the Debtor now or hereafter has an interest;
- (b) all other Investment Collateral;
- (c) all substitutions or exchanges from time to time in respect of any of the foregoing Investment Collateral;
- (d) all dividends, distributions and other income (whether in the form of Money, Investment Collateral or any other property) derived from or in respect of any of the foregoing Investment Collateral or payable in connection therewith and all Money and property received or receivable in the nature of the return or repayment of capital in respect thereof; and
- (e) all Proceeds derived directly or indirectly from any dealing with any of the foregoing.

Attachment

10. The Debtor confirms and agrees that:

- (a) value has been given by the Lender to the Debtor;
- (b) the Debtor has rights in all existing Collateral and power to transfer rights in the Collateral to the Lender; and
- (c) the Debtor and the Lender have not postponed the time for attachment of the Security Interest, and the Security Interest shall attach to existing Collateral upon the execution of this agreement and shall attach to Collateral in which the Debtor hereafter acquires rights at the time that the Debtor acquires rights in such Collateral.

Control, Registration and Possession of Investment Collateral

11. Whenever any Investment Collateral is a certificated security, an uncertificated security or a security entitlement, the Debtor shall, or shall cause the Issuer of such Investment Collateral to, or shall cause the securities intermediary that holds such Investment Collateral to,

take all steps as are necessary to give exclusive control over such Investment Collateral to the Lender in a manner satisfactory to the Lender.

12. All certificates representing Investment Collateral may remain registered in the name of the Debtor, but the Debtor shall, promptly at the request of the Lender, duly endorse such certificates in blank for transfer or execute stock powers of attorney in respect thereof and deliver such certificates or powers of attorney to the Lender, with all documentation being in form and substance satisfactory to the Lender. Upon the request of the Lender:

- (a) the Debtor shall promptly cause the Investment Collateral to be registered in the name of the Lender or its nominee, and the Lender is hereby appointed the irrevocable attorney (coupled with an interest) of the Debtor with full power of substitution to cause any or all of the Investment Collateral to be registered in the name of the Lender or its nominee;
- (b) the Debtor shall promptly cause each securities intermediary that holds any Investment Collateral that is a security entitlement to record the Lender as the entitlement holder of such Investment Collateral; and
- (c) the Debtor shall promptly:
 - (i) cause a security certificate to be issued for any Investment Collateral that is in the form of an uncertificated security or a security entitlement;
 - (ii) endorse such security certificate in blank;
 - (iii) deliver such security certificate to the Lender; and
 - (iv) take all other steps necessary to give exclusive control over such certificated security to the Lender in a manner satisfactory to the Lender.

13. The responsibility of the Lender in respect of any Collateral held by the Lender shall be limited to exercising the same degree of care which it gives valuable property of the Lender at the Lender's office where such Collateral is held. The Lender shall not be bound under any circumstances to realize upon any of the Collateral or allow any of the Collateral to be sold, or exercise any option or right attaching thereto, or be responsible for any loss occasioned by any sale of Collateral or by the retention or other refusal to sell the same; nor shall the Lender be obliged to collect or see to the payment of interest or dividends thereon, but all such interest and dividends, if and when received by the Debtor, shall, subject to section 15, be held in trust for the Lender and shall be forthwith paid to the Lender.

Voting Rights

14. Until further notice is given by the Lender to the Debtor, at any time after the Security Interest has become enforceable, terminating such rights of the Debtor, the Debtor shall be entitled to exercise all voting rights attached to the Investment Collateral and give consents, waivers and ratifications in respect thereof, provided that no vote shall be cast or consent, waiver or ratification given or action taken which could be prejudicial to the interests of the Lender or which could have the effect of reducing the value of the Investment Collateral as

security for the Obligations or imposing any restriction on the transferability of any of the Investment Collateral. All such rights of the Debtor to vote, give consents, waivers and ratifications shall cease immediately upon receipt by the Debtor of such notice by the Lender.

Dealing with Income and Proceeds

15. Until the Security Interest becomes enforceable, all dividends, distributions, interest and other income derived from or in respect of any Investment Collateral and all proceeds received by the Debtor in respect of any Investment Collateral may be received by the Debtor and distributed in accordance with the Facility Letter. After the Security Interest becomes enforceable, the Debtor shall not be entitled to retain or distribute any such dividends, distributions, interest or other income or Proceeds and, if any such amounts are received by the Debtor after the Security Interest becomes enforceable, the Debtor shall forthwith pay such amounts to the Lender, to be applied to reduce the Obligations or, at the option of the Lender, to be held as additional security for the Obligations.

Representation and Warranty

16. The Debtor hereby represents and warrants to the Lender that the Debtor has the capacity and authority to incur the Obligations, create the Security Interest and observe and perform all its obligations under this agreement, and acknowledges that the Lender is relying on such representation and warranty in its present and future dealings with the Debtor and the Obligations.

Covenants

17. The Debtor covenants and agrees with the Lender as follows:

- (a) it will not, without the Lender's prior written consent, sell, exchange, transfer, assign, lend, charge, pledge, encumber or otherwise dispose of or deal in any way with any Collateral or any interest therein (except to grant the Security Interest to the Lender hereunder) or enter into any agreement or undertaking to do so;
- (b) it will do, make, execute and deliver such further and other assignments, transfers, deeds, security agreements and other documents as may be required by the Lender from time to time to grant to the Lender the Security Interest with the priority intended hereby and generally to accomplish the intention of this agreement;
- (c) it will pay when due any and all subscription monies and other amounts payable on or in respect of any Collateral and, if the Debtor fails to do so, Lender may (but shall not be obligated to) do so and, if the Lender does so, the Debtor shall, on demand by the Lender, reimburse the Lender for such payment and the Lender may debit any account or accounts of the Debtor with such amount; and
- (d) it will, unless otherwise agreed by the Lender in writing, cause all tangible Collateral to be situated in Ontario at all times including when the Security Interest attaches to such tangible Collateral.

Enforcement

18. The Security Interest shall become enforceable immediately upon default by the Debtor in the payment or performance of any of the Obligations.

Remedies

19. Upon the Security Interest becoming enforceable, in addition to any other remedies available under applicable law or equity or contained in any other agreement between the Debtor and the Lender, the Lender may:

- (a) obtain, by any method permitted by law, possession of any Collateral which it does not already hold, by any method permitted by applicable law;
- (b) redeem, exchange, realize upon, collect, sell, transfer, assign, give options to purchase, or otherwise dispose of and deal with the Collateral or any part thereof;
- (c) notify any parties obligated in respect of any Proceeds to make payment thereof to the Lender;
- (d) exercise or continue to exercise all voting rights attached to Collateral (whether or not registered in the name of the Lender or its nominee) and give or withhold or continue to give or withhold all consents, waivers and ratifications in respect thereof, collect and receive or continue to collect and receive dividends, interest and other distributions relating thereto and otherwise act with respect thereto as though it were the absolute owner thereof;
- (e) exercise any and all rights of redemption, conversion, exchange, sale, subscription or any other rights, privileges or options pertaining to any of the Collateral as if it were the absolute owner thereof including the right to exchange at its discretion any and all of the Collateral upon the merger, consolidation, reorganization, recapitalization or other readjustment of any issuer thereof, or upon the exercise by any issuer of any right, privilege or option pertaining to any of the Collateral and, in connection therewith, to deposit and deliver or direct the sale or other disposition of any of the Collateral with any committee, depository, clearing house (whether CDS Clearing and Depository Services Inc. or otherwise), transfer agent, registrar or other designated agency upon such terms and conditions as it may determine, all without liability except to account for property actually received by it;
- (f) comply with any limitation or restriction in connection with any proposed sale or other disposition of the Collateral as may be necessary in order to comply with applicable law or any policy imposed by any stock exchange, securities commission or other governmental authority or official, and the Debtor further agrees that such compliance shall not result in such sale being considered or deemed not to have been made in a commercially reasonable manner, nor shall the Lender be liable or accountable to the Debtor for any discount in the sale price of the Collateral which may be given by reason of the fact that such Collateral is sold in compliance with any such limitation or restriction; and

- (g) file proofs of claim and other documents in order to have the claims of the Lender lodged in any bankruptcy, winding-up, or other judicial proceeding relating to the Debtor.

Failure of Lender to Exercise Remedies

20. The Lender shall not be liable for any delay or failure to enforce any remedies available to it or to institute any proceedings for such purposes.

Combination of Accounts and Set-off

21. The Lender may debit any account of the Debtor with any and all Obligations, combine accounts or set off any amount now or hereinafter owing by the Lender to the Debtor against any Obligations, in order to reduce the Obligations.

Application of Payments and Liability for Deficiency

22. All monies recovered or received by the Lender in respect of any Obligations or in respect of the enforcement of the Security Interest may be held by the Lender as security for Obligations or applied by the Lender to reduce Obligations in such manner as the Lender may determine in its discretion, and the Lender may at any time change any such application or appropriation of such payments or monies and apply them to such other part or parts of the Obligations as the Lender may determine in its discretion. The Debtor shall remain liable to the Lender for any deficiency; and any surplus funds realized after the satisfaction of all Obligations shall be paid in accordance with applicable law.

Dealings by Lender

23. The Lender may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges, and otherwise deal with the Collateral, the Debtor, debtors of the Debtor, sureties of the Debtor, and others as the Lender may see fit, without prejudice to the Obligations or the rights of the Lender to hold and realize upon the Security Interest and the Collateral. The Lender shall have no obligation to keep Collateral or any portion thereof identifiable.

Notices

24. Without prejudice to any other method of giving notice, all communications provided for or permitted hereunder shall be in writing and delivered in accordance with the Facility Letter.

Separate Security

25. This agreement and the Security Interest are in addition to and not in substitution for any other security now or hereafter held by the Lender in respect of the Debtor, the Obligations or the Collateral.

Power of Attorney

26. The Debtor hereby constitutes and appoints the Lender or any officer thereof as its true, lawful and irrevocable attorney (coupled with an interest), with full power of substitution, to execute all documents and take any and all actions as may be necessary or desirable to perform any obligations of the Debtor arising pursuant to this agreement, and in executing such documents and taking such actions, to use the name of the Debtor whenever and wherever it may be considered necessary or expedient, provided that the Lender shall not exercise such rights until the Security Interest becomes enforceable as set out in Section 18 herein.

Entire Agreement

27. This agreement constitutes the entire agreement between the Debtor and the Lender relating to the subject matter hereof.

Amendments

28. No amendment to this agreement shall be effective unless it is in writing and signed by the Debtor and the Lender.

Enurement

29. This agreement shall enure to the benefit of the Lender and its successors and assigns and shall be binding on the Debtor and its successors and permitted assigns, as may be applicable. The Debtor shall have no right to assign any benefit which it may be entitled to hereunder without the prior written consent of the Lender.

Copy of Agreement

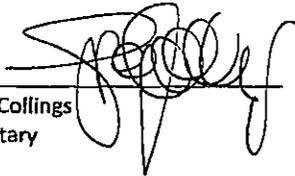
30. The Debtor acknowledges receipt of an executed copy of this agreement.

[Remainder of page intentionally left blank]

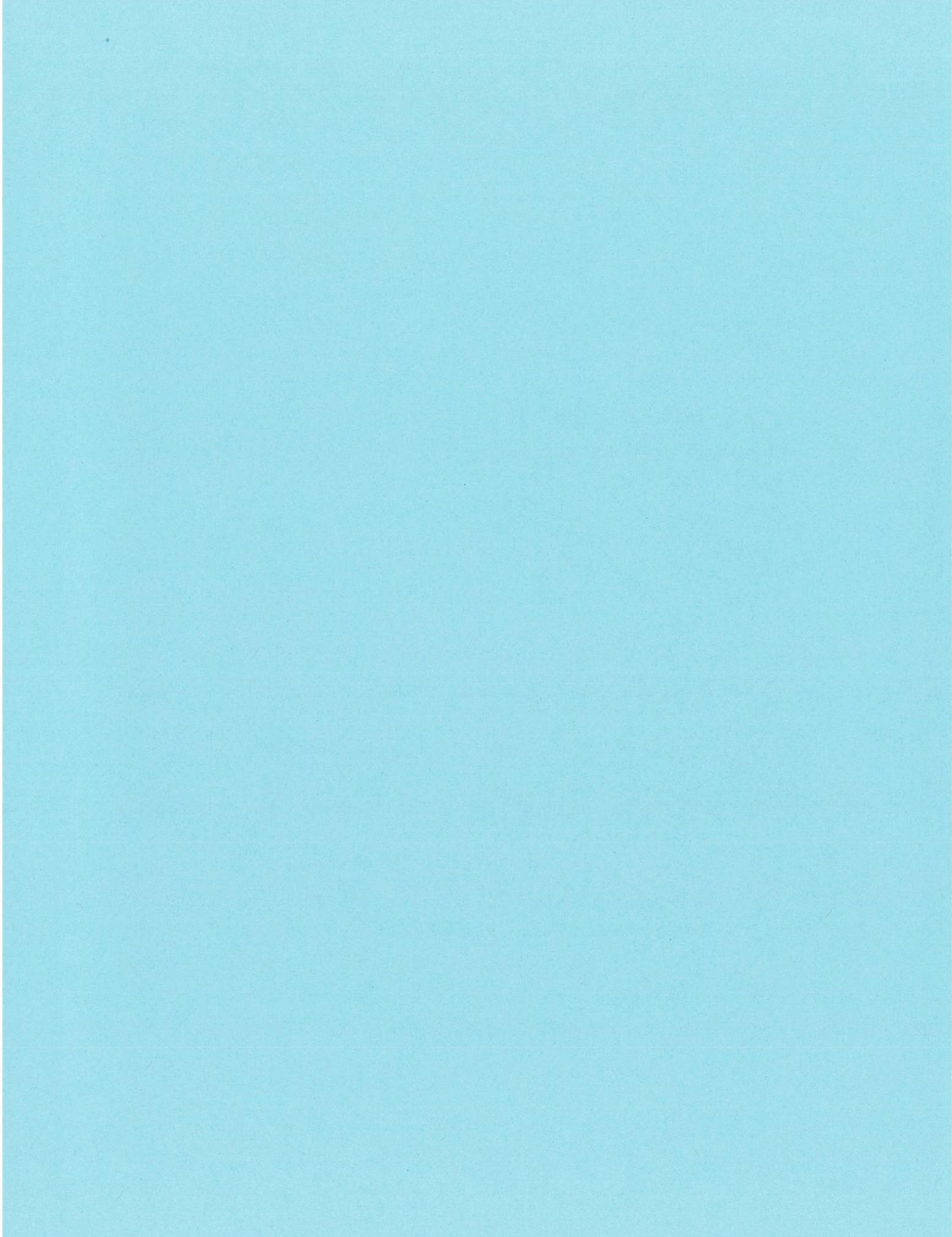
IN WITNESS WHEREOF this agreement has been executed and delivered by the Debtor under the hands of its duly authorized officer(s) as of the 10th day of April, 2015.

INNOVATIVE STEAM TECHNOLOGIES INC.

By: _____
Name: Greg Collings
Title: Secretary

A handwritten signature in black ink, appearing to read 'Greg Collings', written over a horizontal line.

(Signature Page – Pledge of Securities – Amalco)



SHARE CERTIFICATE
#6A

CLASS "A" COMMON
SHARES
1,300,100

IST BOILER COMPONENTS INC.

Incorporated under the Business Corporations Act (Alberta)

THIS CERTIFIES that
registered owner of

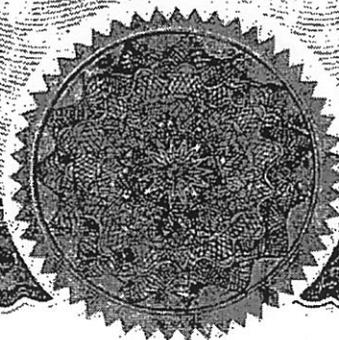
INNOVATIVE STEAM TECHNOLOGIES INC.
**1,300,100 (One Million Three Hundred Thousand One
Hundred)**

is the
**Class "A" Common
Shares**

The shares represented by this Certificate have the rights and privileges, and are subject to restrictions on transfer and other conditions, as set out in the Articles of the Corporation. The Corporation will furnish to a shareholder, on demand and without charge, a full copy of the text of the rights, privileges, restrictions and conditions attached to each class of shares authorized to be issued by the Corporation and, as applicable, to each series of shares insofar as the same have been fixed by the directors, and the authority of the directors of the Corporation to fix the rights, privileges, restrictions and conditions of subsequent series.

IN WITNESS WHEREOF, the Corporation has caused this Certificate to be signed by its duly authorized officer
April _____, 2015

Secretary



POWER OF ATTORNEY TO TRANSFER SHARES

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

1,300,100 Class A Shares of IST BOILER COMPONENTS INC. (the "Corporation"),
registered in the name of the undersigned on the books of the Corporation and represented by
Certificate No. #CA, and the undersigned hereby irrevocably constitutes and appoints

his/her/its true and lawful attorney to transfer such shares on the books of the Corporation and to
make and execute all necessary acts of assignment and transfer as may be necessary to give
effect to such transfer, with full power of substitution in this matter.

DATED this _____ day of _____.

**INNOVATIVE STEAM TECHNOLOGIES
INC.**

By: _____

Name: Greg Coffey
Title: Authorized Signing Officer

TAB L

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



A Commissioner for Taking Affidavits, etc.



GUARANTEE

To: **HSBC Bank Canada**

In consideration of **HSBC Bank Canada** (herein called the "Bank") dealing with **2460623 Ontario Inc.**

(herein called the "Customer") and one dollar and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned hereby jointly and severally unconditionally guarantee(s) payment to the Bank of all present and future debts and liabilities direct or indirect, absolute or contingent, now or at any time and from time to time hereafter due or owing to the Bank from or by the Customer whether as principal or surety, and whether incurred by the Customer alone or jointly with any other person or persons, or otherwise howsoever together with all costs, charges and expenses (including legal fees on a solicitor and client basis) incurred by the Bank, the receiver, receiver-manager or agent of the Customer, or the agent of the Bank in the perfection and enforcement of this Guarantee and of any security held by the Bank in respect of such indebtedness, obligations, liabilities, expenses and interest.

Provided that no sum in excess of \$ _____ and interest thereon as herein provided calculated from the date demand is made under this Guarantee and accruing both before and after judgment (the "Limited Amount"), shall be recoverable from the undersigned hereunder.*

**(if unlimited delete paragraph and have customer initial)*

[For an obligation which is payable only in a currency other than Canadian currency express the Limited Amount in the foreign currency.]

Provided that if this Guarantee is expressed to be made in respect of a Limited Amount, the undersigned shall, in addition to the Limited Amount be liable for all amounts received by the undersigned as trustee and agent for the Bank in accordance with paragraphs 13 or 18 and all costs, charges and expenses (including legal fees on a solicitor and client basis) incurred by the Bank, the receiver, receiver-manager or agent of the Customer, or the agent of the Bank in the perfection and enforcement of this Guarantee.

And the undersigned and each of them (if more than one) hereby jointly and severally agree(s) with the Bank as follows:

1. The sum collectible by the Bank under this Guarantee shall include interest accruing on the debt owed by the Customer to the Bank at the respective rates of interest applicable to the various obligations of the Customer which constitute the Customer's debts and liabilities to the Bank. Where the Customer is liable to the Bank for interest calculated at more than one rate, then the particular rate of interest charged on a particular obligation shall continue to apply hereunder in respect of such obligation both before and after default and before and after judgment.
2. Every certificate issued under the hand of the Manager or Acting Manager of the Bank at the branch where the Customer's account is kept, purporting to show the amount at any particular time due and payable to the Bank and covered by this Guarantee, shall be received as conclusive evidence against the undersigned that such amount is at such time due and payable to the Bank and is covered hereby.
3. If this Guarantee is expressed to be made in respect of a Limited Amount and the Limited Amount is less than the obligation or the aggregate of the obligations of the Customer, then a certificate by the Manager or Acting Manager of the branch of the Bank where the Customer's account is kept shall be conclusive as to which of the obligations of the Customer are being allocated for collection under this Guarantee and the rate or rates of interest applicable.
4. If the Customer is a corporation, no change in the name, objects, capital stock or constitution of the Customer shall in any way affect the liability of the undersigned, either with respect to transactions occurring before or after any such change, and this Guarantee shall extend to all debts and liabilities to the Bank of the person or corporation who or which assumes the obligations of the Customer in whole or in part in whatsoever manner including, without limitation, by amalgamation with the Customer.
5. The Bank shall not be obliged to inquire into the powers of the Customer or any of its directors or other agents acting or purporting to act on its behalf, and moneys, advances, renewals or credits in fact borrowed or obtained from the Bank in exercise of such powers shall be deemed to form part of the debts and liabilities hereby guaranteed, notwithstanding that such borrowing or obtaining of moneys, advances, renewals or credits is in excess of the powers of the Customer or of its directors or other agents, or is in any way irregular, defective or informal.
6. If the Customer is a partnership, no change in the name of the Customer's firm or in the membership of the Customer's firm through the death, retirement or introduction of one or more partners or otherwise, or by the disposition of the Customer's business in whole or in part, shall in any way affect the liability of the undersigned, either with respect to transactions occurring before or after any such change, and this Guarantee shall extend to all debts and liabilities to the Bank of the person or corporation who or which assumes the obligations of the Customer in whole or in part in whatsoever manner.
7. The Bank, without the consent of the undersigned and without exonerating in whole or in part the undersigned, 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 cease or refrain from giving credit or making loans or advances to, may accept compositions from, may change the terms of any debts and liabilities hereby guaranteed, and may otherwise deal with the Customer and all other persons (including the undersigned and any other guarantor) and securities, as the Bank may see fit, and all dividends, compositions, and moneys received by the Bank from the Customer or from any other persons or estates capable of being applied by the Bank in reduction of the debts and liabilities hereby guaranteed, shall be regarded for all purposes as payments in gross. No loss of or in respect of the securities received by the Bank from the Customer or others, whether occasioned by the fault of the Bank or otherwise, shall in any way limit or lessen the liability of the undersigned under this Guarantee. Until all indebtedness of the Customer to the Bank has been paid in full, the undersigned shall not have any right of subrogation to the Bank or to the securities held by the Bank and this Guarantee shall not be diminished or affected on account of any act or failure to act on the part of the Bank which would prevent subrogation from operating in favour of the undersigned. The Bank shall be entitled to prove against the estate of the Customer upon any insolvency or winding-up in respect of the whole of said debts and liabilities; and the undersigned shall have no right to be subrogated to the Bank or to the securities held by the Bank until the Bank has received payment in full of its claim with interest.

8. The Bank shall not be bound or obliged to exhaust its recourse against the Customer or any other persons or any security it may hold or take any other action before being entitled to payment from the undersigned of each and every of the debts and liabilities guaranteed and it shall not be obliged to offer or deliver its security before its whole claim has been paid. The undersigned unconditionally waives any right it may have to oblige the Bank to (i) proceed against the Customer or any other person; (ii) exhaust any property, security or assets heretofore, now or hereafter furnished to the Bank, by the Customer or any other person who is or may become liable in respect of any of the debts and liabilities guaranteed; or (iii) apply any property, security or assets of the Customer or any other person who is or may become liable in respect of any of the debts and liabilities guaranteed to the discharge of the debts and liabilities guaranteed or to the favour of the undersigned.
9. The Bank, in its sole discretion and as the Bank sees fit, without in any way prejudicing or affecting the rights of the Bank hereunder, may appropriate any moneys received to any portion of the debts and liabilities hereby guaranteed, whether then due or to become due, and may revoke or alter any such appropriation.
10. This shall be a continuing guarantee, and shall cover and secure any ultimate balance owing to the Bank, but the Bank shall not be obliged to enforce its rights against the Customer or other persons or the securities it may hold before being entitled to payment from the undersigned of all and every of the debts and liabilities hereby guaranteed: Provided always that the undersigned may determine his or her or their further liability under this continuing guarantee by 90 days' notice in writing to be given to the Bank, and the liability hereunder of the undersigned shall continue until the expiration of 90 days after the giving of such notice, notwithstanding the death or insanity of the undersigned, and after the expiry of such notice the undersigned shall remain liable under this Guarantee in respect of any sum or sums of money owing to the Bank as aforesaid on the date such notice expired and also in respect of any contingent or future liabilities incurred to or by the Bank on or before such date but maturing thereafter, but in the event of the determination of this Guarantee as to one or more of the undersigned it shall remain a continuing guarantee as to the other or others of the undersigned.
11. Notwithstanding the provisions of any statute relating to the rate of interest payable by debtors, this Guarantee shall remain in full force and effect whatever the rate of interest received or demanded by the Bank.
12. The undersigned hereby grants to the Bank the right to set off against any and all accounts, credits or balances maintained by the undersigned with the Bank, the aggregate amount of any and all liabilities of the undersigned hereunder if and when the same shall become due and payable.
13. All debts and liabilities present and future of the Customer to the undersigned are hereby assigned to the Bank and postponed to the present and future debts and liabilities of the Customer to the Bank and all moneys received by the undersigned from the Customer shall be received by the undersigned as trustee and agent for the Bank and forthwith upon receipt shall be paid over to the Bank until the Customer's indebtedness to the Bank is fully paid and satisfied; all without prejudice to or without in any way limiting or lessening the liability of the undersigned to the Bank whether this Guarantee is expressed to be made in respect of a Limited Amount or otherwise.
14. The Bank shall not be obliged to give the undersigned notice of default by the Customer, and upon any default by the Customer the undersigned shall be held bound directly to the Bank as principal debtor in respect of the payment of the amounts hereby guaranteed.
15. No suit based on this Guarantee shall be instituted until demand for payment has been made. Any notice, demand or court process may be served by the Bank on the undersigned or his or her or their legal personal representatives either personally or by posting the same by ordinary mail postage prepaid, in an envelope addressed to the address of the party to be served last known to the Bank, and the notice or demand so sent shall be deemed to be served on the day following that on which it is mailed.
16. This Guarantee shall be operative and binding upon every signatory hereof notwithstanding the non-execution hereof by any other proposed signatory or signatories, and the undersigned acknowledges that this Guarantee has been delivered free of any conditions and that no statements, representations, agreements, collateral agreements or promises have been made to or with the undersigned affecting or limiting the liability of the undersigned under this Guarantee or inducing the undersigned to grant this Guarantee except as specifically contained herein in writing, and agrees that this Guarantee is in addition to and not in substitution for any other guarantees held or which may hereafter be held by the Bank.

17. No alteration or waiver of this Guarantee or of any of its terms, provisions or conditions shall be binding on the Bank unless made in writing under the signature of either the President or one of the Vice-Presidents of the Bank.
18. The undersigned shall file all claims against the Customer in any bankruptcy or other proceedings in which the filing of claims is required by law or upon any indebtedness of the Customer to the undersigned and will assign to the Bank all of the undersigned's rights thereunder. In all such cases, whether an administration, bankruptcy, or otherwise, the person or persons authorized to pay such claims shall pay to the Bank the full amount payable on the claim in the proceeding before making any payment to the undersigned; all without in any way limiting or lessening the liability of the undersigned to the Bank whether this Guarantee is expressed to be made in respect of a Limited Amount or otherwise. All moneys received by the undersigned in all such cases shall be received by the undersigned as trustee and agent for the Bank and forthwith upon receipt shall be paid over to the Bank until the Customer's indebtedness is fully paid and satisfied. To the fullest extent necessary for the purposes of this paragraph 18 the undersigned hereby assigns to the Bank all the undersigned's rights to any payments or distributions to which the undersigned otherwise would be entitled.
19. In this Guarantee, any word importing the singular number shall include the plural, and without restricting the generality of the foregoing, where there is more than one undersigned any reference to the undersigned refers to each and every one of the undersigned, and any word importing a person shall include a corporation, partnership and any other entity.
20. If this Guarantee is executed by more than one party, the liability of each of the undersigned hereunder shall be joint and several.
21. This Guarantee shall extend to and enure to the benefit of the successors and assigns of the Bank, and shall be binding upon the undersigned and the respective heirs, executors, administrators, successors and assigns of each of the undersigned.
22. No invalidity, irregularity or unenforceability by reason of any bankruptcy or similar law or any law or order of any government or agency thereof purporting to reduce, amend or otherwise affect the liability of the Customer to the Bank or of any security therefor, shall affect, impair or be a defence to this Guarantee. If one or more of the provisions contained herein shall be invalid, illegal or unenforceable in any respect, such provision shall be deemed to be severable and the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.
23. With respect to any portion of the indebtedness secured hereby which is payable in a currency other than Canadian currency (the "Foreign Currency Obligation"), the following provisions shall apply:
 - (a) Payment hereunder with respect to the Foreign Currency Obligation shall be made in immediately available funds in lawful money of the jurisdiction in the currency of which the Foreign Currency Obligation is payable (the "Foreign Currency") in such form as shall be customary at the time of payment for settlement of international payments in Vancouver, British Columbia without set-off, compensation or counterclaim and free and clear of and without deduction for any and all present and future taxes, levies, imposts, deductions, charges and withholdings with respect thereto.
 - (b) The undersigned shall hold the Bank harmless from any loss incurred by the Bank arising from any change in the value of Canadian currency in relation to the Foreign Currency between the date the Foreign Currency Obligation becomes due and the date of payment thereof
 - (c) If for the purpose of obtaining judgment in any court it is necessary to convert a sum due hereunder in the Foreign Currency into Canadian funds ("Canadian dollars"), the rate of exchange used shall be that at which in accordance with normal banking procedures the Bank could purchase the Foreign Currency with Canadian dollars on the business day preceding that on which final judgment is given.

The obligation of the undersigned in respect of any Foreign Currency Obligation due by it to the Bank hereunder shall, notwithstanding any judgment in Canadian dollars, be discharged only to the extent that on the business day following receipt by the Bank of any sum adjudged to be so due in Canadian dollars the Bank may in accordance with normal banking procedures purchase the Foreign Currency with Canadian dollars; if the amount of the Foreign Currency so purchased is less than the sum originally due to the Bank in the Foreign Currency the undersigned agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Bank against such loss and if the Foreign Currency purchased exceeds the sum originally due to the Bank in the Foreign Currency the Bank agrees to remit such excess to the undersigned to the extent the undersigned is entitled thereto.

24. All the rights, powers and remedies of the Bank hereunder and under any other agreement now or at any time hereafter in force between the Bank and the undersigned shall be cumulative and shall be in addition to and not in substitution for all rights, powers and remedies of the Bank at law or in equity.
25. The undersigned by its signature of this Guarantee on the one hand and the Bank by making this Guarantee available to the undersigned on the other hand acknowledge having expressly required it to be drawn up in the English language. La soussignée par sa signature de ce cautionnement d'une part et la Banque en mettant ledit cautionnement à la disposition des garants d'autre part reconnaissent avoir expressément exigé qu'il soit rédigé en langue anglaise.
26. This Guarantee shall be construed in accordance with the laws of the Province of * Ontario

and shall be deemed to have been made in such Province and to be performed there, and the Courts of such Province shall have jurisdiction over all disputes which may arise under this Guarantee, provided that nothing herein contained shall prevent the Bank from proceeding at its election against the undersigned in the courts of any other province or country.

If the undersigned becomes resident outside the Province referred to in this paragraph 26 then the undersigned hereby submits to the jurisdiction of the courts of competent jurisdiction of the Province referred to in this paragraph 26 in respect

* (insert Province where Customer's Account is kept)

of any proceeding hereon. Service of any process upon the undersigned may be made by ordinary mail in an envelope addressed to the following address:

594 Conestoga Blvd, Cambridge, Ontario, N1R 7P9

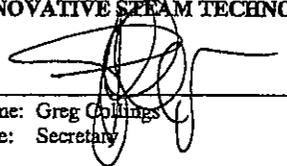
or in any other manner permitted by law.

27. If this Guarantee is to be construed in accordance with the laws of the Province of Quebec and for all other purposes pursuant to which the interpretation of this Guarantee may be subject to the laws of the Province of Quebec or a court or tribunal exercising jurisdiction in the province of Quebec: i) if more than one undersigned, each of the undersigned shall be solidarily liable with one another and with the Customer and hereby waives all benefits of division and discussion, ii) any "right of setoff" or similar expression shall include a "right of compensation", iii) an "agent" shall include a "mandatory", iv) "joint and several" and "jointly and severally" shall include "solidary" and "solidarily", and v) a "corporation" shall include a "company".
28. **Each of the undersigned hereby acknowledges that it has read the contents of the Guarantee, understands that the signing of this Guarantee involves joint and several financial responsibility on the part of the undersigned and has in no way whatsoever, directly or indirectly, sought, received or relied upon any representation or statement from or any agreement or undertaking with the Bank or any officer, employee or agent thereof.**

[Remainder of page intentionally left blank]

Given under seal at Toronto, Ontario, this 10th day of April, 2015.

INNOVATIVE STEAM TECHNOLOGIES INC.



Name: Greg Collins
Title: Secretary

TAB M

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

A handwritten signature in blue ink, appearing to read "D. J. [unclear]", written in a cursive style.

A Commissioner for Taking Affidavits, etc.

GENERAL SECURITY AGREEMENT (Ontario)

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

Between:

IST BOILER COMPONENTS INC. (hereinafter called the 'Debtor')
(Name of Debtor)

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

And:

HSBC BANK CANADA (hereinafter called the 'Bank')

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

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

A. Grant of Security Interests

1. The Debtor hereby grants to the Bank, by way of mortgage, charge, assignment and transfer, a security interest (the 'Security Interest') in the undertaking of the Debtor and in all Personal Property including, without limitation, all Goods (including all parts, accessories, attachments, special tools, additions and accessions thereto), Accounts, Chattel Paper, Documents of Title (whether negotiable or not), Instruments, Intangibles, Money and Investment Property now or hereafter owned or acquired by or on behalf of the Debtor and in all proceeds and renewals thereof, accretions thereto and substitutions therefor (hereinafter collectively called the 'Collateral') including without limitation, all of the following now or hereafter owned or acquired by or on behalf of the Debtor:
 - (i) all Inventory of whatever kind and wherever situate;
 - (ii) all Equipment of whatever kind and wherever situate including, without limitation, all machinery, tools, apparatus, plant furniture, fixtures and vehicles of whatsoever nature or kind;
 - (iii) all accounts and book debts and generally all debts, dues, claims, choses in action and demands of every nature and kind howsoever arising or secured including letters of credit, guarantees and advices of credit which are now due, owing or accruing or growing due to or owned by or which may hereafter become due, owing or accruing or growing due to or owned by the Debtor;
 - (iv) all deeds, documents, writings, papers, books of account and other books relating to or being records of Accounts, Chattel Paper or Documents of Title or by which such are or may hereafter be secured, evidenced, acknowledged or made payable;
 - (v) all contractual rights and insurance claims and all goodwill, patents, trademarks, copyrights and other intellectual property;
 - (vi) all monies other than trust monies lawfully belonging to others; and
 - (vii) all property and assets, real and personal, moveable or 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 (as defined below).

B. Attachment

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

C. Representations and Warranties of Debtor

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

D. Covenants and Agreements of Debtor

5. The Debtor hereby covenants and agrees with the Bank that until all of the Indebtedness is paid in full:
- (a) the Debtor shall not without the prior written consent of the Bank sell or dispose of any of the Collateral in the ordinary course of business or otherwise, and if the amounts on or in respect of the Collateral or Proceeds thereof shall be paid to the Debtor, the Debtor shall receive the same in trust for the Bank and forthwith pay over the same to the Bank upon request; provided however that the Inventory of the Debtor may be sold or disposed of in the ordinary course of business and for the purpose of carrying on the same;
 - (b) the Debtor shall not without the prior written consent of the Bank create or permit any Encumbrances upon or assign or transfer as security or pledge or hypothecate as security the Collateral except to the Bank;
 - (c) the Debtor shall at all times have and maintain insurance over the Collateral against risks of fire (including extended coverage), theft, and such risks as the Bank may reasonably require in writing, containing such terms, in such form, for such periods and written by such companies as may be reasonably satisfactory to the Bank. The Debtor shall duly and reasonably pay all premiums and other sums payable for maintaining such insurance and shall cause the insurance money thereunder to be payable to the Bank as its interest hereunder may appear and shall, if required, furnish the Bank with certificates or other evidence satisfactory to the Bank of compliance with the foregoing insurance provisions. In the event that Debtor fails to pay all premiums and other sums payable in accordance with the foregoing insurance provision, the Bank may make such payments to be repayable by the Debtor on demand and any such payments made by the Bank shall be secured hereby;
 - (d) the Debtor shall keep the Collateral in good condition and repair according to the nature and description thereof, and the Bank may, whenever it deems necessary, either in person or by agent, inspect the Collateral and the reasonable cost of such inspection shall be paid by the Debtor and secured hereby and the Bank may make repairs as it deems necessary and the cost thereof shall be paid by the Debtor and secured hereby;
 - (e) the Debtor shall duly pay all taxes, rates, levies, assessments of every nature which may be lawfully levied, assessed or imposed against or in respect of the Debtor or the Collateral as and when the same become due and payable; and
 - (f) the Debtor agrees that the Bank may, at any time, whether before or after a default under this General Security Agreement, notify any account debtor of the Debtor of the Security Interest, require such account debtor to make payment to the Bank, take control of any Proceeds of Collateral and may hold all amounts received from any account debtor and any Proceeds as part of the Collateral and as security for the Indebtedness.
6. The Debtor shall at all times and from time to time do, execute, acknowledge and deliver or cause to be done, executed, acknowledged or delivered any such further act, deed, transfer, assignment, assurance, document or instrument as the Bank may reasonably require for the better granting, mortgaging, charging, assigning and transferring unto the Bank the property and assets hereby subjected or intended to be subject to the Security Interest or which the Debtor may hereafter become bound to mortgage, charge, assign, transfer or subject to the Security Interest in favour of the Bank for the better accomplishing and effectuating of this General Security Agreement and the provisions contained herein and each and every officer of the Bank is irrevocably appointed attorney to execute in the name and on behalf of the Debtor any document or instrument for the said purposes.
7. The Debtor shall permit the Bank at any time, either in person or by agent, to inspect the Debtor's books and records pertaining to the Collateral. The Debtor shall at all times upon request by the Bank furnish the Bank with such information concerning the Collateral and the Debtor's affairs and business as the Bank may reasonably request including, without limitation, lists of Inventory and Equipment and lists of Accounts showing the amounts owing upon each Account and securities therefor and copies of all financial statements, books and accounts, invoices, letters, papers and other documents in any way evidencing or relating to the Accounts.

8. The Debtor acknowledges and agrees that, in the event it amalgamates with any other corporation or corporations, it is the intention of the parties hereto that the term 'Debtor' when used herein shall apply to each of the amalgamating corporations and to the amalgamated corporation, such that the Security Interest granted hereby:
- (i) shall extend and attach to 'Collateral' (as that term is herein defined) owned by each of the amalgamating corporations and the amalgamated corporation at the time of amalgamation and to any 'Collateral' thereafter owned or acquired by the amalgamated corporation;
 - (ii) shall secure the 'Indebtedness' (as that term is herein defined) of each of the amalgamating corporations and the amalgamated corporation to the Bank at the time of amalgamation and any 'Indebtedness' of the amalgamated corporation to the Bank thereafter arising.

E. Default

9. The Debtor shall be in default under this General Security Agreement upon the occurrence of any one of the following events:
- (a) the nonpayment by the Debtor, when due, whether by acceleration or otherwise, of any of the Indebtedness;
 - (b) the death or a declaration of incompetency by a court of competent jurisdiction with respect to the Debtor, if an individual;
 - (c) the failure of the Debtor to observe or perform any covenant, undertaking or agreement heretofore or hereafter given to the Bank, whether contained herein or not;
 - (d) an execution or any other process of the Court becomes enforceable against the Debtor or a distress or an analogous process is levied upon the property of the Debtor or any part thereof;
 - (e) the Debtor becomes insolvent, commits an act of bankruptcy, makes an assignment in bankruptcy or a bulk sale of its assets, any proceeding for relief as a debtor or liquidation, re-assignment or winding-up is commenced with respect to the Debtor or a bankruptcy petition is filed or presented against the Debtor and is not bona fide opposed by the Debtor;
 - (f) the Debtor ceases to carry on business; or
 - (g) the Debtor defaults in the observance or performance of any provision relating to indebtedness of the Debtor to any creditor other than the Bank and thereby enables such creditor to demand payment of such indebtedness.
10. The Bank may in writing waive any breach by the Debtor of any of the provisions contained herein or any default by the Debtor in the observance or performance of any covenant or condition required by the Bank to be observed or performed by the Debtor; provided that no act or omission by the Bank in the premises shall extend to or be taken in any manner whatsoever to affect any subsequent breach or default or the rights resulting therefrom.

F. Remedies of the Bank

11. (a) Upon any default under this General Security Agreement, the Bank may declare any or all of the Indebtedness to be immediately due and payable and the Bank may proceed to realize on the security hereby constituted and to enforce its rights by entry or by the appointment by instrument in writing of a receiver or receivers of all or any part of the Collateral and such receiver or receivers may be any person or persons, whether an officer or officers or employee or employees of the Bank or not, and the Bank may remove any receiver or receivers so appointed and appoint another or others in his or their stead; or by proceedings in any court of competent jurisdiction for the appointment of a receiver or receivers or for sale of the Collateral or any part thereof, or by any other action, suit, remedy or proceeding authorized or permitted hereby or by law or by equity; and may file such proofs of claim and other documents as may be necessary or advisable in order to have its claim lodged in any bankruptcy, winding-up or other judicial proceedings relative to the Debtor.
- (b) Any such receiver or receivers so appointed shall have power:
- (i) to take possession of the Collateral or any part thereof and to carry on the business of the Debtor;
 - (ii) to borrow money required for the maintenance, preservation or protection of the Collateral or any part thereof or the carrying on of the business of the Debtor;
 - (iii) to further charge the Collateral in priority to the Security Interest as security for money so borrowed; and
 - (iv) to sell, lease or otherwise dispose of the whole or any part of the Collateral on such terms and conditions and in such manner as he shall determine.

In exercising any powers any such receiver or receivers shall be deemed to act as agent or agents for the Debtor and the Bank shall not be responsible for the actions of such agent or agents.

- (c) In addition, the Bank may enter upon and lease or sell the whole or any part or parts of the Collateral and any such sale may be made hereunder by public auction, by public tender or by private contract, with or without notice, advertising or any other formality, all of which are hereby waived by the Debtor, and such sale shall be on such terms and conditions as to credit or otherwise and as to upset or reserve bid or price as the Bank in its sole discretion may seem advantageous and such sale may take place whether or not the Bank has taken such possession of such Collateral.
- (d) No remedy for the realization of the security hereof or for the enforcement of the rights of the Bank shall be exclusive of or dependent on any other such remedy, and any one or more of such remedies may from time to time be exercised independently or in combination.
- (e) The term 'receiver' as used in this General Security Agreement includes a receiver and manager.

G. Rights of the Bank

- 12. All payments made in respect of the Indebtedness and money realized from any securities held therefor may be applied on such part or parts of the Indebtedness as the Bank may see fit and the Bank shall at all times and from time to time have the right to change any appropriation of any money received by it and to re-apply the same on any other part or parts of the Indebtedness as the Bank may see fit, notwithstanding any previous application by whomsoever made.
- 13. The Debtor grants to the Bank the right to set off against any and all accounts, credits or balances maintained by it with the Bank, the aggregate amount of any of the Indebtedness when the same shall become due and payable whether at maturity, upon acceleration of maturity thereof or otherwise.
- 14. The Bank, without exonerating in whole or in part the Debtor, may grant time, renewals, extensions, indulgences, releases and discharges to, may take securities from and give the same and any or all existing securities up to, may abstain from taking securities from or from perfecting securities of, may accept compositions from and may otherwise deal with the Debtor and all other persons and securities as the Bank may see fit.
- 15. The Bank may assign, transfer and deliver to any transferee any of the Indebtedness or any security or any documents or instruments held by the Bank in respect thereof provided that no such assignment, transfer or delivery shall release the Debtor from any of the Indebtedness; and thereafter the Bank shall be fully discharged from all responsibility with respect to the Indebtedness and security, documents and instruments so assigned, transferred or delivered. Such transferee shall be vested with all powers and rights of the Bank under such security, documents or instruments but the Bank shall retain all rights and powers with respect to any such security, documents or instruments not so assigned, transferred or delivered. The Debtor shall not assign any of its rights or obligations hereunder without the prior written consent of the Bank.

H. Miscellaneous

- 16. This General Security Agreement is in addition to, not in substitution for and shall not be merged in any other agreement, security, document or instrument now or hereafter held by the Bank or existing at law in equity or by statute.
- 17. Nothing herein shall obligate the Bank to make any advance or loan or further advance or loan or to renew any note or extend any time for payment of any indebtedness of the Debtor to the Bank.
- 18. This General Security Agreement shall be binding upon the Debtor and its heirs, legatees, trustees, executors, administrators, successors and assigns including any successor by reason of amalgamation of or any other change in the Debtor and shall enure to the benefit of the Bank and its successors and assigns.
- 19. In construing this General Security Agreement, terms herein shall have the same meaning as defined in the PPSA, as hereinafter defined, unless the context otherwise requires. Words importing gender shall include all genders. Words importing the singular number shall include the plural and vice versa.
- 20. If one or more of the provisions contained herein shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.
- 21. The headings in this General Security Agreement are included herein for convenience of reference only and shall not constitute a part of this General Security Agreement for any other purpose.
- 22. Any notice or statement referred to herein may be delivered, sent by facsimile machine or providing that postal service throughout Canada is fully operative, may be mailed by ordinary prepaid mail to the Debtor at his last address known to the Bank and the Debtor shall be deemed to have received such notice or statement on the day of delivery, if delivered, one business day after transmission and confirmation received if sent by facsimile machine and three business days after mailing, if mailed.
- 23. Where any provision or remedy contained or referred to in this General Security Agreement is prohibited, modified or altered by the laws of any province or territory of Canada which governs that aspect of this General Security Agreement and the provision or remedies may be waived or excluded by the Debtor in whole or in part, the Debtor hereby waives and excludes such provision to the fullest extent permissible by law.

24. This General Security Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario as the same may be in effect from time to time including, where applicable, the Personal Property Security Act of that Province (as amended or substituted, the 'PPSA'). For the purpose of legal proceedings this General Security Agreement shall be deemed to have been made in the said Province and to be performed there and the courts of that Province shall have jurisdiction over all disputes which may arise under this General Security Agreement and the Debtor hereby irrevocably and unconditionally submits to the non-exclusive jurisdiction of such courts, provided always that nothing herein contained shall prevent the Bank from proceeding at its election against the Debtor in the Courts of any other Province, country or jurisdiction.
25. The Debtor acknowledges having received a copy of this General Security Agreement.

This General Security Agreement has been duly executed by the Debtor on the 10th day of April, 2015.

[Remainder of page intentionally left blank]

IST BOILER COMPONENTS INC.

Per: _____
Name: Greg Collings
Title: Secretary

A handwritten signature in black ink, appearing to read 'Greg Collings', is written over a horizontal line. The signature is stylized and somewhat cursive.

(Signature Page -- General Security Agreement - IST)

Schedule 'A'

Locations of Collateral:

6425 River Road
Delta, British Columbia
V4K 5B9

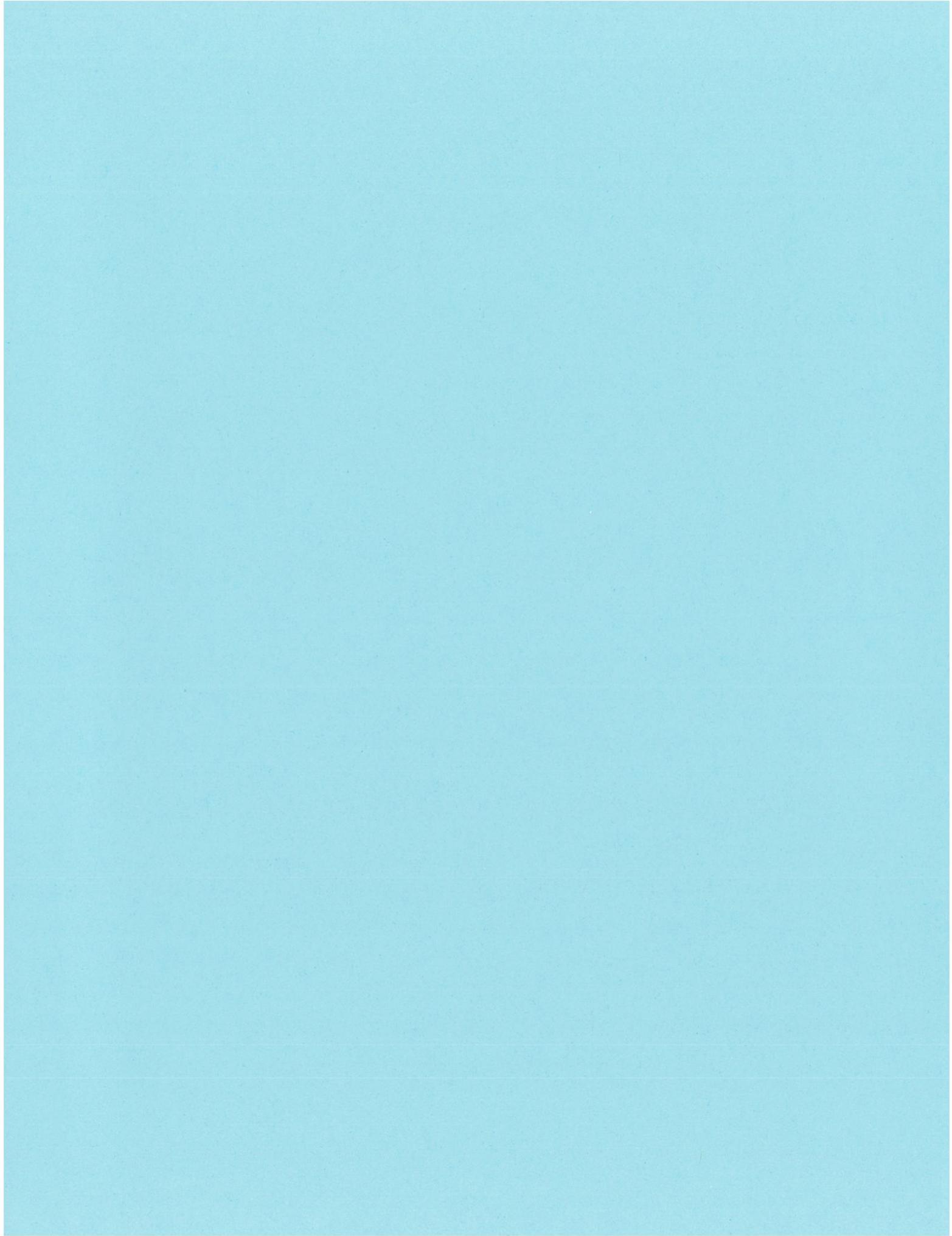
Schedule 'B'

Encumbrances Affecting Collateral:

IST Boiler Components Inc. Ontario						
	Registration Number	Reference File No.	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
1.	20150402 1912 1793 3652	704802411	April 2, 2025	IST Boiler Components Inc.	Fulcrum Capital Partners (Collector) V, LP	I, E, A, O, MV

IST Boiler Components Inc. British Columbia						
	Registration Number	Registration Date	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
2.	5267161	April 6, 2015	April 6, 2025	IST Boiler Components Inc.	Fulcrum Capital Partners (Collector) V, LP	All of the Debtor's present and after-acquired personal property.

IST Boiler Components Inc. Alberta						
	Registration Number	Registration Date	Expiry Date	Debtor	Secured Party	Collateral Classification/Description
3.	15040811788	April 8, 2015	April 8, 2025	IST Boiler Components Inc.	Fulcrum Capital Partners (Collector) V, LP	A security interest is taken in all of the debtor's present and after-acquired personal property.



SECURITY OVER CASH, CREDIT BALANCES AND DEPOSIT INSTRUMENTS BY THIRD PARTY
(All Provinces Except Quebec)

To: **HSBC Bank Canada**

70 York Street, Toronto, Ontario M5J 1S9

Branch Address

Date: April, 2015

Charge

1. In consideration of HSBC Bank Canada (the "Bank") dealing with 2460623 Ontario Inc. (the "Customer") and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged by the undersigned), the undersigned hereby lodges and pledges in favour of the Bank and grants to the Bank a fixed mortgage, charge, and security interest in and releases to the Bank and the entire right, title, claim and interest of the undersigned in and to:

Delete (b) and (c) for security over the specific deposit instrument

(a) ~~the principal sum, interest, and all other monies owing and payable or hereafter owing and payable to the undersigned pursuant to the terms of the instrument or instruments (the "Instrument"), if any, described in the Schedule of Instruments set out below, and the entire right, title and interest of the undersigned in and to the Instrument;~~

Delete (a) and (c) for security over monies in cash collateral

(b) ~~all monies in account number(s) _____ at the branch of the Bank set out above, including monies which the Bank has withdrawn or withdraws from any other account of the undersigned and has deposited or deposits in the said account, the Bank being hereby authorized to make such withdrawals and deposits from time to time;~~

Delete (a) and (b) for security over credit balances

(c) all monies which are now or which may from time to time in the future stand to the credit of the undersigned in any accounts at the branch of the Bank set out above;

All of which are hereinafter collectively referred to as the "Deposits".

Obligations Secured

2. The mortgage, charge, security interest, release and pledge granted above shall be general and continuing security for payment, performance and satisfaction of each and every obligation, indebtedness and liability of the Customer or the undersigned to the Bank (including interest thereon), present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, whosoever and howsoever incurred, and any ultimate unpaid balance thereof (including interest thereon) including all future advances and re-advances, and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether the customer or the undersigned be bound alone or with another or others and whether as principal or surety (all of which obligations, indebtedness and liabilities are herein collectively called the "Obligations"). The undersigned covenants and agrees to say and satisfy the Obligations, limited to the amount of the Deposits.

Representations and Warranties

3. The undersigned represents and warrants that:
- (a) this Agreement has been duly authorized, executed and delivered by the undersigned to the Bank; and
 - (b) the Deposits are legally and beneficially owned by the undersigned free of all security interests, mortgages, liens, claims, charges and other encumbrances, save for the security constituted by this Agreement and any other security in favour of the Bank.

Dealing with Instruments and Renewals

4. The undersigned irrevocably authorizes and directs the Bank to receive the principal, interest and other monies represented by the Instrument, if any, described in the Schedule of Instruments, and, in the Bank's sole and absolute discretion, to retain or reinvest all or part of such monies in one or more instruments of the same or similar nature on such terms as are in effect as such maturity and to receive another instrument which shall then stand in the place of and be deemed to be the Instrument; **Provided** that unless otherwise instructed by the undersigned, the Bank shall not be bound to reinvest the monies as provided above and shall not be responsible for any loss occasioned by its failure or neglect to do so. The Bank shall not be responsible for any loss whatsoever occasioned by retention or reinvestment of the monies or acceptance of a replacement certificate as aforesaid.
5. It is understood and agreed that the security constituted by this Agreement extends to any renewals and replacements of the Deposits and all interest earned thereon and to all proceeds of any type or kind whatsoever, derived directly or indirectly from any dealing with the Deposits or proceeds arising from them.

Default

6. Unless otherwise agreed in writing by the Bank, the occurrence of any of the following events shall be a default under this Agreement:
- (a) the Obligations or any part thereof are not repaid and satisfied when the same become due;
 - (b) the Customer or the undersigned breaches any term, condition, proviso, agreement or covenant with the Bank, or any representation or warranty given by the Customer or the undersigned to the Bank in this Agreement, or otherwise, is untrue;
 - (c) the Customer or the undersigned makes an assignment for the benefit of its creditors, is declared bankrupt, makes a proposal or otherwise takes advantage of provisions for relief under the **Bankruptcy Act (Canada)**, the **Companies' Creditors Arrangement Act (Canada)** or similar legislation in any jurisdiction, or makes an authorized assignment; or
 - (d) there is instituted by or against the Customer or the undersigned any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against, or winding up of the affairs of, the Customer or the undersigned; or
 - (e) if the Customer or the undersigned is a natural person, the Customer or the undersigned dies or is declared incompetent to manage his or her affairs; or
 - (f) the Customer or the undersigned ceases or threatens to cease to carry on business or makes or agrees to make a bulk sale of assets or commits or threatens to commit an act of bankruptcy; or

- (g) a receiver, receiver and manager or receiver-manager of all or any part of the Deposits or of any other property, assets or undertaking of the Customer or the undersigned is appointed; or
- (h) any execution, sequestration, extent or other process of any court becomes enforceable against the Customer and the undersigned or a distress or analogous process is levied upon the Deposits or any part thereof; or
- (i) an order is made or an effective resolution is passed for winding up the Customer or the undersigned; or
- (j) without the prior written consent of the Bank, the Customer or the undersigned creates or permits to exist any encumbrance against any of the Deposits other than an encumbrance in favour of the Bank; or
- (k) the Customer or the undersigned enters into any reconstruction, reorganization, amalgamation, merger or other similar arrangement with any other person; or
- (l) the Bank in good faith believes and has commercially reasonable grounds to believe that the prospect of payment or performance of any of the Obligations is impaired or that any of the Deposits are or are about to be placed in jeopardy.

Enforcement

7. Upon default under this Agreement, the security constituted by this Agreement will immediately become enforceable, and to enforce and realize on the security constituted by this Agreement, the Bank may take any action permitted by law or in equity as it may deem expedient, and in particular, without limiting the generality of the foregoing, the Bank may, subject to applicable law, immediately without notice, demand for payment, or other formality, enforce and realize upon the security constituted by this Agreement as fully and effectually as if the Bank were the absolute owner of the Deposits and the Bank may retain or apply all or any portion of the Deposits against payment of the Obligations or any part of it in such amount and in any manner that the Bank, in its absolute discretion sees fit, and the Bank may apply the Deposits against the Obligations without having to seize or otherwise realize upon the Deposits.

Combination and Set-Off

8. The Bank may, at any time and without notice to the undersigned, combine or consolidate any other account of the undersigned, whether or not otherwise subject to notice, and set off the Deposits and any monies standing to the credit of such account against the Obligations.

Restriction on Withdrawal

9. Notwithstanding any other agreement to the contrary, the undersigned shall not withdraw, assign, transfer or otherwise deal with the Deposits, and the Bank shall not be required to surrender or deliver up the Deposits by reason of any partial payment on account of the Obligations and may retain the Deposits or the proceeds derived from them until the entire Obligations have been satisfied in full.

Continuing Security

10. This Agreement shall:
- (a) be in addition to and not in substitution for any other security held by the Bank;
 - (b) not operate as a merger or a novation of any debt outstanding to the Bank, nor suspend the fulfillment of or affect the rights, remedies and powers of the Bank or any obligations of the undersigned or any other person to the Bank;
 - (c) not be deemed to be redeemed or cancelled pro tanto or otherwise, due to any partial payment made by the undersigned on account of the Obligations or any ceasing by the undersigned to be indebted to the Bank, and this Agreement shall remain valid security for any subsequent Obligations.

Non-Exclusive Remedies, etc.

- 11. The remedies and rights given to the Bank in this Agreement are not intended to be exclusive. Each and every remedy and right shall be cumulative and shall be in addition to every other right or remedy given by this Agreement or now or hereafter existing at law, in equity, by statute or otherwise. In particular, without limiting the generality of the foregoing, this Agreement does not affect the rights of the Bank to any lien, claim or interest arising by operation of law. The exercise or commencement of exercise by the Bank of any one or more of such remedies or rights shall not preclude the simultaneous or later exercise by the Bank of any or all of such remedies or rights.
- 12. The Bank shall not be obliged to exercise any remedies which it may have against the undersigned or any other parties or against any other security it may hold before realizing on or otherwise dealing with the Deposits in whatever manner the Bank considers appropriate.
- 13. The Bank shall not be responsible for any failure to exercise or enforce, or for any delay in the exercise or enforcement of, any powers, rights or discretions of the Bank, or directions to the Bank, and the Bank shall be accountable only for such monies as it shall actually receive.

Dealings

14. The Bank may do all or any of the following:
- (a) grant time, renewals, extensions, indulgences, releases and discharges to;
 - (b) take securities from;
 - (c) abstain from taking additional security from;
 - (d) abstain from perfecting securities of;
 - (e) accept compositions from;
 - (f) obtain judgment against; and
 - (g) otherwise deal with

all persons and securities as the Bank may see fit without prejudice to the Bank's rights under this Agreement, including without limitation, the Bank's right to hold, deal with and realize on the Deposits in whatever way the Bank considers appropriate.

Severability

15. If any provision of this Agreement should be determined to be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

Miscellaneous

- 16. If the undersigned receives any of the Deposits, the undersigned shall receive the same in trust as depository for and on behalf of the Bank, and shall deal with the Deposits as the Bank may direct, absent manifest error and fraud.
- 17. The records of the Bank shall constitute prima facie evidence of the amount of the Deposits and of the amount of the Obligations at any time and of the undersigned being in default or of any demand having been made.

18. The Bank or any manager, acting manager or account manager of the Bank is hereby appointed as the irrevocable attorney of the undersigned with authority to do such acts, execute all documents necessary to give effect to this Agreement (on behalf of and in the name of the undersigned) and to the realization and enforcement of this Agreement by the Bank.
19. The undersigned shall pay all reasonable costs, charges and expenses including reasonable solicitors' costs, charges and expenses which may be incurred by the Bank in connection with this Agreement and its enforcement.
20. If the Customer is a corporation, no change in the name, objects, share capital or constitution of the Customer shall in any way affect the liability of the undersigned, either with respect to transactions occurring before or after any such change, and this Agreement shall extend to all debts and liabilities to the Bank of the person or corporation who or which assumes the Obligations of the Customer in or in part in whatsoever manner including, without limitation, by amalgamation with the Customer.
21. If the Customer is a partnership, no change in the name of the Customer's or the undersigned's firm through the death, retirement or introduction of one or more partners or otherwise, or by the disposition of either firm's business in whole or in part, shall in any way affect the liability of the undersigned, either with respect to transactions occurring before or after any such change, and this Agreement shall extend to all debts and liabilities to the Bank of the person or corporation who or which assumes the Obligations of the Customer in whole or in part in whatsoever manner.
22. The undersigned:
 - (a) acknowledges receiving a copy of this Agreement; and
 - (b) waives all rights to receive from the Bank a copy of any financing statement, financing change statement or verification statement filed at any time or from time to time in respect of this Agreement.
23. The Bank shall not be obliged to exhaust its recourse against the Customer before realizing or otherwise dealing with the Deposits in such a manner as the Bank considers desirable.
24. The undersigned, if a corporation, certifies that there are reasonable grounds for believing that, or the directors of the undersigned are of the opinion that, the giving of the financial assistance to the Customer by entering into this Agreement is in the best interests of the undersigned and the directors of the undersigned have passed a resolution authorizing the entering into this Agreement.
25. If this Agreement is executed by more than one party, the liability of each of the undersigned shall be joint and several with one another.
26. In this Agreement, any word importing the singular number shall include the plural, and, without restricting the generality of the foregoing, where there is more than one undersigned any reference to the undersigned refers to each and every one of the undersigned. The headings in this Agreement are inserted for convenience only and shall not affect the construction hereof.
27. Any notice, demand or other communication under this Agreement shall be in writing and addressed to the undersigned at the last address shown on the records of the Bank.
28. This Agreement shall be binding upon the undersigned and the heirs, executors, administrators, successors and assigns of the undersigned, and shall enure to the benefit of the Bank and its successors and assigns.
29. This Agreement shall be governed by and construed in accordance with the laws of the jurisdiction where the branch of the Bank indicated above is located, and the undersigned irrevocably submits to the non-exclusive jurisdiction of the courts of such jurisdiction, but this Agreement may be enforced in any court of competent jurisdiction.
30. The parties hereto acknowledge that they have expressly required that this Agreement and all deeds, documents or notices relating to this Agreement be drafted in the English language. Les parties aux présentes reconnaissent qu'elles ont exigé expressément que la présente convention et tous autres contrats, documents ou avis qui y sont afférents soient rédigés en langue anglaise.

IN WITNESS WHEREOF the undersigned has executed this Agreement as of the day and year first above written.

Schedule of Instrument(s)

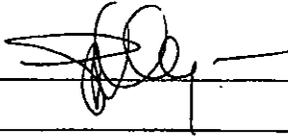
Date	Cert. No.	Principal Amount
------	-----------	------------------

[Remainder of page intentionally left blank]

IST BOILER COMPONENTS INC.

Name of Corporation

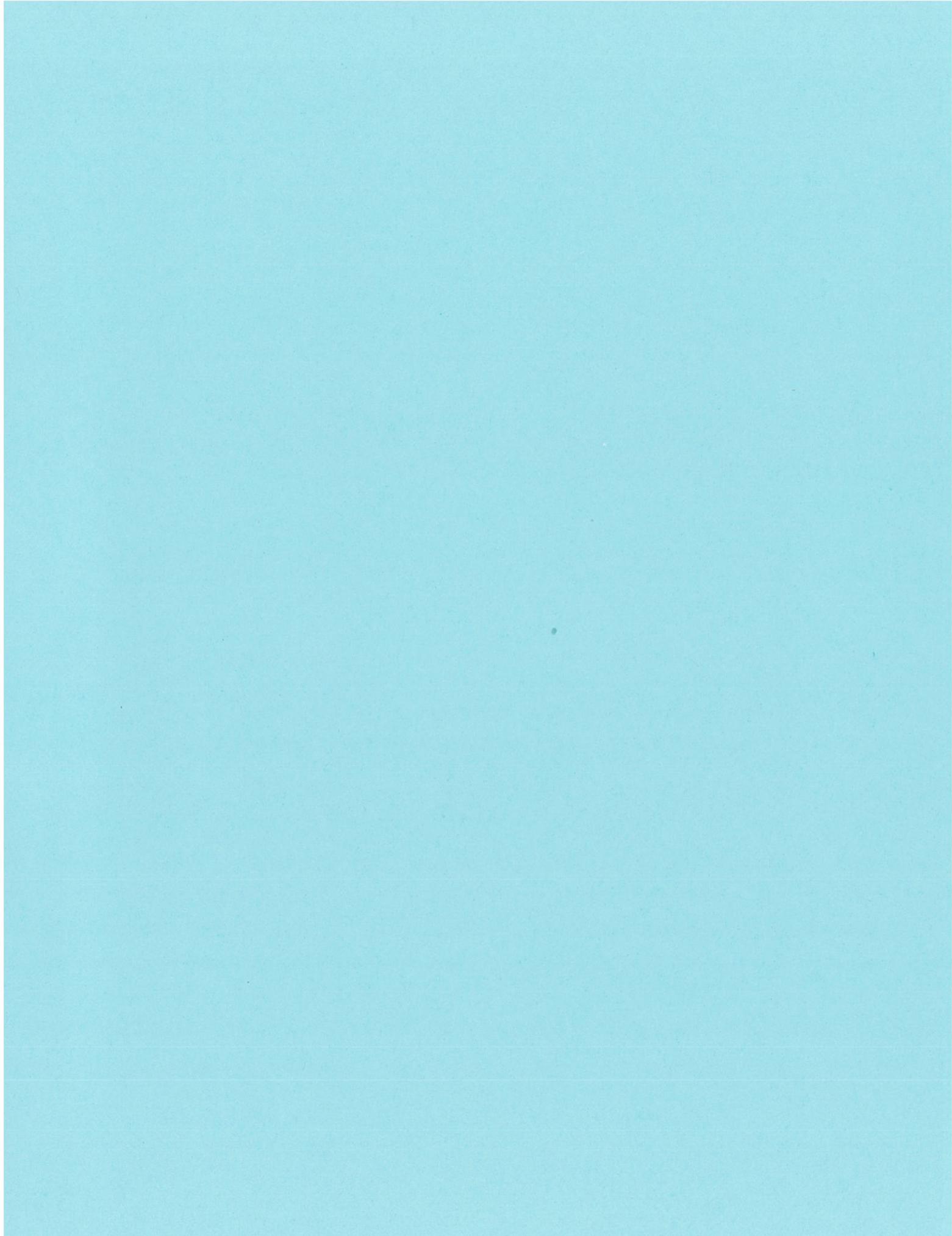
Per: _____



Name: Greg Collings

Title: Secretary

(Signature Page – Security over Cash – IST)



Branch 70 York Street Toronto, Ontario M5J 1S9
--

ASSIGNMENT OF MONEYS WHICH MAY BECOME PAYABLE UNDER INSURANCE POLICIES

Know all men by these presents that in consideration of the sum of \$1.00, the receipt whereof is hereby acknowledged, all sums of money which may become payable to the undersigned by virtue of policy(ies) No.(s) 8611164 and 8611165
dated April 10, 2015 issued by Zurich Insurance Company Ltd.
for \$ See attached certificate respectively, are hereby transferred and assigned to HSBC Bank Canada (the "Bank")
and the Bank is hereby authorized to receive and give effectual receipts and discharges therefor.

And the said Insurance Company is hereby notified of the foregoing transfer and assignment and authorization.

Dated at Toronto, Ontario the 10th day of April, 2015.

[Remainder of page intentionally left blank]

To Customer:

IST BOILER COMPONENTS INC.

Please sign and return both copies to the Bank.

Greg Collings
Secretary



(Seal)

The _____

(Name of Insurance Company)

consents to the above assignment which is recorded in the books of the Company.

To Insurance Company:

Please sign and return this copy, retaining duplicate.

(Seal)



Certificate of Insurance

No.: 2015-28-REV-1

Dated: April 29, 2015

This document supersedes any certificate previously issued under this number

This is to certify that the Policy(ies) of insurance listed below ("Policy" or "Policies") have been issued to the Named Insured identified below for the policy period(s) indicated. This certificate is issued as a matter of information only and confers no rights upon the Certificate Holder named below other than those provided by the Policy(ies).

Notwithstanding any requirement, term, or condition of any contract or any other document with respect to which this certificate may be issued or may pertain, the insurance afforded by the Policy(ies) is subject to all the terms, conditions, and exclusions of such Policy(ies). This certificate does not amend, extend, or alter the coverage afforded by the Policy(ies). Limits shown are intended to address contractual obligations of the Named Insured.

Limits may have been reduced since Policy effective date(s) as a result of a claim or claims.

Certificate Holder: HSBC Bank Canada 70 York Street Toronto, ON M5J 1S9	Named Insured and Address: Innovative Steam Technologies Inc. and IST Boiler Components Inc. 549 Conestoga Blvd. Cambridge, ON N1R 7P4
---	--

This certificate is issued regarding:
Evidence of Insurance

Type(s) of Insurance	Insurer(s)	Policy Number(s)	Effective/Expiry Dates	Sums Insured Or Limits of Liability	
COMMERCIAL GENERAL LIABILITY * Including Non-Owned Automobile Liability	Zurich Insurance Company Ltd	8611164	Apr 10, 2015 to Apr 10, 2016	Bodily Injury and Property Damage Liability	\$ 2,000,000 Each Occurrence
				Products & Completed Operations	\$ 2,000,000
				General Aggregate	\$ 10,000,000
UMBRELLA	Zurich Insurance Company Ltd	8611165	Apr 10, 2015 to Apr 10, 2016	Each Occurrence	\$ 13,000,000
				Products & Completed Operations Aggregate	\$ 13,000,000
				General Aggregate	\$ 13,000,000
PROPERTY - PRIMARY	Zurich Insurance Company Ltd	8611164	Apr 10, 2015 to Apr 10, 2016	Per Occurrence	\$ 50,267,000 Property of Every Description

Additional Information:

It is hereby understood and agreed that HSBC Bank Canada is added to the Commercial General Liability Policy as an Additional Insured, but only with respect to liability arising out of the operations of the Named Insured.

HSBC Bank Canada is added to the Property Policy as First Mortgagee and Loss Payee, subject to Standard Mortgage Clause as their interest may appear.

Notice of cancellation:

Should any of the policies described herein be cancelled before the expiration date thereof, the insurer(s) affording coverage will endeavour to mail 30 days written notice to the certificate holder named herein, but failure to mail such notice shall impose no obligation or liability of any kind upon the insurer(s) affording coverage, their agents or representatives, or the issuer of this certificate.

Marsh Canada Limited 120 Bremner Boulevard Suite 800 Toronto, ON M5J 0A8 Telephone: 416-349-4496 Fax: 416-349-4513 joanne.n.korhammer@marsh.com	Marsh Canada Limited  By: _____ Joanne Korhammer
--	--

TAB N

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

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

A Commissioner for Taking Affidavits, etc.

RUN NUMBER : 114
RUN DATE : 2018/04/24
ID : 20180424153325.76

PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 1
(10225)

THIS IS TO CERTIFY THAT A SEARCH HAS BEEN MADE IN THE RECORDS OF THE CENTRAL OFFICE
OF THE PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM IN RESPECT OF THE FOLLOWING:

TYPE OF SEARCH : BUSINESS DEBTOR

SEARCH CONDUCTED ON : IST BOILER COMPONENTS INC.

FILE CURRENCY : 23APR 2018

ENQUIRY NUMBER 20180424153325.76 CONTAINS 5 PAGE(S), 2 FAMILY(IES).

THE SEARCH RESULTS MAY INDICATE THAT THERE ARE SOME REGISTRATIONS WHICH SET OUT A BUSINESS DEBTOR NAME WHICH IS SIMILAR TO THE NAME IN WHICH YOUR ENQUIRY WAS MADE. IF YOU DETERMINE THAT THERE ARE OTHER SIMILAR BUSINESS DEBTOR NAMES, YOU MAY REQUEST THAT ADDITIONAL ENQUIRIES BE MADE AGAINST THOSE NAMES.

DENTONS CANADA LLP - ANNETTE FOURNIER
400-77 KING STREET WEST
TORONTO ON M5K 0A1



CONTINUED... 2



TYPE OF SEARCH : BUSINESS DEBTOR
 SEARCH CONDUCTED ON : 1ST BOILER COMPONENTS INC.
 FILE CURRENCY : 23APR 2018

FORM 26 FINANCING CHANGE STATEMENT / CHANGE STATEMENT

CAUTION PAGE NO. OF PAGES TOTAL MOTOR VEHICLE REGISTRATION REGISTERED
 FILING NO. OF PAGES SCHEDULE NUMBER UNDER
 001 1 20150407 0818 1793 3685
 RECORD FILE NUMBER 704780478
 REFERENCED PAGE AMENDED NO. SPECIFIC PAGE AMENDED CHANGE REQUIRED RENEWAL CORRECT
 01 001 1 20150407 0818 1793 3685 1 PERIOD
 21 704780478 1 1

22 FIRST GIVEN NAME INITIAL SURNAME RENEWAL YEARS PERIOD
 BUSINESS NAME FIRST GIVEN NAME INITIAL SURNAME
 23 1ST BOILER COMPONENTS INC. 1ST BOILER COMPONENTS INC. 1
 24 TRANSFEROR

25 OTHER CHANGE
 26 REASON/
 27 DESCRIPTION
 28

02/ DATE OF BIRTH FIRST GIVEN NAME INITIAL SURNAME
 05 DEBTOR/
 03/ TRANSFEROR BUSINESS NAME
 06 ADDRESS
 04/07 ONTARIO CORPORATION NO.

29 ASSIGNOR SECURED PARTY/LIEN CLAIMANT/ASSIGNEE ADDRESS
 08
 09

COLLATERAL CLASSIFICATION ADDRESS
 CONSUMER MOTOR VEHICLE DATE OF NO FIXED
 GOODS INVENTORY EQUIPMENT ACCOUNTS OTHER INCLUDED AMOUNT MATURITY OR MATURITY DATE
 YEAR MAKE MODEL V-I-N

11 MOTOR YEAR MAKE MODEL V-I-N
 12 VEHICLE
 13 GENERAL
 14 COLLATERAL
 15 DESCRIPTION
 16 REGISTERING AGENT OR ADDRESS
 17 SECURED PARTY/ ADDRESS TORONTO M5J2T9
 LIEN CLAIMANT AIRD & BERLIS LLP 181 BAY STREET, SUITE 1800, BOX# 754

*** FOR FURTHER INFORMATION, CONTACT THE SECURED PARTY. ***
 CONTINUED... 4



PROVINCE OF ONTARIO
MINISTRY OF GOVERNMENT SERVICES
PERSONAL PROPERTY SECURITY REGISTRATION SYSTEM
ENQUIRY RESPONSE
CERTIFICATE

REPORT : PSSR060
PAGE : 5
(10229)

RUN NUMBER : 114
RUN DATE : 2018/04/24
ID : 20180424153325.76

TYPE OF SEARCH : BUSINESS DEBTOR
SEARCH CONDUCTED ON : 1ST BOILER COMPONENTS INC.
FILE CURRENCY : 23APR 2018

INFORMATION RELATING TO THE REGISTRATIONS LISTED BELOW IS ATTACHED HERETO.

FILE NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER	REGISTRATION NUMBER
704780478	20150402 1253 1793 3639	20150407 0818 1793 3685	
704802411	20150402 1912 1793 3652		

3 REGISTRATIONS(S) ARE REPORTED IN THIS ENQUIRY RESPONSE.



TAB O

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



A Commissioner for Taking Affidavits, etc.

Index: BUSINESS DEBTOR

List of matches:

Exact: IST BOILER COMPONENTS INC.
Exact: IST BOILER COMPONENTS INC.

Page: 1

Index: BUSINESS DEBTOR

Search Criteria: IST BOILER COMPONENTS INC.

***** P P S A S E C U R I T Y A G R E E M E N T *****

Reg. Date: APR 02, 2015 Reg. Length: 5 YEARS
Reg. Time: 12:38:11 Expiry Date: APR 02, 2021
Base Reg. #: 524717I Control #: D3001734

*** Expiry date includes subsequent registered renewal(s).

Block#

S0001 Secured Party: HSBC BANK CANADA
70 YORK STREET
TORONTO ON M5J1S9

=D0001 Base Debtor: IST BOILER COMPONENTS INC.
(Business) 79 WELLINGTON ST W, #3510
TORONTO ON M5K1K7

General Collateral:
ALL OF THE DEBTOR'S PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY.

----- R E N E W A L -----

Reg. #: 526803I Reg. Date: APR 06, 2015
Reg. Life: 1 YEAR Reg. Time: 07:36:44
Control #: D3003881
Base Reg. Type: PPSA SECURITY AGREEMENT
Base Reg. #: 524717I Base Reg. Date: APR 02, 2015

Registering

Party: HSBC BANK CANADA
181 BAY STREET, SUITE 1800, BO
TORONTO ON M5J2T9

***** P P S A S E C U R I T Y A G R E E M E N T *****

Reg. Date: APR 06, 2015 Reg. Length: 10 YEARS
Reg. Time: 07:19:07 Expiry Date: APR 06, 2025
Base Reg. #: 526716I Control #: D3003794

Block#

S0001 Secured Party: FULCRUM CAPITAL PARTNERS (COLLECTOR)
V, LP
79 WELLINGTON ST W, #3510
TORONTO ON M5K1K7

=D0001 Base Debtor: IST BOILER COMPONENTS INC.
(Business) 79 WELLINGTON ST W, # 3510
TORONTO ON M5K1K7

General Collateral:
ALL OF THE DEBTOR'S PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY.

Continued on Page 2

Search Criteria: IST BOILER COMPONENTS INC.

Page: 2

Some, but not all, tax liens and other Crown claims are registered at the
Personal Property Registry (PPR) and if registered, will be displayed on

TAB P

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

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

A Commissioner for Taking Affidavits, etc.

Search ID#: Z10192584

Transmitting Party

WEST-END REGISTRATIONS LICENSING & SEARCHES LTD.
(P158)

10011 170 STREET
EDMONTON, AB T5P 4R5

Party Code: 50076967
Phone #: 780 483 8211
Reference #: 02025112-EDD3 5 2122

Search ID #: Z10192584

Date of Search: 2018-Apr-24

Time of Search: 13:31:43

Business Debtor Search For:

IST BOILER COMPONENTS INC.

Exact Result(s) Only Found

NOTE:

A complete Search may result in a Report of Exact and Inexact Matches.

Be sure to read the reports carefully.



Search ID#: Z10192584

Business Debtor Search For:

IST BOILER COMPONENTS INC.

Search ID #: Z10192584

Date of Search: 2018-Apr-24

Time of Search: 13:31:43

Registration Number: 15040628596

Registration Type: SECURITY AGREEMENT

Registration Date: 2015-Apr-06

Registration Status: Current

Expiry Date: 2021-Apr-06 23:59:59

Exact Match on: Debtor

No: 1

Debtor(s)

Block

Status

1 IST BOILER COMPONENTS INC.
79 WELLINGTON STREET WEST, SUITE 3510
TORONTO, ON M5K 1K7

Current

Secured Party / Parties

Block

Status

1 HSBC BANK CANADA
70 YORK STREET
TORONTO, ON M5J 1S9

Current

Collateral: General

Block

Description

Status

1 A security interest is taken in all of the debtor's present and after-acquired personal property.

Current

Search ID#: Z10192584

Business Debtor Search For:

IST BOILER COMPONENTS INC.

Search ID #: Z10192584

Date of Search: 2018-Apr-24

Time of Search: 13:31:43



Registration Number: 15040811788

Registration Type: SECURITY AGREEMENT

Registration Date: 2015-Apr-08

Registration Status: Current

Expiry Date: 2025-Apr-08 23:59:59

Exact Match on: Debtor

No: 1

Debtor(s)

Block

Status

1 IST BOILER COMPONENTS INC.
79 WELLINGTON STREET WEST, 3510
TORONTO, ON M5J 1K7

Current

Secured Party / Parties

Block

Status

1 FULCRUM CAPITAL PARTNERS (COLLECTOR) V, LP
79 WELLINGTON STREET, SUITE 3510
TORONTO, ON M5K 1K7

Current

Collateral: General

Block

Description

Status

1 A security interest is taken in all of the debtor's present and after-acquired personal property

Current

Result Complete

TAB Q

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

A handwritten signature in blue ink, appearing to read "D. M. C.", is positioned above a horizontal line.

A Commissioner for Taking Affidavits, etc.



September 27, 2017

Private and Confidential

Deloitte Restructuring Inc. and Deloitte LLP
22 Adelaide St. West, Suite 200
Toronto, ON M5H 0A9
Canada

Attention: Paul M. Casey
Senior Vice President

Dear Sirs:

Subject: Borrowings of Innovative Steam Technologies Inc. and IST Boiler Components Inc. from HSBC Bank Canada

This letter confirms the terms of the engagement of Deloitte Restructuring Inc. and Deloitte LLP (collectively, "Deloitte") by HSBC Bank Canada (the "Lender") to act as a consultant, to review the operations and financial position of Innovative Steam Technologies Inc. and IST Boiler Components Inc. (individually and collectively, the "Company") effective as of September 27, 2017.

Scope of services

Deloitte will provide the following financial consulting services:

- A review and assessment of the Company's 13-week and 16-month financial forecasts, including projected cash flows and working capital position, borrowing margin, the reasonableness of the underlying assumptions and future operating outlook and the impact of forecast results on the Lender's security position;
- A review and assessment of the Company's current order backlog, including but not limited to Petrofac/KOC, Propak, and field service, and the bid status for near term opportunities including Bridge Power (GE Ghana), Argentina, Tahrir (GE Egypt) and Near Shore Barges (Siemens). This analysis will include projected revenues, direct and capital costs, timetable and ROI;
- An evaluation of the Company's assets and liabilities and assessment of the current security position of the Lender; and
- Upon the specific written request of the Lender and as agreed to by the parties, any other matters which appear to the Lender to be relevant to an assessment of the Lender's security position and future course of action.

Reporting

Deloitte will communicate the status of its work to the Lender throughout the engagement. Upon completion of the engagement, Deloitte will provide the Lender with a written report in accordance with the scope of services described above.

A draft of the factual sections of the report will be shown to the Company. The Company will have the opportunity to review the draft sections prior to submission to the Lender and to provide comments thereon. Deloitte will ask the Company to confirm that the facts, as stated, are accurate in all material respects and that they are not aware of any material matters that have been excluded. Deloitte is, however, under no obligation to change its reports as a result of the Company's comments.

HSBC Bank Canada
70 York Street, Toronto, ON M5J 1S9
T. (416) 868-8000

Timing

The timing of the completion of the engagement will be dependent on the co-operation that Deloitte receives from the Company and the availability of its senior management and staff. Deloitte will be relying on the Company's financial and management information systems as well as operational and management reports being current, accurate, and reliable.

Deloitte will use commercially reasonable efforts to carry out its work on a timely basis and will inform the Lender of any difficulties it encounters. The production and timing of Deloitte's reports assumes that the information it requires to carry out its work will be made available promptly and in good order by the Company. Notwithstanding the above, Deloitte will inform the Lender as soon as possible of any matters of a material nature which come to your attention during the course of your work.

Engagement team

This engagement will be under the direction of Paul Casey, who will maintain overall responsibility for the engagement on behalf of Deloitte. Hartley Bricks will coordinate daily management of the engagement. The engagement team will include other professionals, as necessary, to complete the engagement on a timely basis.

Professional Fees

Deloitte's fees will be based on the amount of professional time required and its standard hourly billing rates, which vary depending upon the experience level of, and relative time spent by, the professionals involved. Your bills will also include reasonable out-of-pocket expenses.

Disclosure of relationships

An internal search of Deloitte records was performed for any potential Lender conflicts based solely on the names of the parties that the Lender provided, which are listed below:

- IST Boiler Components Inc. ("IST Boiler") (100% subsidiary of Innovative Steam)
- Innovative Steam Technologies Inc. ("Innovative Steam") (100% shareholder of IST Boiler)
- Fulcrum Capital Partners (Collector) V, LP (94% owner of Innovative Steam)
- Fulcrum Capital Partners V, LP (45.4% shareholder of Innovative Steam)
- Fulcrum Capital Partners (International) V, LP (16.6% shareholder of Innovative Steam)
- Fulcrum Capital Partners (International – USD) V, LP (35.5% shareholder of Innovative Steam)
- Fulcrum Capital Partners (Management) V, LP (2.5% shareholder of Innovative Steam)
- Robert Dautovich, Vice Chairman, Director and Officer of Innovative Steam
- Greg Collings, Secretary, Director and Officer of Innovative Steam
- Paul Eldridge, Director of Innovative Steam
- Caleb Lawrence, Officer of Innovative Steam
- Jim McArthur, President, Officer of Innovative Steam
- Chris Ritchie, Vice President, Officer of Innovative Steam

You have informed us that, based on your conflicts search, you are not aware of any conflict that would affect your ability to act impartially.

General business terms

The attached General Business Terms form part of our mutual agreement concerning this engagement. By signing this agreement, the parties agree to be bound by these General Business Terms. In the event of a conflict between this letter and the General Business Terms, the General Business Terms shall take

precedence, provided that if the letter specifically states that a particular term shall take precedence over the General Business Terms, the letter shall take precedence with respect to that term.

Confirmation

Please confirm your acceptance of this agreement by signing both copies of this letter in the space provided below and returning one signed copy of the letter to us.

Yours truly,

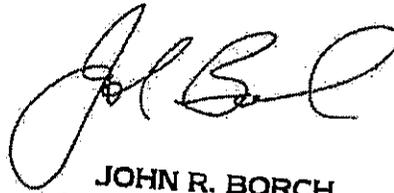
HSBC Bank Canada

Signature of authorized signing officer

Name

David C. Bragg
Assistant Vice President

Title



JOHN R. BORCH
ASSISTANT VICE PRESIDENT
HSBC BANK CANADA

Deloitte Restructuring Inc. / Deloitte LLP hereby accepts this appointment and agrees to the terms and conditions.

Dated at Toronto, this 27th day of September, 2017.

Signature of Deloitte Restructuring Inc. / Deloitte LLP

Name of Engagement Partner

Title

SENIOR VICE-PRESIDENT

Consent and agreement

Innovative Steam Technologies Inc. and IST Boiler Components Inc. (individually and collectively, the "Company") hereby consents and agrees to the appointment of Deloitte Restructuring Inc. and Deloitte LLP (collectively, "Deloitte") as financial consultant by HSBC Bank Canada (the "Lender") in accordance with the above letter of engagement and the General Business Terms forming part thereof (the "General Business Terms") and acknowledges that they have read and understood the terms and conditions of the letter.

The Company hereby:

1. Agrees that Deloitte shall have unrestricted access to all information concerning the Company's undertaking, property and affairs, as well as the Company's Canadian affiliates, in order to carry out this engagement. Deloitte shall have complete and open access to all premises, offices, files and records of every kind and description, including all business, accounting, legal and other records, documents and files, including copies thereof (the "Information") of the Company. The Company's officers, directors, partners, employees, agents and consultants shall answer all questions put to them truthfully and to the best of their ability and the Company shall instruct its officers, directors, employees, agents, consultants, bankers, accountants, solicitors and other advisors to provide any and all Information required by Deloitte. Deloitte may make copies of any and all documents, including electronically stored data and computer records, which Deloitte considers necessary to complete its review.
2. Agrees to use reasonable skill, care and attention to ensure that all information provided to Deloitte is accurate and complete and will notify Deloitte if it subsequently learns that the Information provided is incorrect or inaccurate or otherwise should not be relied on.
3. Authorizes the Lender to disclose to Deloitte any information the Lender has concerning the Company, its business and affairs. In addition, the Company authorizes Deloitte to report any financial or other information gathered by Deloitte to the Lender and its advisors.
4. Agrees that neither the Lender nor Deloitte shall have any responsibility for any decisions and activities by the Company during the period of the review by Deloitte and that Deloitte will have no management responsibilities to the Company and that nothing herein or done pursuant to this engagement will constitute an arrangement, agreement or relationship between the Company and Deloitte. The Company will be solely responsible for making all management decisions, performing all management functions and establishing and maintaining internal controls, including, without limitation, monitoring ongoing activities. The Company shall not hold out to any person that Deloitte is acting other than as a consultant to the Lender for the purpose of reporting and making recommendations to the Lender on the operations and affairs of the Company.
5. Acknowledges that all of the terms of the security and guarantees given to the Lender in relation to the credit facilities and indebtedness and liabilities of the Company to the Lender remain in full force and effect and are in no way waived or restrained, notwithstanding this appointment of Deloitte as consultant. The engagement of Deloitte shall not prejudice or impair or adversely affect the rights and remedies of the Lender against the Company or any guarantor or pursuant to any security, guarantees or agreements the Lender may have or require the Lender to delay in enforcing any of these rights and remedies, nor shall it operate as a waiver by the Lender of any defaults or events of default which may exist in relation to any of the credit facilities of the Company with the Lender or any security, guarantees or other agreements held by the Lender.

6. Agrees that Deloitte may obtain legal advice from the Lender's legal advisers relative to this engagement.
7. Agrees to indemnify the Lender with respect to the fees and expenses of Deloitte, including legal costs, related to this engagement and authorizes the Lender to debit the Company's account to cover these costs, including goods and services tax. Any fees paid by the Lender on behalf of the Company shall be treated as an advance to the Company, secured by the Lender's security documentation.
8. Agrees that neither Deloitte nor the Lender shall have any liability, responsibility or obligation to the Company, or any persons who have provided guarantees to the Lender, whatsoever, whether in contract, negligence, tort or otherwise, arising in respect of any cause, matter or thing existing as of the date hereof or arising in respect of this engagement of Deloitte by the Lender or any addition to or variation thereof, and the Company agrees to indemnify and save each of Deloitte and the Lender harmless of and from any and all claims, demands, liabilities, losses and expenses sustained or incurred by either or both of them arising out of the engagement of Deloitte as consultant in accordance herewith.
9. Agrees that during the course of this engagement, Deloitte may collect personal information about identifiable individuals ("Personal Information"), either from the Company or from third parties. The Company and Deloitte agree that Deloitte will collect, use and disclose Personal Information solely for purposes related to its appointment as consultant by the Lender.
10. Agrees to maintain the confidentiality of the report and other information contained therein and will disclose it only to its management and other employees who need to have access to the same and to its legal counsel in this matter only after it secures their agreement in writing to maintain the confidentiality of the report and information.

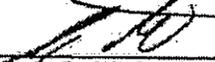
By signature of the undersigned, the Company further acknowledges and confirms that the Company has received no commitment, representation or warranty from the Lender or Deloitte in connection with this engagement, and the Lender reserves all rights and remedies, including the rights to enforce and realize on the security and guarantees it holds as it in its sole discretion considers appropriate. The Company also acknowledges having been informed that, depending upon subsequent events, Deloitte Restructuring Inc. may be appointed to act as agent, interim receiver, receiver, receiver and manager, CCAA monitor, trustee in bankruptcy, trustee under a *Bankruptcy and Insolvency Act* proposal of any of the undertaking, property and assets of the Company and the Company agrees that it will not object to the appointment of Deloitte Restructuring Inc. in any capacity and that such appointment shall not be a conflict of interest by virtue of Deloitte Restructuring Inc. having been appointed as consultant as provided for herein.

Acknowledgement and Consent of the Company:

The Company hereby consents and agrees to the appointment of Deloitte as financial consultant by HSBC Bank Canada in accordance with the above letter of engagement and the General Business Terms forming part thereof and acknowledges that they have read and understood the terms and conditions of the letter, and this accompanying Consent and agreement.

Dated at CAMBRIDGE, this 4 day of ~~September~~ ^{OCTOBER}, 2017.

Innovative Steam Technologies Inc.



Signature of authorized signing officer

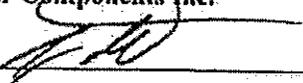
CHRISTOPHER RITCHIE

Name

VP - FINANCE

Title

IST Boiler Components Inc.



Signature

CHRISTOPHER RITCHIE

Witness

VP - FINANCE

Date

General business terms

The following general business terms (the "Terms") apply to the engagement letter between Deloitte Restructuring Inc. and Deloitte LLP (collectively, "Deloitte") and HSBC Bank Canada (the "Lender") except as expressly set forth in the Engagement Letter to which these Terms are attached (the "Engagement Letter").

1. Contracting parties

- a. **Definitions:** "Deloitte" or "Deloitte Canada" shall mean Deloitte Restructuring Inc. and Deloitte LLP and where appropriate its directors, officers, partners, principals, professional corporations, employees, agents, subsidiaries and affiliates and to the extent providing services under the Engagement Letter, the member firms of Deloitte Touche Tohmatsu Limited, the subsidiaries and affiliates of such member firms, and all of their respective directors, officers, partners, principals, professional corporations, employees, agents; and in all cases any successor or assignee (collectively, "Deloitte Entities").
- b. This Engagement Letter is between the Lender and Deloitte Canada. The Lender agrees that its relationship is solely with Deloitte Canada as the entity contracting with the Lender to provide the services covered by this Engagement Letter. Notwithstanding the fact that certain services covered by this Engagement Letter may be carried out by personnel provided to Deloitte Canada from other Deloitte Entities through service or other agreements, Deloitte Canada remains solely responsible and liable to the Lender for all services covered by the Engagement Letter. Accordingly, the Lender agrees that none of the Deloitte Entities (except Deloitte Canada) will have any liability to the Lender, and the Lender will not bring any claims or proceedings of any nature (whether in contract, tort, breach of statutory duty, or otherwise and including, but not limited to, a claim or negligence) in any way in respect of or in connection with this engagement against any of the Deloitte Entities (except Deloitte Canada) or against any subcontractors that Deloitte Canada may use to provide the services covered by this Engagement Letter.
- c. To the extent that Deloitte Entities (other than Deloitte Canada) are providing services to Deloitte Canada in connection with this engagement as subcontractors to Deloitte Canada, then the term "Deloitte" should read as "Deloitte Entities" for purposes of these Terms.

2. Services

- a. It is understood and agreed that the services to be provided under the Engagement Letter (the "Services") may include advice and recommendations, but all decisions in connection with the implementation of such advice and recommendations shall be the responsibility of, and be made by, the Lender. In connection with Deloitte's Services, Deloitte shall be entitled to rely on all decisions and approvals of the Lender.
- b. The Services conducted by Deloitte cannot be relied upon to disclose errors or fraud should they exist. The Services will not constitute an audit conducted in accordance with generally accepted auditing standards, an examination or compilation of, or the performance of agreed upon procedures with respect to prospective financial information, an examination of or any other form of assurance with respect to internal controls, or other attestation or review services in accordance with standards or rules established by CPA Canada or other regulatory body. Deloitte will not express an opinion or

any other form of assurance on any operating or internal controls, financial statements, forecasts, projections or other financial information.

- c. Neither the Services or any advice or reports in connection therewith are intended to be, nor shall be construed to be, "investment advice" within the meaning of the US Investment Advisors Act of 1940. In the performance of the Services, Deloitte will not perform any evaluation of internal controls and procedures for financial reporting upon which the Lender's management can base its assertion in connection with the US Sarbanes-Oxley Act of 2002 or related rules or regulations ("Sarbanes-Oxley"). Deloitte will make no representations or warranties and will provide no assurances that the Company's disclosure controls and procedures are compliant with the certification requirements of and internal controls and procedures for financial reporting are effective as required by Sarbanes-Oxley or any other standards or rules, including, without limitation, Sections 302 and 404 of Sarbanes-Oxley.

3. Term

Unless terminated sooner in accordance with its terms, this engagement shall terminate on the completion of the Services. Either party may terminate this engagement at any time upon giving at least five (5) days written notice to that effect to the other party, provided that in the event of termination for cause, the breaching party shall have the right to cure the breach within the notice period. In the event of termination pursuant to this paragraph, the Lender agrees to compensate Deloitte Canada under the terms of the Engagement Letter for Services performed and expenses incurred through the effective date of termination.

4. Timely performance

Deloitte will endeavour to complete within any agreed upon time-frame the performance of the Services. However, Deloitte will not be liable for failures or delays in performance that arise from causes beyond Deloitte's control, including the untimely performance by the Company of its obligations in assisting Deloitte with respect to this engagement.

5. Fees and payment

- a. Unless otherwise specifically agreed in the Engagement Letter, Deloitte's fees will be based on standard hourly rates, which vary depending upon the experience level of the professionals involved. In the normal course of business, Deloitte revises its standard hourly rates to reflect changes in responsibilities, increased experience, and increased costs of doing business. Changes in standard hourly rates will be noted on the invoices for the first time period in which the revised rates become effective.
- b. In addition to professional fees, the Lender will reimburse Deloitte Canada for Deloitte's reasonable out of pocket expenses incurred in connection with this engagement, including travel, meals, hotels and disbursements for outside legal counsel or any other consultants engaged by Deloitte with the prior consent of Lender. Expenses will be stated separately on the invoices.
- c. All fees and other charges do not include any applicable federal, provincial or other goods and services or sales taxes, or any other taxes or duties whether presently in force or imposed in the future. Any such taxes or duties shall be assumed and paid by the Lender without deduction from the fees and charges hereunder.

- d. Invoices will be rendered on a regular basis as the engagement progresses. All invoices shall be due and payable when rendered. Without limiting its rights or remedies, Deloitte shall have the right to halt or terminate its services entirely if payment is not received within thirty (30) days of the invoice date. Interest shall be calculated at a simple daily rate of 0.0493% (equivalent to 18% per annum). Interest shall be charged and payable at this rate on any part of an invoice that remains unpaid from thirty (30) days after the invoice date to the date on which the outstanding invoice is paid.
- e. To the extent that as part of the Services to be performed by Deloitte as described in the Engagement Letter, Deloitte Canada personnel are required to perform the services in the United States of America ("US Business"), the Lender and Deloitte Canada agree to assign performance of the US Business to Deloitte Canada LLP, an affiliate of Deloitte. All services performed by Deloitte Canada LLP shall be performed under the direction of Deloitte Canada which shall remain responsible to the Lender for such Services. Deloitte Canada LLP shall invoice the Lender with respect to the US Business and Deloitte will invoice for services performed in Canada ("Canadian Business"). Payment for US business and/or Canadian Business can be settled with one payment to Deloitte.

6. Independence

- a. Deloitte Canada may terminate this engagement upon written notice to the Lender if it determines that (i) a governmental, regulatory or professional entity (including, without limitation, provincial accounting institutes, Canadian and foreign securities commissions, the Canadian Public Accountability Board and the Public Company Accounting Oversight Board) or an entity having the force of law has introduced a new, or modified an existing, law, rule, regulation, interpretation or decision the result of which would render the performance by Deloitte of any part of the engagement illegal or otherwise unlawful or in conflict with independence or professional rules, or (ii) circumstances change (including, without limitation, changes in ownership of the Lender or any of its affiliates) such that the performance by Deloitte of any part of the engagement would be illegal or otherwise unlawful or in conflict with independence or professional rules. Upon termination of the engagement, the Lender will compensate Deloitte Canada under the terms of the Engagement Letter for the Services performed and expenses incurred through the effective date of termination.
- b. The Lender shall provide Deloitte Canada with prompt written notice if the Lender or any of its subsidiaries or affiliates engages Deloitte Canada or a member firm of Deloitte Touche Tohmatsu Limited or any affiliate of such a member firm to provide audit related services. In the event that Deloitte, a member firm of Deloitte Touche Tohmatsu Limited or any affiliate of such a member firm, provides audit services for Lender, parent of Lender or affiliate of Lender, Lender acknowledges that Lender has adhered to all regulatory requirements regarding the provision of non-audit services by Deloitte Canada or member firm of Deloitte Touche Tohmatsu Limited or any affiliate of such a member firm in accordance with applicable laws, regulations and rules that apply to the Lender, including audit committee pre-approval requirements.

7. Conflict of interest

- a. **Notification and resolution.** Should Deloitte Canada determine that there is a potential conflict of interest in connection with its performance of the Services, Deloitte Canada will advise the Lender promptly and endeavour to resolve such potential conflict. Also, the Lender agrees to notify Deloitte Canada promptly of any potential conflict affecting this engagement of which it is, or becomes aware. Where a potential conflict is identified by either party and Deloitte Canada believes the Lender's interests can be properly safeguarded by the implementation of appropriate procedures, Deloitte Canada will discuss and agree such procedures with the Lender.

- b. **Non-exclusivity.** Having engaged Deloitte Canada for the limited purpose set out in the Engagement Letter, the Lender agrees on behalf of itself and its affiliates that no Deloitte Entity is precluded from acting in any capacity for any other party and that the Lender's engagement of Deloitte Canada in this matter will not be asserted by the Lender as a basis for disqualifying Deloitte Canada, an affiliate of Deloitte Canada or a member firm of Deloitte Touche Tohmatsu Limited or any of their respective affiliates from acting for any other party. The Lender agrees to waive any real or potential conflict of interest of Deloitte Canada, an affiliate of Deloitte Canada or a member firm of Deloitte Touche Tohmatsu Limited or any of their respective affiliates in connection with Deloitte's Services for the Lender under the terms of the Engagement Letter.

In the event that Deloitte Canada, an affiliate of Deloitte Canada or a member firm of Deloitte Touche Tohmatsu Limited or any of their respective affiliates acts for any other party, (i) Deloitte will not disclose any Confidential Information (defined below) that the Lender provides to Deloitte in connection with this engagement and will not use such Confidential Information for another party's benefit, and (ii) Deloitte will establish appropriate ethical walls between the persons involved in advising the Lender under this engagement and the persons involved in advising another party.

8. Company and Lender responsibilities

- a. **Cooperation.** The Company shall cooperate with Deloitte in the performance by Deloitte of the Services, including, without limitation, providing Deloitte with reasonable facilities and timely access to data, information and personnel of the Company. The Company shall be responsible for the performance of its personnel and agents and for the accuracy and completeness of all data and information provided to Deloitte for purposes of the performance by Deloitte of the Services hereunder.
- b. **Management.** The Lender shall be solely responsible for, among other things: (i) making all management decisions in connection with the loan; (ii) designating a competent management member to oversee the Services; (iii) evaluating the adequacy and results of the Services; (iv) accepting responsibility for the results of the Services.

9. Information

- a. **Access and reliance.** The Lender will make available to Deloitte all information (financial or otherwise) reasonably necessary to enable Deloitte to provide the Services. The Lender will also provide Deloitte with any information, advice and opinions relevant to the engagement that may be delivered by third parties, such as legal counsel (except where necessary to preserve privilege) and accounting, financial, environmental or other advisors, and will ensure that such third parties cooperate with Deloitte on matters considered by Deloitte to be relevant to the engagement. In carrying out its Services, Deloitte will rely on information that is publicly available, prepared or supplied by the Lender or provided to Deloitte by third parties. Deloitte will be entitled to rely on, and is under no obligation to verify, the accuracy or completeness of such information and Deloitte has no responsibility for the accuracy or completeness of the information provided by, or on behalf of, Lender or other parties. This engagement cannot be relied upon to disclose errors or fraud should they exist. Further, Deloitte is under no obligation to investigate any changes that may occur in such information subsequent to the date thereof.
- b. The Company represents and warrants that all information provided to Deloitte Canada, directly or indirectly, orally or in writing, by the Company or its agents and advisors in connection with the engagement will be accurate and complete in all material respects and will not be misleading in any material respect. Upon request, the Company will provide Deloitte Canada with a separate written

representation confirming the accuracy and completeness of the information provided to Deloitte Canada and the information included, or to be included, in any information documents with respect to the Company.

- c. **Confidentiality.** To the extent that, in connection with this engagement, Deloitte comes into possession of any proprietary or confidential information of the Company ("Confidential Information") including Personal Information as defined in section 12(b) below, Deloitte will not disclose such information to any third party and the Deloitte Entities, without the Lender's consent, except as may be required or permitted by law, regulation, judicial or administrative process, or in accordance with applicable professional standards, or in connection with litigation pertaining thereto. "Confidential Information" shall not include information which:
- i. shall have otherwise become publicly available (including, without limitation, any information filed with any governmental agency and available to the public) other than as the result of a disclosure by Deloitte in breach hereof;
 - ii. is disclosed by the Lender or the Company to a third party without substantially the same restrictions as set forth herein;
 - iii. becomes available to Deloitte on a non-confidential basis from a source other than the Lender or the Company which Deloitte believes is not prohibited from disclosing such information to Deloitte by obligation to the Lender;
 - iv. is known by Deloitte prior to its receipt from the Lender or the Company without any obligation of confidentiality with respect thereto; or
 - v. is developed by Deloitte independently of any disclosures made by the Lender or the Company to Deloitte of such information.
- d. **Prospective financial information.** Unless Deloitte Canada and the Lender agree otherwise in the Engagement Letter, Deloitte will not compile, examine or apply other procedures to prospective financial information of the Company in accordance with CPA Canada Standards and accordingly, will express no opinion or any other form of assurance or representations concerning its accuracy, completeness or presentation format. Any financial forecasts or projections belong to the Company and are the sole responsibility of such management. There will usually be differences between projected and actual results, because events and circumstances frequently do not occur as expected or predicted, and those differences may be material.
- e. Deloitte will not return or provide records or information obtained in the course of the engagement to the Lender if it is illegal to do so or if Deloitte is requested to withhold the records or information by law enforcement or other public or regulatory authorities (regardless of whether the engagement has been terminated).

10. Reporting

- a. **Qualifications to advice, opinions, and reports.** Any advice, opinions, or reports provided by Deloitte will be made subject to, and will be based upon, such assumptions, limitations, qualifications and reservations as Deloitte, in its judgment, deems necessary or prudent in the circumstances, including without limitation: (i) the time available to perform the Services, (ii) the information, data, opinions, advice and representations made available to Deloitte, and (iii) access to the Lender's management, advisors and agents.
- b. **Amendments to reports.** Deloitte reserves the right to amend its advice, opinions, and reports accordingly, in the event that new information becomes available which may be contrary to or different from that which is set out to the Lender in documents or verbal reports. Notwithstanding the

foregoing, Deloitte has no responsibility for performing any services or procedures beyond those agreed to by Lender and Deloitte Canada or for updating the Services performed.

- c. **Limitation on use and distribution.** Except as otherwise agreed in writing, all services in connection with this engagement shall be solely for the Lender's internal purposes and use, and this engagement does not create privity between Deloitte and any person or party other than the Lender ("third party"). This engagement is not intended for the express or implied benefit of any third party. No third party is entitled to rely, in any manner or for any purpose, on the advice, opinions, reports, or Services of Deloitte. The Lender further agrees that the advice, opinions, reports or other materials prepared or provided by Deloitte are to be used only for the purpose contemplated by the Engagement Letter and shall not be distributed to any third party without the prior written consent of Deloitte Canada.
- d. **Ownership.** Deloitte shall retain all right, title and interest in the reports, opinions and other documents provided by Deloitte to the Lender and the Lender shall be entitled to use such material in accordance with section 10(c).

11. Indemnification and limitation on liability

- a. **Application.** The provisions of this Section 11 shall apply to the fullest extent of the law, whether in contract, statute, tort (such as negligence), or otherwise. This Section shall survive termination or expiry of the engagement. The provisions of this Section are not applicable to the extent that mandatory provisions of applicable regulatory bodies prohibit a professional financial advisor from limiting liability.
- b. **Limitation on liability.** The Lender and Deloitte Canada agree to the following with respect to Deloitte's liability to the Lender:
 - i. Deloitte shall not be liable to the Lender for any claims, liabilities, or expenses relating to this engagement, for an aggregate amount in excess of five (5) times the fees paid by the Lender to Deloitte Canada pursuant to this engagement, to a maximum of \$1 million, except to the extent finally judicially determined to have resulted from the bad faith or intentional misconduct of Deloitte.
 - ii. Notwithstanding the foregoing, Deloitte shall not be liable for punitive or exemplary loss, damage, or expense relating to this engagement.
 - iii. In any action, claim, loss or damage arising out of the engagement, the Lender agrees that Deloitte's liability will be several and not joint and several and the Lender may only claim payment from Deloitte of Deloitte's proportionate share of the total liability based on the degree of fault of Deloitte as finally determined by a court of competent jurisdiction.
- c. **Limitation on actions.** No action, regardless of form, relating to this engagement, may be brought by either party more than two years after the cause of action has accrued, except for an action for non-payment of fees.

12. Other

- a. **Regulatory or legal action.** The Lender will notify Deloitte Canada promptly of any request received by the Lender from any third party, including a regulatory authority, for any material information or for a meeting or hearing; the issuance of any restraining order; or the initiation of a proceeding or litigation relating to this engagement.

Subject to any professional issues including audit independence, if requested and if the parties agree, Deloitte will testify (as a non expert witness) or provide reasonable support services to the Lender

before any governmental commission, regulatory authority or court. Any such testimony or support services will be confined to the services performed under this engagement. Deloitte shall have the right to employ counsel in connection with such testimony or support services.

Deloitte shall be paid for any time spent by its personnel in connection with such support at their standard hourly rates, which shall be separate and apart from any other professional fees payable hereunder. The Lender shall also reimburse Deloitte for its reasonable out-of-pocket costs, charges and expenses, including legal counsel, incurred in connection therewith. These fees and expenses shall be separate and in addition to any other fees or amounts payable under the provisions for payment of fees in the Engagement Letter.

- b. **Privacy.** Deloitte and the Lender acknowledge and agree that, during the course of this engagement, Deloitte may collect personal information about identifiable individuals ("Personal Information"), either from the Lender or from third parties. The Lender and Deloitte Canada agree that Deloitte will collect, use and disclose Personal Information on behalf of the Lender solely for purposes related to completing this engagement, providing services to the Lender and in a manner consistent with section 9(c) above. Deloitte shall not collect, use and disclose such Personal Information for Deloitte's own behalf or for its own purposes.
- c. **Survival and interpretation.** The agreements and undertakings of the Lender contained in the Engagement Letter, to which these terms are attached, together with the following sections of these Terms shall survive the expiration or termination of this engagement: 1, 2, 4, 5, 6, 8, 9, 10, 11 and 12.
- d. **Governing law.** These Terms, the Engagement Letter to which these terms are attached and all matters relating to this engagement (whether in contract, statute, tort (such as negligence), or otherwise), shall be governed by, and construed in accordance with, the laws of the Province where Deloitte Canada's principal office performing the engagement is located. Any action or proceeding relating to this engagement shall be brought in the Province where Deloitte Canada's principal office performing the engagement is located, and the parties submit to the jurisdiction of the courts of that Province and waive any defence of inconvenient forum to the maintenance of such action or proceeding.
- e. **Severability.** If any provision of the Terms or the Engagement Letter is found by a court of competent jurisdiction to be unenforceable, such provision shall not affect the other provisions, but such unenforceable provision shall be deemed modified to the extent necessary to render it enforceable, preserving to the fullest extent permissible the intent of the parties set forth herein.
- f. **Entire agreement.** These Terms and the Engagement Letter to which these terms are attached is the complete agreement between the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings, proposals, negotiations, representations or warranties of any kind whether oral or written.
- g. **Assignment.** Except as provided below, neither party may assign, transfer or delegate any of its rights or obligations hereunder (including, without limitation, interests or Claims relating to this engagement) without the prior written consent of the other party. The Lender hereby consents to Deloitte Canada assigning or subcontracting any portion of the Services to any affiliate or related entity, whether located within or outside of Canada, provided that, any such assignment or subcontracting shall not relieve Deloitte Canada of its obligations hereunder. Services performed hereunder by Deloitte Canada's subcontractors shall be invoiced as professional fees on the same basis as Services performed by Deloitte Canada's personnel, unless otherwise agreed. Deloitte Canada may, without the consent of the Lender, assign or subcontract its rights and obligations

hereunder to (i) any affiliate or related entity or (ii) any entity which acquires all or a substantial part of the assets or business of Deloitte Canada.

- h. **Currency.** All financial references herein are to Canadian dollars unless specifically indicated otherwise. If it is necessary to convert any amounts into Canadian dollars, a prevailing commercial bank exchange rate at closing or the time of the invoice shall be used.
- i. **Notices.** Any notice or other communication required or permitted to be given under this engagement shall be in writing and shall be sufficiently given or made by delivery or by post or by telecopy or similar facsimile transmission (with confirmation of accurate and complete transmission obtained by the sender) to the respective parties. Any notice so given shall be deemed conclusively to have been given and received when so personally delivered or posted or so telecopied or transmitted, except that any notice delivered after 5:00 p.m. on the day prior to a non-business day shall be deemed to have been received at 9:00 a.m. on the first business day following delivery. Any party may change its address, telephone number or facsimile number by notice to the others in the manner set out above.
- j. **Communication.** Except as instructed otherwise in writing, each party may assume that the other approves of properly addressed fax, email (including email exchanged via Internet media) and voicemail communication of both sensitive and non-sensitive documents and other communications concerning this engagement, as well as other means of communication used or accepted by the other.
- k. **Non-solicitation of personnel.** Each party acknowledges that the other party's personnel who participate in the engagement are critical to the servicing of its customers. Deloitte and the Lender agree not to solicit, hire or otherwise retain the other party's engagement team members for a period of six (6) months following any such engagement team member's involvement in the performance of this engagement. This provision may be waived upon written agreement between the parties. This provision shall not restrict the right of either party to solicit or recruit generally in the media or as part of general recruiting efforts by third party recruiters, and shall not prohibit either party from hiring an employee of the other who answers any advertisement, responds to such general recruiting efforts, or who otherwise voluntarily applies for hire without having been initially personally solicited or recruited by Deloitte or the Lender respectively.
- l. **Language.** The parties have requested that this Agreement and all communications and documents relating hereto be expressed in the English language. Les parties ont exigé que la présente convention ainsi que tous les documents s'y rattachant soient rédigés dans la langue anglaise.
- m. **Quality of Service.** If, at any time, you believe our service to you could be improved or if you are dissatisfied with any aspect of our services you should raise the matter with the engagement partner. Alternatively, if you wish to discuss the matter with someone other than the engagement partner, or make a complaint, please email ntlethics@deloitte.ca or call 1 (888) 683-2020 and ask for the National Ethics Leader. We will acknowledge the complaint upon receipt and every effort will be made to investigate expeditiously.

TAB R

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

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

A Commissioner for Taking Affidavits, etc.



January 26, 2018

PRIVATE & CONFIDENTIAL

Innovative Steam Technologies Inc.
549 Conestoga Blvd.
Cambridge, Ontario
N1R 7P9

**Attention: Paul Eldridge
Greg Collings**

Re: Indebtedness of Innovative Steam Technologies Inc. to HSBC Bank Canada

Dear Sirs:

Standstill Agreement

We refer to each of the following: (1) the facility letter dated April 10, 2015 (the "2015 Facility Letter") issued by HSBC Bank Canada (the "Bank") in favour of 2460623 Ontario Inc. ("246"), which amalgamated on April 10, 2015 with Innovative Steam Technologies Inc. and continued as "Innovative Steam Technologies Inc." (the "Borrower"), pursuant to which the Bank established certain credit facilities for the Borrower which are guaranteed by IST Boiler Components Inc. (the "Guarantor"); (2) the Guarantee dated April 10, 2015, executed by the Guarantor in favour of the Bank guaranteeing the obligations of 246 to the Bank, which the Guarantor hereby acknowledges continues to guarantee the obligations of the Borrower to the Bank (the "Guarantee"); and (3) an amended and restated facility letter dated March 28, 2016 (the "2016 Facility Letter") issued by the Bank in favour of the Borrower and the Guarantor pursuant to which the Bank continued the credit facilities, originally provided for in the 2015 Facility Letter, for the Borrower and the Guarantor.

The 2016 Facility Letter contemplated that the Guarantor would be added as a borrower under the credit facilities on the condition that it delivered certain documentation to the Bank but, having failed to deliver the requisite documents, the Guarantor never obtained an ability to borrow pursuant to the 2016 Facility Letter. The parties have therefore agreed to terminate any proposed ability of the Guarantor to borrow pursuant to the 2016 Facility Letter.

We also make reference to the letter dated March 9, 2016 (the "March 2016 Agreement") and issued by the Bank to the Borrower and the Guarantor and acknowledged and executed by same, advising that, as at September 30, 2015, the Borrower was in breach of the Senior Debt to EBITDA Ratio pursuant to the 2015 Facility Letter and that the Bank would forbear from taking any enforcement steps as a result of such breach provided that 2016 Facility Letter was executed. Finally, we make reference to the

engagement letter between the Bank and Deloitte Restructuring Inc. ("Deloitte") dated September 26, 2017.

All capitalized terms used herein and not otherwise defined have the meaning given thereto in the 2016 Facility Letter.

Acknowledgement of Debt

The Borrower and the Guarantor acknowledge that as at December 26, 2017, the Borrower is indebted and liable to the Bank in the principal amounts of (i) CAD \$4,493,222.59 in respect of the Operating Facility; (ii) USD \$NIL in respect of the Operating Facility; (iii) CAD \$11,219,703.50 in respect of the Term Loan; (iv) USD \$NIL in respect of the Term Loan; (v) CAD \$4,421,759.01 in respect of the Guarantee Facility; (vi) CAD \$NIL in respect of the FX Line; (vii) up to CAD \$200,000 in respect of the MC; and, (viii) CAD \$NIL in respect of the IRS.

The Borrower and the Guarantor acknowledge and agree that the above-referenced amounts are current as of December 26, 2017 only and are exclusive of interest and acknowledge the validity and enforceability of the security granted in favour of the Bank in relation thereto.

Events of Default

You have provided the Bank with a copy of the Borrower's interim financial statements for the 9-month period ended September 30, 2017 (the "September 2017 Interim Financial Statements"), which indicate that the Borrower is in breach of the following financial covenants pursuant to the 2016 Facility Letter (as reflected in the September 2017 Interim Financial Statements):

1. Net Senior Debt to EBITDA Ratio: The September 2017 Interim Financial Statements report a ratio which exceeds the required ratio of 2.75:1.0;
2. Fixed Charge Coverage Ratio: The September 2017 Interim Financial Statements report a ratio which is below the required ratio of 1.25:1.0;

(collectively, the "Defaults").

The ongoing Defaults entitle the Bank to no longer permit any further borrowings under the 2016 Facility Letter. The Bank has not waived, and does not waive, the foregoing Defaults and expressly reserves its rights and remedies in relation thereto.

Request for Standstill

You have requested that the Bank forbear from demanding repayment of the indebtedness owing by the Borrower to the Bank and from enforcing its rights pursuant the 2016 Facility Letter and the security held by the Bank for the indebtedness of the Borrower pursuant thereto, in order to grant time to the Borrower to continue negotiating material new contracts with its customers including, but not limited to, contracts in connection with the Bridge Power project, the Argentina RFP, the Carbon Holdings

facility, and the Siemens near shore plants (collectively, the “**New Contracts**”) and to advise the Bank of the status, value and timing of the New Contracts by February 28, 2018.

The Bank is prepared to forbear from demanding repayment of the indebtedness owing by the Borrower to the Bank and from enforcing its rights pursuant to 2016 Facility Letter and the security held by the Bank for the indebtedness of the Borrower pursuant to the 2016 Facility Letter or otherwise until February 28, 2018 (the “**Standstill Period**”), subject to receipt by the Bank of a copy of this Agreement executed by the Borrower and the Guarantor and subject to compliance by the Borrower and the Guarantor with the terms and conditions hereinafter set out.

General Provisions

1. During the Standstill Period, the Borrower shall remain in material compliance with its cash flow projections relating to the period January 20, 2018 to March 3, 2018 (the “**Cash Flow Projections**”), a copy of which is attached hereto as Schedule “A”. The Borrower shall provide to the Bank and to Deloitte by 5:00 pm (Toronto time) on the third Business Day after each Friday until the end of the Standstill Period each of the following:

- (i) actual cash flow results for the prior week including an analysis discussing the variance of the actual results from the projections for the prior week and the variance of the actual results from the projections on a cumulative basis (the “**Weekly Results**”);
- (ii) actual margin position as at the end of the prior Friday (the “**Weekly Margin**”); and
- (iii) accounts receivable aging reports (the “**Weekly AR Aging Report**”).

Deloitte, in its capacity as monitor of the business and affairs of the Borrower and the Guarantor, shall review, assess and report to the Bank on the Weekly Results, Weekly Margin, and the Weekly AR Aging Report and, in that regard, the Borrower and the Guarantor shall promptly respond to any information requests of Deloitte and provide Deloitte with unfettered access to any information it requires to properly monitor and assess the Weekly Results, Weekly Margin, and the Weekly AR Aging Report upon reasonable notice to the Borrower requesting such access.

The Borrower hereby acknowledges that the Weekly AR Aging Report will be used by the Bank to update the following week’s borrowing base availability during the term of the Standstill Period.

2. During the Standstill Period, the Borrower shall provide the Bank, by 5:00 pm (Toronto time) on the third Business Day after each Friday until the end of the Standstill Period, with a detailed status update, including specific timelines and milestones, with respect to the Borrower’s ongoing restructuring efforts, including, but not limited to, negotiations regarding the New

Contracts, discussions with potential lenders regarding refinancing, if any, discussions with the Borrower's shareholders and/or other potential investors regarding an equity injection, and any other relevant initiatives, if any. For greater certainty, the Borrower is under no obligation during the Standstill Period to seek refinancing or a further equity injection, but, to the extent such discussion or efforts are undertaken, the Borrower will report to the Bank regarding same.

3. During the Standstill Period, disbursements for i) each rolling four-week period and ii) the aggregate of the rolling four-week periods in the forecast shall not exceed 120% of forecasted amount.
4. The parties hereto hereby agree that the term "priority payable" in Section 7.1(i) of the 2016 Facility Letter be deleted and replaced with the term "Potential Prior-Ranking Claims".
5. During the Standstill Period, Acceptable Inventory shall not include work in progress, and Potential Prior-Ranking Claims shall include all applicable payroll source deductions.
6. During the Standstill Period, the Borrower's borrowings under the Operating Facility shall not exceed the Weekly Margin.
7. During the Standstill Period, the Borrower shall continue to make all quarterly Term Loan repayments in accordance with the 2016 Facility Letter.
8. During the Standstill Period, the credit balance in all accounts maintained by the Borrower with the Bank shall not exceed USD \$1,000,000 and the credit balance in all accounts maintained by the Guarantor with the Bank shall not exceed CAD \$500,000 and USD \$100,000, respectively. The Borrower and Guarantor hereby agree and acknowledge that any excess balances shall be applied to repay the Borrower's indebtedness in respect of the Operating Facility.
9. The parties hereto hereby agree that the Guarantor's ability to borrow pursuant to the 2016 Facility Letter is hereby terminated.
10. During the Standstill Period, the Borrower shall not make any new cash investments (whether by way of debt or equity) including in Kelvin Energy (as such term is used in the September 2017 Interim Financial Statements).
11. The Borrower shall provide to the Bank each of the following (each in form and substance satisfactory to the Bank):
 - (a) monthly financial statements with updated borrowing base calculations for Acceptable Inventory and Potential Prior-Ranking Claims in accordance with this Agreement within 20 days of each calendar month-end, which shall then be used in each Weekly Margin calculation until the next month-end reports are received;
 - (b) commencing on February 2, 2018, a bi-weekly report on cash conservation plans which may include, but are not limited to, deferring research and development

- expenses, deferring payments to sales contractors not involved with imminent and ongoing projects, and deferring capital expenditures;
- (c) commencing on February 2, 2018, a bi-weekly update on key pipeline projects and milestones, including but not limited to the New Contracts, and all documentation and correspondence in respect of same as may be requested by the Bank and/or Deloitte;
 - (d) details relating to 2017 year-end inventory cycle count and book value adjustments by January 31, 2018;
 - (e) should the Borrower choose to undertake a refinancing process during the Standstill Period, copies of all financing proposals, commitment letters or term sheets from alternate lenders obtained by the Borrower;
 - (f) the Financial Reporting described in Section 7.2 of the 2016 Facility Letter, which continues to apply; and
 - (g) the Certificate of Compliance within 30 days of each month end.
12. The Borrower shall pay to the Bank a forbearance fee of CAD \$25,000. In addition, the Borrower shall pay in full all outstanding costs and expenses of the Bank (including, for greater certainty, all reasonable and documented legal fees and disbursements) concurrently with the execution of this Agreement.
13. All security currently held by the Bank will continue to secure all obligations and indebtedness of the Borrower and the Guarantor to the Bank pursuant to the 2016 Facility Letter and the Guarantee and the Borrower and the Guarantor agree to immediately provide to the Bank all further security as may be requested by the Bank.
14. The Borrower and the Guarantor will comply with all reporting requirements, financial covenants and non-financial covenants and all other terms, as applicable, pursuant to the 2016 Facility Letter and all other loan, guarantee and security documentation which they have provided in favour of the Bank, as modified or amended by this Agreement.
15. The Borrower and the Guarantor agree to the continuing engagement by the Bank of Deloitte pursuant to the Engagement Letter to act as the Bank's consultant to monitor the business and financial position of the Borrower, its subsidiaries (including the Guarantor) and affiliates and to report to the Bank on their activities, from time to time, at the Bank's sole discretion.
16. If the Borrower is unable to conclude any of the New Contracts by February 28, 2018, then the Borrower shall have provided to the Bank a business plan (the "**Business Plan**"), in substance satisfactory to the Bank acting reasonably, by February 28, 2018 which provides that the Bank be repaid in full within a reasonable time frame. The Borrower hereby acknowledges that there will be no automatic extension of the Standstill Period and that its inability to conclude New

Contracts and to deliver the Business Plan to the Bank by February 28, 2018 shall constitute a default hereunder and that the Bank may exercise its remedies as a result thereof.

17. The Borrower and the Guarantor agree that in the event that the Borrower or the Guarantor decides to make an application under the *Companies' Creditors Arrangement Act* (Canada) or file a notice of intention to make a proposal (or a proposal) under the *Bankruptcy and Insolvency Act* (Canada), the Borrower:
 - (a) shall provide the Bank with at least one week's prior written notice of the filing;
 - (b) shall include in any draft orders prepared by the Borrower or the Guarantor a provision that the Bank is entitled, despite any stay, to exercise its rights to set-off or combine accounts with respect to amounts owing by the Bank to either the Borrower or the Guarantor in respect of the Borrower's or the Guarantor's cash and deposit accounts with the Bank against amounts owing by the Borrower or the Guarantor to the Bank;
 - (c) shall support the Bank's arguments before the court that the court orders permit (and not stay) such rights of set-off or combination of accounts of the Bank; and
 - (d) shall acknowledge that the Bank will be an unaffected creditor in any such proceeding.
18. All representations and warranties set out in the 2016 Facility Letter as they relate to the Borrower or the Guarantor shall be deemed to have been repeated on the date of this Agreement and shall continue in effect for so long the Borrower is indebted to the Bank pursuant to the 2016 Facility Letter.
19. No further breaches, defaults or events of default shall occur pursuant to the 2016 Facility Letter or any security granted to the Bank other than those described above.

In the event that any of the foregoing conditions are not satisfied (which the Borrower and Guarantor, for greater certainty, acknowledge shall constitute a default hereunder), then the agreement of the Bank to forbear from exercising its rights shall immediately be terminated upon 24 hours' written notice to the Borrower or the Guarantor to be given by email to paul.eldgridge@fulcrumcapital.ca and critchle@otsq.com.

Please evidence the acknowledgement and agreement by the Borrower and the Guarantor of and to the terms and conditions set out above, by executing the acknowledgement and acceptance below on or before 5:00 p.m. (Toronto time) on January 29, 2018, failing which this Agreement shall be deemed to be withdrawn. The acknowledgement and acceptance, once executed by the Borrower and the Guarantor, shall, together with this letter, constitute one and the same binding agreement.

This Agreement shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein. This Agreement and the acknowledgement and agreement attached hereto may be

executed in counterparts, each of which shall constitute an original, but all of which when taken together shall constitute a single contract.

Yours truly,

HSBC Bank Canada

Per: Chy! Lee
for Brian W. Pettit
Assistant Vice President, Loan Management Unit

Per: David Bragg
David Bragg
Assistant Vice President, Loan Management Unit

cc. Paul Casey, Deloitte Restructuring Inc.

BORROWER AND GUARANTOR'S ACKNOWLEDGEMENT AND ACCEPTANCE

For good and valuable consideration, the receipt and sufficiency of which are hereby irrevocably acknowledged by each of the undersigned, each of the undersigned hereby acknowledges, confirms and agrees to the terms and conditions set out above in this Agreement.

The Borrower and the Guarantor hereby, jointly and severally, represent and warrant to the Bank, specifically acknowledging that the Bank is relying upon all of such representations and warranties in entering into this Agreement, as follows:

- (a) each of the statements contained above in this Agreement are true and accurate in all respects and fully and completely disclose all material information with respect to their subject matter;
- (b) the Borrower and the Guarantor have disclosed to the Bank all information concerning the Borrower and the Guarantor, respectively, and their respective businesses, assets and financial condition to the date hereof that may be relevant or material to the Bank and all of the books and records of the Borrower and the Guarantor provided as of the date hereof to the Bank are true, accurate and complete in all respects;
- (c) neither the Borrower nor the Guarantor is aware of any fact, event, circumstance or condition relating to any of them that may cause the Bank, as a reasonable and prudent lender, not to enter into or accept any of the covenants, agreements, undertakings or conditions provided for in this Agreement;
- (d) all corporate action necessary for the authorization, execution, delivery and performance of this Agreement by the Borrower and the Guarantor has been duly authorized and taken; and
- (e) this Agreement, when duly executed and delivered by the Borrower and the Guarantor will constitute a legal, valid and binding obligation, enforceable against the Borrower and the Guarantor, respectively, in accordance with its terms.

The Borrower further agrees to pay all reasonable and documented costs and expenses (whether incurred before or after the date hereof) of the Bank, including, without limitation, all reasonable and documented fees and disbursements incurred by the Bank, Deloitte and the Bank's legal counsel in connection with its ongoing review of the financial affairs of the Borrower and the Guarantor, and all reasonable and documented legal fees and disbursements incurred in connection with the preparation, negotiation and enforcement of this Agreement. The Bank is hereby expressly authorized to debit the Borrower's deposit or loan accounts maintained with the Bank for payment of all of the aforementioned costs and expenses and is further authorized to reserve from amounts made available to the Borrower under the 2016 Facility Letter such amounts as the Bank shall deem necessary in respect thereof.

The Borrower and the Guarantor further acknowledge and agree that the actual agreement by the Bank to forbear from enforcing its rights shall be good and sufficient consideration for the contents hereof.

The Borrower and the Guarantor hereby acknowledge and agree that they have had an opportunity to review this Agreement with legal counsel and, further, that they have been advised of and understand the terms and the consequences of signing same.

The Borrower and the Guarantor further acknowledge and agree that neither the covenants and agreements of the Bank in this Agreement, nor the performance thereof at any time, shall constitute or be deemed or implied to be a waiver by the Bank of any default under the 2016 Facility Letter, the security held by the Bank pursuant to the 2016 Facility Letter, or otherwise, that has occurred to the date hereof or any other subsequent or similar default. The Bank reserves all rights and remedies under the 2016 Facility Letter and the security held by the Bank pursuant thereto.

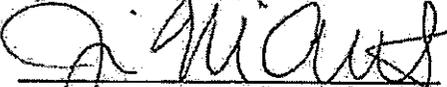
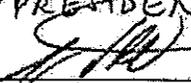
The Borrower and the Guarantor hereby, jointly and severally, release and discharge the Bank and its directors, officers, employees and agents from and against all claims and demands that they may have against the Bank arising to the date hereof out of any action or omission of the Bank or for any other reason whatsoever.

Dated this 21 day of January, 2018. 

(remainder of the document has been left intentionally blank; the execution pages follow)

BORROWER

INNOVATIVE STEAM TECHNOLOGIES INC.

By:  Jan 29 / 2018
Name: JIM MCARTHUR
Title: PRESIDENT
By: 
Name: CHRISTOPHER RITCHIE
Title: VP - FINANCE & ADMIN.

GUARANTOR

IST BOILER COMPONENTS INC.

By:  Jan 29 / 2018
Name: JIM MCARTHUR
Title: PRESIDENT
By: 
Name: CHRISTOPHER RITCHIE
Title: VP - FINANCE & ADMIN.

Schedule "A"

Cash Flow Projections to March 3, 2018

Cash Flow Forecast (C\$000s)							
	<u>20-Jan</u>	<u>27-Jan</u>	<u>03-Feb</u>	<u>10-Feb</u>	<u>17-Feb</u>	<u>24-Feb</u>	<u>03-Mar</u>
<u>Receipts</u>							
Petrofac	2,532	-	-	-	1,118	-	-
Propak (3, 4, 5)	341	-	-	-	51	-	-
Other	-	-	-	-	-	-	-
Field Service	637	-	-	312	115	12	38
IST Boiler	58	14	-	-	-	6	-
Total Receipts	3,568	14	-	312	1,284	18	38
<u>Disbursements</u>							
Payroll, Rent, Utilities & Other	(100)	(353)	(142)	(78)	(322)	(131)	(354)
Contractors	(38)	(88)	(105)	(135)	(25)	(92)	(105)
Professional fees	-	(25)	-	-	-	(25)	-
HSBC - Interest & Fees	(50)	-	(35)	(50)	-	-	(35)
HSBC - Principal	(450)	-	-	-	-	-	-
Suppliers	(1,398)	(732)	-	-	-	-	-
Total Disbursements	(2,036)	(1,198)	(282)	(263)	(347)	(248)	(494)
Opening Cash / (Revolver)	(2,505)	(973)	(2,157)	(2,439)	(2,390)	(1,453)	(1,683)
Total Net Cash Flow	1,532	(1,184)	(282)	49	937	(230)	(456)
Ending Cash / (Revolver)	(973)	(2,157)	(2,439)	(2,390)	(1,453)	(1,683)	(2,139)
<u>HSBC Borrowing Base - Weekly</u>							
HSBC Borrowing Base	2,777	2,930	2,799	2,638	1,903	1,758	2,317
Cushion	1,804	773	360	248	450	75	178

TAB S

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

A handwritten signature in blue ink, appearing to be 'D. M. C.', is written above a horizontal line.

A Commissioner for Taking Affidavits, etc.



March 1, 2018

PRIVATE & CONFIDENTIAL

Innovative Steam Technologies Inc.
549 Conestoga Blvd.
Cambridge, Ontario
N1R 7P9

Attention: Paul Eldridge
Greg Collings

Re: Indebtedness of Innovative Steam Technologies Inc. to HSBC Bank Canada

Dear Sirs:

Standstill Extension Agreement

We refer to the Standstill Agreement dated January 26, 2018 (the "Standstill Agreement") among the Borrower, the Guarantor and HSBC Bank Canada (the "Bank").

All capitalized terms not otherwise defined herein have the meanings ascribed thereto in the 2016 Facility Letter (as that term is defined in the Standstill Agreement) or otherwise ascribed thereto in the Standstill Agreement.

The Standstill Period under the Standstill Agreement commenced on January 26, 2018 and was originally set to expire on February 28, 2018. On February 28, 2018, the Standstill Period was temporarily extended to March 1, 2018, in order to allow the parties to enter into this Agreement. You have requested that the Bank agree to further extend the Standstill Period until March 7, 2018, in order to allow the Borrower additional time to advise the Bank regarding the status, value, and timing of the New Contracts.

Acknowledgement of Debt

The Borrower and the Guarantor acknowledge that as at March 1, 2018, the Borrower is indebted and liable to the Bank in the principal amounts of (i) CAD \$2,480,985.94 in respect of the Operating Facility; (ii) USD \$NIL in respect of the Operating Facility; (iii) CAD \$10,769,703.50 in respect of the Term Loan; (iv) USD \$NIL in respect of the Term Loan; (v) CAD \$4,472,638.24 in respect of the Guarantee Facility; (vi) CAD \$NIL in respect of the FX Line; (vii) up to CAD \$200,000 in respect of the MC; and, (viii) CAD \$NIL in respect of the IRS.

HSBC Bank Canada
70 York Street, Toronto, Ontario M5J 1S9
Tel: (416) 868-8000

The Borrower and the Guarantor acknowledge and agree that the above-referenced amounts are current as of March 1, 2018 only and are exclusive of interest and acknowledge the validity and enforceability of the security granted in favour of the Bank in relation thereto.

Events of Default:

A number of Defaults were previously enumerated in the Standstill Agreement as having occurred as of the date of the Standstill Agreement. The Defaults entitle the Bank to no longer permit any further borrowings under the 2016 Facility Letter. The Bank has not waived, and does not waive any of the Defaults and expressly reserves its rights and remedies in relation thereto.

Conditions to Extension of the Standstill Period

Subject to receipt by the Bank of a copy of this letter Agreement executed by each of the Borrower and the Guarantor, the Bank is prepared to extend: (i) the Standstill Period to March 7, 2018, and to forbear from enforcing its rights during this time, and (ii) the deadline for the Borrower to provide the Bank with a Business Plan to March 7, 2018, each on the same terms and conditions as set out in the Standstill Agreement.

Additionally, during the Standstill Period, the Borrower shall remain in material compliance with its cash flow projections relating to the period January 20, 2018 to March 10, 2018, a copy of which is attached hereto as Schedule "A".

In the event that any of the terms and conditions set out in the Standstill Agreement are not satisfied (which the Borrower and Guarantor, for greater certainty, acknowledge shall constitute a default hereunder), then the agreement of the Bank to forbear from exercising its rights shall immediately be terminated upon 24 hours' written notice to the Borrower or the Guarantor to be given by email to paul.eldridge@fulcrumcapital.ca and critchie@otsa.com.

Please evidence the acknowledgement and agreement by the Borrower and the Guarantor of and to the terms and conditions set out herein by executing the acknowledgement and acceptance below on or before 5:00 p.m. (Toronto time) on March 2, 2018, failing which this Agreement shall be deemed to be withdrawn. The acknowledgement and acceptance, once executed by the Borrower and the Guarantor, shall, together with this letter Agreement, constitute one and the same binding agreement.

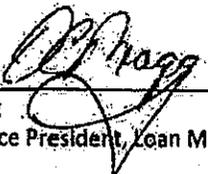
This Agreement shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein. This Agreement and the acknowledgement and agreement attached hereto may be executed in counterparts, each of which shall constitute an original, but all of which when taken together shall constitute a single contract.

Yours truly,

HSBC Bank Canada

Per: 

John Borch
Assistant Vice President, Loan Management Unit

Per: 

David Bragg
Assistant Vice President, Loan Management Unit

cc. Paul Casey, Deloitte Restructuring Inc.

[Standstill Extension Agreement]

BORROWER AND GUARANTOR'S ACKNOWLEDGEMENT AND ACCEPTANCE

For good and valuable consideration, the receipt and sufficiency of which are hereby irrevocably acknowledged by each of the undersigned, each of the undersigned hereby acknowledges, confirms and agrees to the terms and conditions set out above in this Agreement.

The Borrower and the Guarantor hereby, jointly and severally, represent and warrant to the Bank, specifically acknowledging that the Bank is relying upon all of such representations and warranties in entering into this Agreement, as follows:

- (a) each of the statements contained above in this Agreement are true and accurate in all respects and fully and completely disclose all material information with respect to their subject matter;
- (b) the Borrower and the Guarantor have disclosed to the Bank all information concerning the Borrower and the Guarantor, respectively, and their respective businesses, assets and financial condition to the date hereof that may be relevant or material to the Bank and all of the books and records of the Borrower and the Guarantor provided as of the date hereof to the Bank are true, accurate and complete in all respects;
- (c) neither the Borrower nor the Guarantor is aware of any fact, event, circumstance or condition relating to any of them that may cause the Bank, as a reasonable and prudent lender, not to enter into or accept any of the covenants, agreements, undertakings or conditions provided for in this Agreement;
- (d) all corporate action necessary for the authorization, execution, delivery and performance of this Agreement by the Borrower and the Guarantor has been duly authorized and taken; and
- (e) this Agreement, when duly executed and delivered by the Borrower and the Guarantor will constitute a legal, valid and binding obligation, enforceable against the Borrower and the Guarantor, respectively, in accordance with its terms.

The Borrower further agrees to pay all reasonable and documented costs and expenses (whether incurred before or after the date hereof) of the Bank, including, without limitation, all reasonable and documented fees and disbursements incurred by the Bank, Deloitte and the Bank's legal counsel in connection with its ongoing review of the financial affairs of the Borrower and the Guarantor, and all reasonable and documented legal fees and disbursements incurred in connection with the preparation, negotiation and enforcement of this Agreement. The Bank is hereby expressly authorized to debit the Borrower's deposit or loan accounts maintained with the Bank for payment of all of the aforementioned costs and expenses and is further authorized to reserve from amounts made available to the Borrower under the 2016 Facility Letter such amounts as the Bank shall deem necessary in respect thereof.

The Borrower and the Guarantor further acknowledge and agree that the actual agreement by the Bank to forbear from enforcing its rights shall be good and sufficient consideration for the contents hereof.

The Borrower and the Guarantor hereby acknowledge and agree that they have had an opportunity to review this Agreement with legal counsel and, further, that they have been advised of and understand the terms and the consequences of signing same.

The Borrower and the Guarantor further acknowledge and agree that neither the covenants and agreements of the Bank in this Agreement, nor the performance thereof at any time, shall constitute or be deemed or implied to be a waiver by the Bank of any default under the 2016 Facility Letter, the security held by the Bank pursuant to the 2016 Facility Letter, or otherwise, that has occurred to the date hereof or any other subsequent or similar default. The Bank reserves all rights and remedies under the 2016 Facility Letter and the security held by the Bank pursuant thereto.

The Borrower and the Guarantor hereby, jointly and severally, release and discharge the Bank and its directors, officers, employees and agents from and against all claims and demands that they may have against the Bank arising to the date hereof out of any action or omission of the Bank or for any other reason whatsoever.

Dated this 2 day of March, 2018.

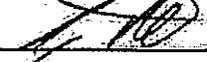
(remainder of the document has been left intentionally blank; the execution pages follow)

BORROWER

INNOVATIVE STEAM TECHNOLOGIES INC.

By: 

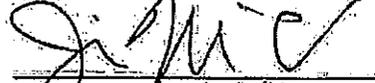
Name: JIM McARTHUR
Title: PRESIDENT

By: 

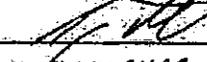
Name: CHRISTOPHER RITCHIE
Title: VP - FINANCE & ADMIN.

GUARANTOR

IST BOILER COMPONENTS INC.

By: 

Name: JIM McARTHUR
Title: PRESIDENT

By: 

Name: CHRISTOPHER RITCHIE
Title: VP - FINANCE & ADMIN.

Schedule "A"

Cash Flow Projections to March 10, 2018

Cash Flow Forecast (C\$000s)								
	20-Jan	27-Jan	03-Feb	10-Feb	17-Feb	24-Feb	03-Mar	10-Mar
Receipts								
Petrofac	2,532	-	-	-	1,118	-	-	-
Propak (3, 4, 5)	341	-	-	-	51	-	-	49
Other	-	-	-	-	-	-	-	-
Field Service	637	-	-	312	115	12	38	-
IST Boiler	58	14	-	-	-	6	-	-
Total Receipts	3,568	14	-	312	1,284	18	38	49
Disbursements								
Payroll, Rent, Utilities & Other	(100)	(353)	(142)	(78)	(322)	(131)	(354)	(123)
Contractors	(38)	(88)	(105)	(135)	(25)	(92)	(105)	(95)
Professional fees	-	(25)	-	-	-	(25)	-	-
HSBC - Interest & Fees	(50)	-	(35)	(50)	-	-	(35)	(50)
HSBC - Principal	(450)	-	-	-	-	-	-	-
Suppliers	(1,398)	(732)	-	-	-	-	-	-
Total Disbursements	(2,036)	(1,198)	(282)	(263)	(347)	(248)	(494)	(268)
Opening Cash / (Revolver)	(2,505)	(973)	(2,157)	(2,439)	(2,390)	(1,453)	(1,683)	(2,139)
Total Net Cash Flow	1,532	(1,184)	(282)	49	937	(230)	(456)	(219)
Ending Cash / (Revolver)	(973)	(2,157)	(2,439)	(2,390)	(1,453)	(1,683)	(2,139)	(2,358)
HSBC Borrowing Base - Weekly								
HSBC Borrowing Base	2,777	2,930	2,799	2,638	1,903	1,758	2,317	2,449
Cushion	1,804	773	360	248	450	75	178	91

TAB T

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

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

A Commissioner for Taking Affidavits, etc.

March 9, 2018

PRIVATE & CONFIDENTIAL

Innovative Steam Technologies Inc.
549 Conestoga Blvd.
Cambridge, Ontario
N1R 7P9

Attention: Paul Eldridge
Greg Collings

Re: Indebtedness of Innovative Steam Technologies Inc. to HSBC Bank Canada

Dear Sirs:

Standstill Extension Agreement

We refer to the Standstill Agreement dated January 26, 2018 (the "Standstill Agreement") among the Borrower, the Guarantor and HSBC Bank Canada (the "Bank").

All capitalized terms not otherwise defined herein have the meanings ascribed thereto in the 2016 Facility Letter (as that term is defined in the Standstill Agreement) or otherwise ascribed thereto in the Standstill Agreement.

The Standstill Period under the Standstill Agreement commenced on January 26, 2018, was originally set to expire on February 28, 2018, and has been extended by written letter agreements to March 7, 2018. You have requested that the Bank agree to further extend the Standstill Period until March 16, 2018, in order to allow the Borrower additional time to provide the Bank with a comprehensive restructuring plan.

Acknowledgement of Debt

The Borrower and the Guarantor acknowledge that as at March 8, 2018, the Borrower is indebted and liable to the Bank in the principal amounts of (i) CAD \$2,588,782.14 in respect of the Operating Facility; (ii) USD \$NIL in respect of the Operating Facility; (iii) CAD \$10,769,703.50 in respect of the Term Loan; (iv) USD \$NIL in respect of the Term Loan; (v) CAD \$3,876,000.70 in respect of the Guarantee Facility; (vi) CAD \$NIL in respect of the FX Line; (vii) up to CAD \$200,000 in respect of the MC; and, (viii) CAD \$NIL in respect of the IRS.

The Borrower and the Guarantor acknowledge and agree that the above-referenced amounts are current as of March 8, 2018 only and are exclusive of interest and acknowledge the validity and enforceability of the security granted in favour of the Bank in relation thereto.

Events of Default

A number of Defaults were previously enumerated in the Standstill Agreement as having occurred as of the date of the Standstill Agreement. The Defaults entitle the Bank to no longer permit any further borrowings under the 2016 Facility Letter. The Bank has not waived, and does not waive any of the Defaults and expressly reserves its rights and remedies in relation thereto.

Conditions to Extension of the Standstill Period

Subject to receipt by the Bank of each of the following:

1. a copy of this letter Agreement executed by each of the Borrower and the Guarantor and returned to the Bank by 5 pm on March 9, 2018; and
2. a comprehensive restructuring plan (including, without limitation, a detailed 13 week cash flow, a margin calculation and analysis, financial projections for the current fiscal year of the Borrower and the Guarantor, and a detailed plan to sell the shares or assets of the Guarantor by no later than March 14, 2018, with all net sale proceeds to be applied in repayment of a portion of the indebtedness owing to the Bank), to be delivered to the Bank by no later than 3 pm (Toronto time) on March 14, 2018,

the Bank is prepared to extend the Standstill Period to March 16, 2018, and to forbear from enforcing its rights during this time, on the same terms and conditions as set out in the Standstill Agreement.

Additionally, during the Standstill Period, the Borrower shall remain in material compliance with its cash flow projections relating to the period March 3, 2018 to March 17, 2018, a copy of which is attached hereto as Schedule "A".

The Borrower agrees to the engagement of a qualified appraiser (the "Appraiser") by Deloitte Restructuring Inc. to conduct a forced liquidation value appraisal of the Borrower's assets. The Borrower will provide the Appraiser with complete and unfettered access to all premises where the Borrower's assets are located and will cooperate with the Appraiser as it carries out its mandate. The cost of the appraisal will be paid by the Borrower when the invoice is rendered by the Appraiser, failing which the Bank will be entitled to debit the Operating Facility for the amount of the invoice.

The principals of the Borrower and the Guarantor, Fulcrum Capital and the Bank, together with legal counsel, shall meet at the offices of Dentons Canada LLP at 77 King Street West, Toronto, 4th floor, at 3 pm (Toronto time) on March 14, 2018 to review and discuss the comprehensive restructuring plan.

In the event that any of the terms and conditions set out in the Standstill Agreement are not satisfied (which the Borrower and Guarantor, for greater certainty, acknowledge shall constitute a default hereunder), then the agreement of the Bank to forbear from exercising its rights shall immediately be terminated upon 24 hours' written notice to the Borrower or the Guarantor to be given by email to paul.eldridge@fulcrumcapital.ca and critchie@otsr.com.

Please evidence the acknowledgement and agreement by the Borrower and the Guarantor of and to the terms and conditions set out herein by executing the acknowledgement and acceptance below on or before 5:00 p.m. (Toronto time) on March 9, 2018, failing which this Agreement shall be deemed to be withdrawn. The acknowledgement and acceptance, once executed by the Borrower and the Guarantor, shall, together with this letter Agreement, constitute one and the same binding agreement.

This Agreement shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein. This Agreement and the acknowledgement and agreement attached hereto may be executed in counterparts, each of which shall constitute an original, but all of which when taken together shall constitute a single contract.

Yours truly,

HSBC Bank Canada

Per: 

John Borch
Assistant Vice President, Loan Management Unit

Per: 

David Bragg
Assistant Vice President, Loan Management Unit

cc. Paul Casey, Deloitte Restructuring Inc.

BORROWER AND GUARANTOR'S ACKNOWLEDGEMENT AND ACCEPTANCE

For good and valuable consideration, the receipt and sufficiency of which are hereby irrevocably acknowledged by each of the undersigned, each of the undersigned hereby acknowledges, confirms and agrees to the terms and conditions set out above in this Agreement.

The Borrower and the Guarantor hereby, jointly and severally, represent and warrant to the Bank, specifically acknowledging that the Bank is relying upon all of such representations and warranties in entering into this Agreement, as follows:

- (a) each of the statements contained above in this Agreement are true and accurate in all respects and fully and completely disclose all material information with respect to their subject matter;
- (b) the Borrower and the Guarantor have disclosed to the Bank all information concerning the Borrower and the Guarantor, respectively, and their respective businesses, assets and financial condition to the date hereof that may be relevant or material to the Bank and all of the books and records of the Borrower and the Guarantor provided as of the date hereof to the Bank are true, accurate and complete in all respects;
- (c) neither the Borrower nor the Guarantor is aware of any fact, event, circumstance or condition relating to any of them that may cause the Bank, as a reasonable and prudent lender, not to enter into or accept any of the covenants, agreements, undertakings or conditions provided for in this Agreement;
- (d) all corporate action necessary for the authorization, execution, delivery and performance of this Agreement by the Borrower and the Guarantor has been duly authorized and taken; and
- (e) this Agreement, when duly executed and delivered by the Borrower and the Guarantor will constitute a legal, valid and binding obligation, enforceable against the Borrower and the Guarantor, respectively, in accordance with its terms.

The Borrower further agrees to pay all reasonable and documented costs and expenses (whether incurred before or after the date hereof) of the Bank, including, without limitation, all reasonable and documented fees and disbursements incurred by the Bank, Deloitte and the Bank's legal counsel in connection with its ongoing review of the financial affairs of the Borrower and the Guarantor, and all reasonable and documented legal fees and disbursements incurred in connection with the preparation, negotiation and enforcement of this Agreement. The Bank is hereby expressly authorized to debit the Borrower's deposit or loan accounts maintained with the Bank for payment of all of the aforementioned costs and expenses and is further authorized to reserve from amounts made available to the Borrower under the 2016 Facility Letter such amounts as the Bank shall deem necessary in respect thereof.

The Borrower and the Guarantor further acknowledge and agree that the actual agreement by the Bank to forbear from enforcing its rights shall be good and sufficient consideration for the contents hereof.

The Borrower and the Guarantor hereby acknowledge and agree that they have had an opportunity to review this Agreement with legal counsel and, further, that they have been advised of and understand the terms and the consequences of signing same.

The Borrower and the Guarantor further acknowledge and agree that neither the covenants and agreements of the Bank in this Agreement, nor the performance thereof at any time, shall constitute or be deemed or implied to be a waiver by the Bank of any default under the 2016 Facility Letter, the security held by the Bank pursuant to the 2016 Facility Letter, or otherwise, that has occurred to the date hereof or any other subsequent or similar default. The Bank reserves all rights and remedies under the 2016 Facility Letter and the security held by the Bank pursuant thereto.

The Borrower and the Guarantor hereby, jointly and severally, release and discharge the Bank and its directors, officers, employees and agents from and against all claims and demands that they may have against the Bank arising to the date hereof out of any action or omission of the Bank or for any other reason whatsoever.

Dated this 12 day of March, 2018.

(remainder of the document has been left intentionally blank; the execution pages follow)

BORROWER

INNOVATIVE STEAM TECHNOLOGIES INC.

By:

Name:

Title:

By:

Name:

Title:


JIM McARTHUR
PRESIDENT

CHRISTOPHER RITCHIE
VP - FINANCE

GUARANTOR

IST BOILER COMPONENTS INC.

By:

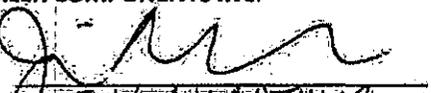
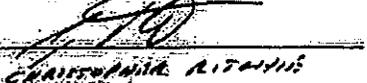
Name:

Title:

By:

Name:

Title:


JIM McARTHUR
PRESIDENT

CHRISTOPHER RITCHIE
VP - FINANCE

Schedule "A"

Cash Flow Projections to March 17, 2018

	<u>03-Mar</u>	<u>10-Mar</u>	<u>17-Mar</u>
<u>Receipts</u>			
Retrofac	-	-	-
Propak (3, 4, 5)	-	51	-
Near Shore	-	-	-
Field Service	-	-	-
IST Boiler	-	-	8
Total Receipts	-	51	8
<u>Disbursements</u>			
Payroll, Rent, Utilities & Other Contractors	(393)	(150)	(149)
Professional fees	(5)	(13)	-
HSBC -- Interest & Fees	(85)	(1)	(2)
HSBC - Principal	-	-	-
Suppliers	-	-	-
Total Disbursements	(553)	(289)	(176)
Opening Cash / (Revolver)	(1,278)	(1,831)	(2,069)
Total Net Cash Flow	(553)	(238)	(168)
Ending Cash / (Revolver)	(1,831)	(2,069)	(2,237)
<u>HSBC Borrowing Base - Weekly</u>			
HSBC Borrowing Base	2,651	2,739	2,602
Cushion	820	670	365

TAB U

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

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

A Commissioner for Taking Affidavits, etc.



March 22, 2018

PRIVATE & CONFIDENTIAL

Innovative Steam Technologies Inc.
549 Conestoga Blvd.
Cambridge, Ontario
N1R 7P9

Attention: Paul Eldridge
Greg Collings

Re: Indebtedness of Innovative Steam Technologies Inc. to HSBC Bank Canada

Dear Sirs:

Third Standstill Extension Agreement

We refer to the Standstill Agreement dated January 26, 2018, as amended or extended by Standstill Extension Agreements each dated March 1, 2018 and March 9, 2018 (collectively, the "Standstill Agreement") among the Borrower, the Guarantor and HSBC Bank Canada (the "Bank").

All capitalized terms not otherwise defined herein have the meanings ascribed thereto in the 2016 Facility Letter (as that term is defined in the Standstill Agreement) or otherwise ascribed thereto in the Standstill Agreement.

The Standstill Period under the Standstill Agreement commenced on January 26, 2018, was originally set to expire on February 28, 2018, and has been extended by written letter agreements and correspondence between counsel to March 23, 2018. You have requested that the Bank agree to further extend the Standstill Period until April 16, 2018, in order to allow the Borrower additional time to comply with the various covenants and deliverables as outlined herein.

Acknowledgement of Debt

The Borrower and the Guarantor acknowledge that as at March 20, 2018, the Borrower is indebted and liable to the Bank in the principal amounts of (i) CAD 2,752,048.13 in respect of the Operating Facility; (ii) USD NIL in respect of the Operating Facility; (iii) CAD 10,769,703.60 in respect of the Term Loan; (iv) USD NIL in respect of the Term Loan; (v) USD 2,998,840.00 in respect of the Guarantee Facility; (vi) CAD NIL in respect of the FX Line; (vii) up to CAD 200,000 in respect of the MC; and, (viii) CAD NIL in respect of the IRS.

The Borrower and the Guarantor acknowledge and agree that the above-referenced amounts are current as of March 20, 2018 only and are exclusive of interest and acknowledge the validity and enforceability of the security granted in favour of the Bank in relation thereto.

HSBC Bank Canada
325 King Street West, Toronto, Ontario M5J 1S9
Tel: (416) 868-8000

Events of Default

A number of Defaults were previously enumerated in the Standstill Agreement as having occurred as of the original date of the Standstill Agreement. The Defaults entitle the Bank to no longer permit any further borrowings under the 2016 Facility Letter. The Bank has not waived, and does not waive any of the Defaults and expressly reserves its rights and remedies in relation thereto.

Further Extension of Standstill Period

The Bank is prepared to extend the Standstill Period to April 16, 2018, and to forbear from enforcing its rights during this time, on the same terms and conditions as set out in the Standstill Agreement subject to receipt by the Bank of a copy of this Agreement executed by the Borrower and the Guarantor, and subject to compliance by the Borrower and the Guarantor with the terms and conditions herein set out or as set out in the Standstill Agreement.

General Provisions

1. During the Standstill Period, the Borrower and the Guarantor shall remain in material compliance with the various reporting requirements (on a prospective basis) detailed in the Standstill Agreement, and without limiting the foregoing, the Borrower shall remain in material compliance with its cash flow projections relating to the period March 3, 2018 to April 14, 2018, a copy of which is attached hereto as ~~Schedule "A"~~ *Schedule "C"*. *gm*
2. The Borrower and the Guarantor hereby covenant and agree with the Bank as follows:
 - A. the regularly scheduled CAD 450,000 payment on account of the Term Loan shall be made on or before April 10, 2018;
 - B. a copy of the Notice to Proceed from Siemens in respect of New Shore 1 (having a minimum contract price of ~~USD~~ *CDN* 17,700,000) shall be delivered by the Borrower to the Bank on or before April 16, 2018; *approx. gm*
 - C. a copy of all letters of intent / expressions of intent regarding the IST Boiler divestiture process to be undertaken ("IST Divestiture Process") shall be delivered by the Borrower and the Guarantor to the Bank on or before April 12, 2018;
 - D. the net sales proceeds generated in connection with the IST Divestiture Process shall be paid to the Bank as a permanent reduction of the Term Loan;
 - E. an EDC Performance Security Guarantee in favour of the Bank, with respect to a letter of credit requested to be issued in favour of Siemens in the amount of ~~USD~~ *CDN* 3,540,000, in form and substance satisfactory to the Bank in its sole discretion, shall be obtained and delivered to the Bank by no later than April 16, 2018; *gm*
 - F. a guarantee, or guarantees, in favour of the Bank of a minimum of 60% of the authorized amount of the Operating Facility as provided in the 2016 Facility Letter (i.e. CAD 6,500,000),

in form and substance satisfactory to the Bank in its sole discretion, shall be obtained and delivered to the Bank by no later than April 16, 2018;

- G. the Borrower and the Guarantor shall execute and deliver to the Bank, together with an executed copy of this Agreement, a written consent to the appointment of a receiver pursuant to Section 243 of the *Bankruptcy and Insolvency Act* (Canada) and Section 101 *Courts of Justice Act* (Ontario), in the form attached hereto as Schedule "B", which consent shall be held in escrow by Dentons Canada LLP, as legal counsel to the Bank, pending the earlier of: (a) the expiry of the Standstill Period; or (b) a "**Standstill Period Terminating Event**", being a breach by the Borrower or the Guarantor of any provision of the Standstill Agreement, this Agreement or any further breach (i.e. not previously detailed in the Standstill Agreement) of the 2016 Facility Letter, occurring; and
 - H. a complete list of employee service calculations (including, without limitation, in respect of termination and severance) shall be delivered by the Company and the Guarantor to Deloitte and to the Bank, with Deloitte vetting such report, all on or before April 16, 2018.
3. The Borrower and the Guarantor hereby acknowledge and agree to forthwith advise the Bank and Deloitte if either entity becomes aware of the inability of either of them to be able to fulfill any of their respective obligations outlined herein or in the Standstill Agreement.
 4. The Borrower and the Guarantor hereby acknowledge and agree that either party's material non-compliance with the comprehensive restructuring plan tabled to the Bank on March 13, 2018, substantially in the form of the copy of the document which is attached hereto as Schedule "C", constitutes a Standstill Period Terminating Event.
 5. The Borrower and the Guarantor hereby acknowledge and agree that, during the Standstill Period, the Borrower's availability under the Operating Facility has been reduced from the CAD 6,500,000 authorized amount pursuant to the 2016 Facility Letter to CAD 2,800,000.
 6. The Borrower and Guarantor each acknowledge and agree that the Bank is under no commitment to extent the Standstill Period beyond April 16, 2018, even if all of the provisions of the Standstill Agreement and this Agreement have been complied with by each of the Borrower and the Guarantor.

The Borrower agrees to the engagement of an Appraiser by Deloitte to conduct a forced liquidation value appraisal of the Borrower's assets. The Borrower will provide the Appraiser with complete and unfettered access to all premises where the Borrower's assets are located and will cooperate with the Appraiser as it carries out its mandate. The cost of the appraisal will be paid by the Borrower when the invoice is rendered by the Appraiser, failing which the Bank will be entitled to debit the Operating Facility for the amount of the invoice.

The principals of the Borrower and the Guarantor, Fulcrum Capital and the Bank, together with legal counsel, shall meet at the offices of Dentons Canada LLP at 77 King Street West, Toronto, 4th floor, at 3

pm (Toronto time) on Thursday, April 12, 2018 to obtain an update in respect of the covenants, consents and deliverables of the Borrower and Guarantor detailed herein.

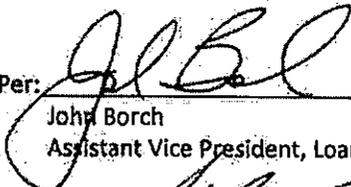
In the event that any of the terms and conditions set out in the Standstill Agreement or this Agreement are not satisfied (which the Borrower and Guarantor, for greater certainty, acknowledge shall constitute a default hereunder), then the agreement of the Bank to forbear from exercising its rights shall immediately be terminated upon 24 hours' written notice to the Borrower or the Guarantor to be given by email to paul.eldgridge@fulcrumcapital.ca and critchie@otsg.com.

Please evidence the acknowledgement and agreement by the Borrower and the Guarantor of and to the terms and conditions set out herein by executing the acknowledgement and acceptance below on or before 5:00 p.m. (Toronto time) on March 23, 2018, failing which this Agreement shall be deemed to be withdrawn. The acknowledgement and acceptance, once executed by the Borrower and the Guarantor, shall, together with this letter Agreement, constitute one and the same binding agreement.

This Agreement shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein. This Agreement and the acknowledgement and agreement attached hereto may be executed in counterparts, each of which shall constitute an original, but all of which when taken together shall constitute a single contract.

Yours truly,

HSBC Bank Canada

Per: 

John Borch
Assistant Vice President, Loan Management Unit

Per: 

Brian Pettit
Assistant Vice President, Loan Management Unit

for:

cc. Paul Casey, Deloitte Restructuring Inc.

BORROWER AND GUARANTOR'S ACKNOWLEDGEMENT AND ACCEPTANCE

For good and valuable consideration, the receipt and sufficiency of which are hereby irrevocably acknowledged by each of the undersigned, each of the undersigned hereby acknowledges, confirms and agrees to the terms and conditions set out above in this Agreement.

The Borrower and the Guarantor hereby, jointly and severally, represent and warrant to the Bank, specifically acknowledging that the Bank is relying upon all of such representations and warranties in entering into this Agreement, as follows:

- (a) each of the statements contained above in this Agreement are true and accurate in all respects and fully and completely disclose all material information with respect to their subject matter;
- (b) the Borrower and the Guarantor have disclosed to the Bank all information concerning the Borrower and the Guarantor, respectively, and their respective businesses, assets and financial condition to the date hereof that may be relevant or material to the Bank and all of the books and records of the Borrower and the Guarantor provided as of the date hereof to the Bank are true, accurate and complete in all respects;
- (c) neither the Borrower nor the Guarantor is aware of any fact, event, circumstance or condition relating to any of them that may cause the Bank, as a reasonable and prudent lender, not to enter into or accept any of the covenants, agreements, undertakings or conditions provided for in this Agreement;
- (d) all corporate action necessary for the authorization, execution, delivery and performance of this Agreement by the Borrower and the Guarantor has been duly authorized and taken; and
- (e) this Agreement, when duly executed and delivered by the Borrower and the Guarantor will constitute a legal, valid and binding obligation, enforceable against the Borrower and the Guarantor, respectively, in accordance with its terms.

The Borrower further agrees to pay all reasonable and documented costs and expenses (whether incurred before or after the date hereof) of the Bank, including, without limitation, all reasonable and documented fees and disbursements incurred by the Bank, Deloitte and the Bank's legal counsel in connection with its ongoing review of the financial affairs of the Borrower and the Guarantor, and all reasonable and documented legal fees and disbursements incurred in connection with the preparation, negotiation and enforcement of this Agreement. The Bank is hereby expressly authorized to debit the Borrower's deposit or loan accounts maintained with the Bank for payment of all of the aforementioned costs and expenses and is further authorized to reserve from amounts made available to the Borrower under the 2016 Facility Letter such amounts as the Bank shall deem necessary in respect thereof.

The Borrower and the Guarantor further acknowledge and agree that the actual agreement by the Bank to forbear from enforcing its rights shall be good and sufficient consideration for the contents hereof.

The Borrower and the Guarantor hereby acknowledge and agree that they have had an opportunity to review this Agreement with legal counsel and, further, that they have been advised of and understand the terms and the consequences of signing same.

The Borrower and the Guarantor further acknowledge and agree that neither the covenants and agreements of the Bank in this Agreement, nor the performance thereof at any time, shall constitute or be deemed or implied to be a waiver by the Bank of any default under the 2016 Facility Letter, the security held by the Bank pursuant to the 2016 Facility Letter, or otherwise, that has occurred to the date hereof or any other subsequent or similar default. The Bank reserves all rights and remedies under the 2016 Facility Letter and the security held by the Bank pursuant thereto.

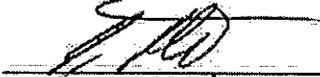
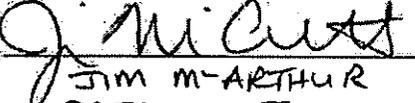
The Borrower and the Guarantor hereby, jointly and severally, release and discharge the Bank and its directors, officers, employees and agents from and against all claims and demands that they may have against the Bank arising to the date hereof out of any action or omission of the Bank or for any other reason whatsoever.

Dated this 26 day of March, 2018.

(remainder of the document has been left intentionally blank; the execution pages follow)

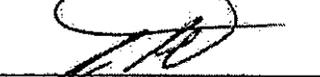
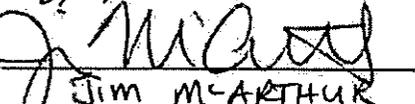
BORROWER

INNOVATIVE STEAM TECHNOLOGIES INC.

By: 
Name: CHRISTINA RITCHIE
Title: VP - FINANCE
By: 
Name: JIM McARTHUR
Title: PRESIDENT

GUARANTOR

IST BOILER COMPONENTS INC.

By: 
Name: CHRISTINA RITCHIE
Title: VP - FINANCE
By: 
Name: JIM McARTHUR
Title: PRESIDENT

Schedule "A"

(refer to Schedule "c") *gm*

Cash Flow Projections to April 14, 2018

	<u>03-Mar</u>	<u>10-Mar</u>	<u>17-Mar</u>	<u>24-Mar</u>	<u>31-Mar</u>	<u>07-Apr</u>	<u>14-Apr</u>
<u>Receipts</u>							
Petrofac	-	-	-	-	-	-	-
Propak (3, 4, 5)	-	51	-	-	-	505	134
Near Shore	-	-	-	-	-	-	-
Field Service	-	-	-	6	31	804	135
IST Boiler	-	-	8	164	3	93	212
Total Receipts	-	51	8	170	34	1,402	481
<u>Disbursements</u>							
Payroll, Rent, Utilities & Other	(393)	(150)	(149)	(127)	(149)	(158)	(205)
Contractors	(70)	(125)	(25)	(39)	(221)	(100)	(100)
Professional fees	(5)	(13)	-	(13)	(25)	-	(20)
HSBC - Interest & Fees	(85)	(1)	(2)	(1)	(2)	(85)	(1)
HSBC - Principal	-	-	-	-	-	-	(450)
Suppliers	-	-	-	-	-	-	-
Total Disbursements	(553)	(289)	(176)	(180)	(397)	(343)	(776)
Opening Cash / (Revolver)	(1,278)	(1,831)	(2,069)	(2,237)	(2,247)	(2,610)	(1,551)
Total Net Cash Flow	(553)	(238)	(168)	(10)	(363)	1,059	(295)
Ending Cash / (Revolver)	(1,831)	(2,069)	(2,237)	(2,247)	(2,610)	(1,551)	(1,846)
<u>HSBC Borrowing Base - Weekly</u>							
HSBC Borrowing Base	2,651	2,739	2,602	2,952	3,954	2,771	2,536
Cushion	820	670	365	705	1,344	1,220	690

Schedule "B"

Consent to Appointment of Receiver

Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

HSBC BANK CANADA

Applicant

- and -

INNOVATIVE STEAM TECHNOLOGIES INC. and IST BOILER COMPONENTS INC.

Respondents

CONSENT

Innovative Steam Technologies Inc. and IST Boiler Components Inc. (the "**Respondents**") hereby consent to a receivership order, substantially in the form of the Receivership Order Form of the Commercial List, as amended by the Applicant with input from the proposed receiver, for the appointment of a receiver or receiver and manager over all of the assets, undertakings and properties of the Respondents pursuant to subsection 243(1) of the *Bankruptcy and Insolvency Act* (Canada) and section 101 of the *Courts of Justice Act* (Ontario).

DATED this 26 day of March, 2018.

)
)
)
)
)
)

Per:



INNOVATIVE STEAM
TECHNOLOGIES INC.

Name: JIM McARTHUR

Title: PRESIDENT

I have the authority to bind the
Corporation

Per:



IST BOILER COMPONENTS INC.

Name: CHRISTOPHER RITCHIE

Title: VP-FINANCIAL

I have the authority to bind the
Corporation

Court File No.

HSBC BANK CANADA

- and -

INNOVATIVE STEAM TECHNOLOGIES INC. and
IST BOILER COMPONENTS INC.

Applicant

Respondents

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

PROCEEDING COMMENCED AT TORONTO

CONSENT

DENTONS CANADA LLP
77 King Street West, Suite 400
Toronto-Dominion Centre
Toronto, ON M5K 0A1

Dennis Wiebe (LSUC # 25189V)
Tel: (416) 863-4475
Fax: (416) 863-4592
dennis.wiebe@dentons.com

John Salmas (LSUC # 42336B)
Tel: (416) 863-4737
john.salmas@dentons.com

Vanja Ginic (LSUC # 69981W)
Tel: (416) 863-4373
vanja.ginic@dentons.com

Lawyers for HSBC Bank Canada

32640240_4|NATDOCS

Schedule "C"

Comprehensive Restructuring Plan

CONFIDENTIAL



*** CONFIDENTIAL ***
TABLE OF CONTENTS
HSBC MEETING ON MARCH 14, 2018

Page #	Title
2	General Assumptions & Information
3	13 Week Cash Forecast
4-5	Project Cash Position
6-8	12 Month - Financial Forecast
9	12 Month - Borrowing Margin
10	12 Month - Head Count
11	IST Boiler Components - Divestiture Schedule

CONFIDENTIAL



***** CONFIDENTIAL *****
**GENERAL ASSUMPTIONS
& INFORMATION**

PROJECT INFORMATION

Propak 6

- Award expected: March 15, 2018
- Revenue \$4,100,000 CDN
- Margin \$1,300,000 CDN
- Billing Schedule: Same as the last 3 Propak contracts
- Cash Requirements: See Project Cash Position on page 4

Near Shore

- Award expected: April 16, 2018
- Revenue \$17,700,000 CDN equivalent, contract will be in US funds
- Margin \$3,698,000 CDN
- Billing Schedule: Still being negotiated, used the most recent proposal from IST
- Cash Requirements: See Project Cash Position on page 5

IST BOILER DIVESTITURE

Detailed schedule of process is provided on page 11

- Complete by June 30, 2018
- Sale of company equal to asset value has been used in forecast
- All proceeds applied to HSBC Term Loan in June 2018

IST RESTRUCTURING

A head count reduction at the end of March 2018 is forecasted

- 21 salaried staff removed across various departments
- Severance costs of \$275,000 forecast
- See 12 Month – Head Count report on page 10

A building lease on the 2nd facility in Cambridge (Natura Way) has been forecast to end at the conclusion of the current lease in September 2018. Moving costs for the equipment at this location back to the main IST facility of \$600,000 have not been included in the 12 Month – Financial Forecast. Movement of the equipment would need to be performed in two phases over the next 6 months to support Field Service and the Near Shore contract work.

SUPPLIER PAYMENTS

A number of suppliers have been held without payment for an extended period of time and are required to be paid in order to support current work on the Lower Fars, Propak 5 and Field Service projects along with any new awards for Propak 6 and Near Shore. Priority March payments are as follows:

- Sandvik Steel – supplier of tubes for all OTSG boilers – payment in support of delivery for Field Service work at the Isle of Man
- Process Combustion – supplier of control systems for EOR boilers – payment in support of delivery for the Propak 5 contract

CONFIDENTIAL

Cash Flow Forecast (\$000)

	17-Mar	24-Mar	31-Mar	07-Apr	14-Apr	21-Apr	28-Apr	05-May	12-May	19-May	26-May	02-Jun	09-Jun	Total
Receipts														
Petrofac	-	-	-	-	-	-	-	-	-	15	-	-	-	15
Propak (3, 4, 5)	-	-	505	-	471	205	-	-	-	-	205	195	-	1,581
Near Shore	-	-	-	-	-	-	-	-	-	-	885	-	-	885
Field Service	14	1,171	37	140	71	16	138	-	-	-	-	1,054	409	3,050
IST Boiler	1	13	43	27	12	216	61	-	-	-	-	-	-	375
Total Receipts	15	1,653	60	638	33	421	77	138	15	1,090	1,249	409	409	5,904
Disbursements														
Payroll, Rent, Utilities & Other	(363)	(105)	(352)	(145)	(388)	(140)	(377)	(160)	(388)	(90)	(110)	(427)	(70)	(3,115)
Contractors	(25)	(258)	(25)	(145)	(110)	(44)	(75)	(105)	(88)	(44)	(75)	(105)	(13)	(1,112)
Professional fees	(8)	(8)	(8)	(8)	(8)	(8)	(8)	(8)	(8)	(8)	(8)	(8)	(8)	(104)
HSBC - Interest & Fees	-	-	-	(85)	-	-	(85)	-	-	-	-	(85)	-	(255)
HSBC - Term Payment	-	-	-	-	(450)	-	-	-	-	-	-	-	-	(450)
Suppliers	-	(407)	(691)	-	-	(957)	(619)	-	-	(778)	(746)	-	-	(4,398)
Total Disbursements	(396)	(778)	(1,076)	(383)	(956)	(1,149)	(1,279)	(353)	(484)	(920)	(939)	(628)	(81)	(8,434)
Opening Cash / (Revolver)	(1,607)	(2,003)	(2,766)	(2,133)	(2,456)	(2,774)	(3,440)	(4,098)	(4,978)	(5,325)	(6,230)	(6,079)	(5,455)	(1,697)
Total Net Cash Flow	(396)	(763)	613	(303)	(318)	(1,066)	(858)	(281)	(846)	(803)	131	624	318	(3,930)
Ending Cash / (Revolver)	(2,003)	(2,766)	(2,153)	(2,456)	(2,774)	(3,840)	(4,698)	(4,979)	(5,825)	(6,230)	(5,079)	(5,455)	(5,137)	(5,137)
HSBC Borrowing Base - Weekly														
HSBC Borrowing Base	3,041	3,902	2,297	2,574	2,913	4,094	5,040	5,160	5,518	6,500	6,500	6,500	6,500	6,500
Cushion	1,038	1,136	144	118	139	254	342	181	193	270	421	1,045	1,363	1,363

CONFIDENTIAL

INNOVATIVE STEAM TECHNOLOGIES INC.
12 MONTH PLAN - MAR 2018 to FEB 2019

PROJECT CASH POSITION / BILLING SUMMARY

PROJECT SELLING MILESTONE EVENTS	MONTHS AFTER NTP	MONTH	FORECAST BILLING	FORECAST COLLECTION	FORECAST COSTS	PROJECT CASH POSITION
Contract / PO Receipt	0	Mar-18	205,000	0	2,900	(2,900)
Placement of Convective Material PO	1	Apr-18	205,000	205,000	28,000	174,200
	2	May-18	0	205,000	28,000	351,200
	3	Jun-18	0	0	98,000	253,200
Receipt of Materials at IST	4	Jul-18	1,332,500	0	420,000	(166,800)
Receipt of Materials at Propak	5	Aug-18	820,000	1,332,500	560,000	605,700
	6	Sep-18	0	820,000	560,000	865,700
	7	Oct-18	0	0	700,000	165,700
Ready to Ship - 1st Convective Module	8	Nov-18	451,000	0	290,000	(114,300)
Ready to Ship - 4th Convective Module	9	Dec-18	881,500	451,000	117,900	219,100
	10	Jan-19	0	881,500	5,600	1,085,000
	11	Feb-19	0	0	0	1,085,000
	12	Mar-19	0	0	0	1,085,000
	13	Apr-19	0	0	0	1,085,000
	14	May-19	0	0	0	1,085,000
Performance Test / 12 Mth Ready to Ship	21	Dec-19	205,000	0	0	1,085,000
	22	Jan-20	0	205,000	0	1,300,000
TOTAL			4,100,000	4,100,000	2,800,000	1,300,000

PROJECT FORECAST:
REVENUE 4,100,000
COST 2,800,000
MARGIN 1,300,000

CONFIDENTIAL

INNOVATIVE STEAM TECHNOLOGIES INC.
12 MONTH PLAN - MAR 2018 to FEB 2019

PROJECT CASH POSITION / BILLING SUMMARY

PROJECT BILLING MILESTONE EVENTS	MONTHS AFTER NTP	MONTH	FORECAST BILLING	FORECAST COLLECTION	FORECAST COSTS	PROJECT CASH POSITION
Contract / PO Receipt	0	Apr-18	885,000	0	140,020	(140,020)
Placement of Alloy Tubing PO	1	May-18	2,655,000	865,000	154,022	590,958
	2	Jun-18	0	2,655,000	210,030	3,035,928
Issue P&ID / Placement of Tubesheet PC	3	Jul-18	2,655,000	0	210,030	2,825,898
Tubesheet Receipt	4	Aug-18	1,770,000	2,655,000	700,100	4,780,798
Tubing Receipt	5	Sep-18	4,425,000	1,770,000	700,100	5,850,698
Start of Fabrication - 1st OTSG Module	6	Oct-18	2,655,000	4,425,000	1,400,200	8,875,498
	7	Nov-18	0	2,655,000	1,680,240	9,850,258
	8	Dec-18	0	0	2,380,340	7,469,918
	9	Jan-19	0	0	2,380,340	5,089,578
Ready to Ship - All OTSG Modules	10	Feb-19	2,655,000	0	2,380,340	2,709,238
	11	Mar-19	0	2,655,000	700,100	4,664,138
	12	Apr-19	0	0	700,100	3,964,038
	13	May-19	0	0	266,038	3,698,000
	14	Jun-19	0	0	0	3,698,000
TOTAL			17,700,000	17,700,000	14,002,000	3,696,000

PROJECT FORECAST:
REVENUE 17,700,000
COST 14,002,000
MARGIN 3,696,000

CONFIDENTIAL

INNOVATIVE TEAM TECHNOLOGIES - CONSOLIDATED
12 MONTH PERIOD - MAR 2016 to FEB 2015
CASH FLOW

	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	YEAR
PROPERTY (0.00)	654,121	(148,378)	245,379	(213,321)	(10,153)	733,759	(190,043)	81,873	(177,885)	(37,271)	(70,341)	(274,115)	1,948,800
NET BACK	201,154	201,154	201,154	201,154	201,154	201,154	201,154	201,154	201,154	201,154	201,154	201,154	2,412,810
AMORTIZATION	544,967	544,967	544,967	544,967	544,967	544,967	544,967	544,967	544,967	544,967	544,967	544,967	6,539,604
CASH FLOW FROM OPERATIONS	1,401,082	1,401,082	1,401,082	1,401,082	1,401,082	1,401,082	1,401,082	1,401,082	1,401,082	1,401,082	1,401,082	1,401,082	17,528,014
WARRANTY	648,726	(3,150,824)	(2,910,459)	4,810,698	(2,838,041)	1,487,220	(4,428,982)	1,826,025	(2,203,333)	(400,800)	681,500	(7,832,684)	(234,982)
ACCIDENTS RESERVE #	(9,187)			24,000	24,000	65,000	191,000	(31,000)	24,000	24,000	24,000	(24,000)	1,015,318
INVENTORIES	41,000			1,016,000									1,016,000
PREPAID EXPENSES				32,213									32,213
FIXED ASSETS													
LIABILITIES													
LONG TERM													
JOBS IN PROGRESS	600,821	1,242,016	1,420,998	1,189		64,317	2,194,337	101,453	41,000	709,300	14,201	144,084	7,013,544
DEFERRED INCOME	41,984	1,233,866	1,711,478	(119,000)	3,243,624	282,117	2,720,000	1,012,073	(1,124,000)	(1,124,000)	(1,124,000)	(1,124,000)	9,413,888
ACCOUNTS PAYABLE	(653,948)	(899,082)	(844,016)	(110,843)	(59,803)	200,472	(172,244)	581,570	(1,108,182)	981,080	410,309	633,687	(2,823,360)
ACCOUNTS RECEIVABLE	144,400	(69,800)	(74,800)	(14,800)	(14,800)	(14,800)	(14,800)	(14,800)	(14,800)	(14,800)	(14,800)	(14,800)	(148,000)
PROVISIONS	3,015	3,237	3,237	3,237	4,400	8,325	14,082	14,082	14,082	14,082	14,082	14,082	148,000
FUTURE TAX LIABILITIES													
FUTURE TAX LIABILITIES - LONG TERM													
TAX SPAYABLE													
NET OPERATING CASH FLOW	1,401,082	1,401,082	1,401,082	1,401,082	1,401,082	1,401,082	1,401,082	1,401,082	1,401,082	1,401,082	1,401,082	1,401,082	17,528,014
NET CASH FLOW	1,401,082	1,401,082	1,401,082	1,401,082	1,401,082	1,401,082	1,401,082	1,401,082	1,401,082	1,401,082	1,401,082	1,401,082	17,528,014
DISPOSALS													
INVESTMENTS													
ISSUE LIABILITIES													
FINANCIAL INSTRUMENTS													
COMMON STOCK													
CONVERTIBLE DEBT													
INVESTMENT IN SUBSIDIARIES													
INTEREST INCOME													
INTEREST EXPENSE													
NET CASH FLOW	1,401,082	1,401,082	1,401,082	1,401,082	1,401,082	1,401,082	1,401,082	1,401,082	1,401,082	1,401,082	1,401,082	1,401,082	17,528,014

CONFIDENTIAL

INNOVATIVE STEAM TECHNOLOGIES INC.
12 MONTH PLAN - MAR 2018 TO FEB 2019

CANADIAN \$

	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB
BANK BORROWING CALCULATIONS												
ACCOUNTS RECEIVABLE	1,006,331	4,863,269	7,578,724	2,624,155	5,259,801	3,792,575	6,219,557	6,714,532	451,000	881,500	2,100,000	2,492,064
INVENTORY and WIP	5,125,000	3,123,000	3,124,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000	2,100,000
PRIORITY PAYABLES	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
ATR BALANCE @ 75%	754,748	3,487,452	5,984,793	1,852,886	3,844,361	2,444,431	6,164,568	5,035,869	338,230	831,125	2,100,000	2,100,000
INV bal of WIP BALANCE @ 50%	1,562,500	1,562,500	1,562,500	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000
LESS:	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)
PRIORITY PAYABLES	2,387,248	5,058,952	6,506,693	2,852,886	4,874,361	3,474,431	6,604,568	5,015,869	338,230	1,001,125	1,000,000	1,000,000
BANK BORROWING MARGIN	2,149,448	4,892,756	5,448,839	2,552,875	2,877,217	2,877,217	2,877,217	2,877,217	2,877,217	2,877,217	2,877,217	2,877,217
MONTHLY BORROWING BALANCE	187,802	367,196	1,052,151	432,881	2,467,824	3,874,431	4,500,000	4,000,000	1,364,230	1,681,125	1,630,000	462,723
CUSHION												

CONFIDENTIAL

INNOVATIVE STEAM TECHNOLOGIES INC.
12 MONTH PLAN - MAR 2018 to FEB 2019

STAFF ACCOUNTS

	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	FEB
IST - SALARIED												
640 - QUALITY CONTROL	2	1	1	1	1	1	1	1	1	1	1	1
655 - MANUFACTURING	7	6	5	8	7	7	7	7	7	7	7	7
660 - GLOBAL SUPPLY CHAIN	4	1	1	1	1	1	2	2	2	2	2	2
730 - ENGINEERING	11	8	6	8	8	6	6	6	6	6	6	6
750 - PROJECT MANAGEMENT	3	3	3	3	3	3	3	3	3	3	3	3
772 - FIELD SERVICE	7	6	8	6	6	6	6	6	6	6	6	6
706 - ACCOUNTING	2	1	1	1	1	1	1	1	1	1	1	1
710 - IT	1	1	1	1	1	1	1	1	1	1	1	1
715 - HR	4	1	1	1	2	2	2	2	2	2	2	2
725 - EXECUTIVE	4	4	4	4	4	4	4	4	4	4	4	4
730 - ADMINISTRATION	1	1	1	1	1	1	1	1	1	1	1	1
735 - R&D	5	2	2	2	2	2	2	2	2	2	2	2
740 - SALES	5	2	2	2	2	2	2	2	2	2	2	2
IST BOILER - SALARIED												
640 - QUALITY CONTROL	1	1	1	1	1	1	1	1	1	1	1	1
655 - MANUFACTURING	1	1	1	1	1	1	1	1	1	1	1	1
706 - ACCOUNTING	1	1	1	1	1	1	1	1	1	1	1	1
TOTAL SALARIED	59	38	38	38	37	38	38	38	38	38	38	38
IST - HOURLY												
655 - MANUFACTURING	9	9	8	13	10	10	10	10	10	10	10	10
725 - FIELD SERVICE	3	3	3	3	3	3	3	3	3	3	3	3
IST BOILER - HOURLY												
655 - MANUFACTURING	5	5	5	5	5	5	5	5	5	5	5	5
TOTAL HOURLY	17	17	17	21	18	18	18	18	18	18	18	18
GRAND TOTAL	76	55	55	59	55	56	56	56	56	56	56	56

CONFIDENTIAL

Project Watershower Rev. P
March 23, 2018

ID	Task Name	Duration	Start	Finish	% Complete	Notes
1	Project Watershower	76 days	Mon 12-03-18	Mon 25-06-18	25%	
2	Planning	3 days	Mon 12-03-18	Wed 14-03-18	33%	
3	Identify Potential Buyers	3 days	Mon 12-03-18	Wed 14-03-18	33%	Fulcrum, IST
4	Confidential Information Memorandum (CIM)	11 days	Mon 12-03-18	Mon 26-03-18	7%	
5	Update CIM	2 wks	Mon 12-03-18	Fri 23-03-18	10%	
6	Refresh Financials	3 days	Wed 21-03-18	Fri 23-03-18	0%	
7	Advise Key Party at IST BC	1 day	Mon 26-03-18	Mon 26-03-18	0%	
8	Buyer Engagement	35 days	Tue 27-03-18	Mon 14-05-18	0%	
9	Circulate Interest Letters/Non-Disclosure	1 wk	Tue 27-03-18	Mon 02-04-18	0%	
10	Circulate CIM	1 wk	Tue 03-04-18	Mon 09-04-18	0%	
11	Obtain/Evaluate Preliminary Offers	2 wks	Tue 10-04-18	Mon 23-04-18	0%	
12	Management Presentations/Site Visit	1 wk	Tue 24-04-18	Mon 30-04-18	0%	
13	Final Offers	2 wks	Tue 01-05-18	Mon 14-05-18	0%	
14	Completion of Deal	25 days	Tue 15-05-18	Mon 18-06-18	0%	
15	Final Negotiation/Due Diligence	3 wks	Tue 05-06-18	Mon 04-06-18	0%	
16	Finalize Structure/Sign Purchase Agreement	2 wks	Tue 05-06-18	Mon 18-06-18	0%	
17	Transition	5 days	Tue 19-06-18	Mon 25-06-18	0%	
18	Notify Employees	5 days	Tue 19-06-18	Mon 25-06-18	0%	

Task	External Milestone	Manual Summary Rollup
Split Milestone Summary	Inactive Task	Manual Summary
Project Summary	Inactive Milestone	Start-only
External Tasks	Manual Task	Finish-only
	Duration-only	Deadline
		Progress

TAB V

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

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

A Commissioner for Taking Affidavits, etc.

Consent to Appointment of Receiver

Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

BETWEEN:

HSBC BANK CANADA

Applicant

- and -

INNOVATIVE STEAM TECHNOLOGIES INC. and IST BOILER COMPONENTS INC.

Respondents

CONSENT

Innovative Steam Technologies Inc. and IST Boiler Components Inc. (the “**Respondents**”) hereby consent to a receivership order, substantially in the form of the Receivership Order Form of the Commercial List, as amended by the Applicant with input from the proposed receiver, for the appointment of a receiver or receiver and manager over all of the assets, undertakings and properties of the Respondents pursuant to subsection 243(1) of the *Bankruptcy and Insolvency Act* (Canada) and section 101 of the *Courts of Justice Act* (Ontario).

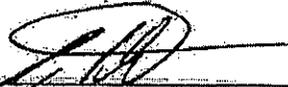
DATED this 26 day of March, 2018.

) Per:
)
)
)
)
)


INNOVATIVE STEAM
TECHNOLOGIES INC.
Name: JIM McARTHUR
Title: PRESIDENT

I have the authority to bind the
Corporation

Per:


IST BOILER COMPONENTS INC.
Name: CHRISTOPHER RITCHIE
Title: VP - FINANCIAL

I have the authority to bind the
Corporation

Court File No.

HSBC BANK CANADA

- and -

Applicant

INNOVATIVE STEAM TECHNOLOGIES INC. and
IST BOILER COMPONENTS INC.

Respondents

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

PROCEEDING COMMENCED AT TORONTO

CONSENT

DENTONS CANADA LLP
77 King Street West, Suite 400
Toronto-Dominion Centre
Toronto, ON M6K 0A1

Dennis Wiebe (LSUC # 25189V)
Tel: (416) 863-4475
Fax: (416) 863-4592
dennis.wiebe@dentons.com

John Salmas (LSUC # 42336B)
Tel: (416) 863-4737
john.salmas@dentons.com

Vanja Ginic (LSUC # 69981W)
Tel: (416) 863-4373
vanja.ginic@dentons.com

Lawyers for HSBC Bank Canada

32640240_4|NATDOCS

TAB W

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

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

A Commissioner for Taking Affidavits, etc.

April 17, 2018

DELIVERED VIA HAND DELIVERY AND EMAIL

Innovative Steam Technologies Inc.
549 Conestoga Blvd.
Cambridge, Ontario
N1R 7P9

Attention: Paul Eldridge and Greg Collings

Dear Sirs/Mesdames:

Re: Indebtedness and Liability owing by Innovative Steam Technologies Inc. to HSBC Bank Canada

We are the solicitors for HSBC Bank Canada (the "Bank") in connection with the indebtedness and liability owing by Innovative Steam Technologies Inc. (the "Debtor") to the Bank, pursuant to an amended and restated facility letter dated March 28, 2016 (the "Facility Letter"). All capitalized terms used herein, and not specifically defined herein, shall have the meaning ascribed thereto in the Facility Letter.

As you are aware, any standstill arrangements relating to the facilities governed by the Facility Letter that may have previously been in effect, expired as of the close of business on April 16, 2018.

The records of the Bank indicate that the Debtor is indebted and liable to the Bank as of April 17, 2018 in the following amounts:

- (a) in the amount of CAD \$2,636,874.70, on account of principal and accrued interest, pursuant to the Operating Facility;
- (b) in the amount of CAD \$10,342,269.44, on account of principal and accrued interest, pursuant to the Term Loan;
- (c) in the principal amount of USD \$2,998,840.00, pursuant to the Guarantee Facility; and

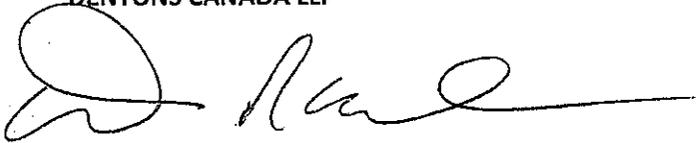
(d) in the amount of up to CAD \$48,820.66, pursuant to the MasterCard Facility.

The Bank hereby demands payment of all indebtedness and liability owing by the Debtor to the Bank.

Interest shall continue to accrue on the Debtor's indebtedness to the Bank at the rate or rates applicable thereto as set out in the Facility Letter. The Debtor shall also be liable to the Bank for all costs (including all legal fees and disbursements) incurred by the Bank in collecting the indebtedness owing by the Debtor to the Bank and realizing on the Bank's security.

Yours truly,

DENTONS CANADA LLP



Per: Dennis R. Wiebe

Dentons Canada LLP
77 King Street West, Suite 400
Toronto-Dominion Centre
Toronto, ON M5K 0A1
(416) 863-4475

cc: IST Boiler Components Inc.
Steve Graff, Aird & Berlis LLP

**NOTICE OF INTENTION TO ENFORCE SECURITY
UNDER THE BANKRUPTCY AND INSOLVENCY ACT
(Subsection 244(1))**

To: INNOVATIVE STEAM TECHNOLOGIES INC. (the "Debtor"), an insolvent person

Take notice that:

1. HSBC Bank Canada ("HSBC"), a secured creditor, intends to enforce its security on the Debtor's property described below:

The Debtor's personal property, assets and undertakings now owned or hereinafter acquired, including, without limitation, all of the Debtor's existing and after-acquired goods, accounts, chattel paper, documents, documents of title, equipment, instruments, intangibles, money, investment property, contractual rights, insurance claims, patents, trademarks, copyrights, goodwill and leases and all proceeds thereof.

2. The security that is to be enforced includes a General Security Agreement dated the 10th day of April, 2015 made by the Debtor in favour of HSBC (the "Security").
3. The total amount of indebtedness secured by the Security is CAD \$13,027,965 and USD \$2,998,840 as of April 17, 2018, all pursuant to an amended and restated facility letter dated March 28, 2016 executed by the Debtor and IST Boiler Components Inc., as guarantor, in favour of HSBC (the "Facility Letter"), plus interest accruing until the date of payment at the applicable rates as set out in the Facility Letter.
4. The secured creditor will not have the right to enforce the Security until after the expiry of the 10-day period following the sending of this notice, unless the insolvent person consents to an earlier enforcement.

Dated at Toronto, this 17th day of April, 2018.

HSBC BANK CANADA
a secured creditor by its solicitors
DENTONS CANADA LLP



Cc: John Borch, HSBC Bank Canada

April 17, 2018

DELIVERED VIA HAND DELIVERY AND EMAILIST Boiler Components Inc.
549 Conestoga Blvd.
Cambridge, Ontario
N1R 7P9Attention: Paul Eldridge and Greg Collings

Dear Sirs/Mesdames:

Re: Indebtedness and Liability owing by Innovative Steam Technologies Inc. to HSBC Bank Canada

We are the solicitors for HSBC Bank Canada (the "Bank") in connection with the indebtedness and liability owing by Innovative Steam Technologies Inc. (the "Debtor") to the Bank. The records of the Bank indicate that the Debtor is indebted and liable to the Bank as of April 17, 2018 in the following amounts:

- (a) in the amount of CAD \$2,636,874.70, on account of principal and accrued interest, pursuant to the Operating Facility;
- (b) in the amount of CAD \$10,342,269.44, on account of principal and accrued interest pursuant to the Term Loan;
- (c) in the amount of USD \$2,998,840.00, pursuant to the Guarantee Facility; and
- (d) in the amount of up to CAD \$48,820.66, pursuant to the MasterCard Facility,

all pursuant to an amended and restated facility letter dated March 28, 2016 (the "Facility Letter") executed by the Debtor, as borrower, IST Boiler Components Inc., as guarantor, and the Bank, as lender.

All capitalized terms used herein, and not specifically defined herein, shall have the meaning ascribed thereto in the Facility Letter.

32451356_2|NATDOCS

As you are aware, any standstill arrangements relating to the facilities governed by the Facility Letter that may have previously been in effect, expired as of the close of business on April 16, 2018.

By guarantee dated April 10, 2015 (the "Guarantee"), IST Boiler Components Inc. (the "Guarantor") guaranteed payment of all indebtedness and liability owing by the Debtor to the Bank plus interest thereon calculated from the date of this demand.

The Bank hereby demands payment forthwith by the Guarantor pursuant to the Guarantee of all indebtedness and liability owing by the Debtor to the Bank plus interest thereon calculated from the date of this demand.

Interest shall accrue from the date of this demand on the amount owing by the Guarantor to the Bank pursuant to the Guarantee at the rate or rates applicable thereto. The Guarantor shall also be liable to the Bank for all costs (including all legal fees and disbursements) incurred by the Bank in collecting the indebtedness owing by the Guarantor to the Bank and realizing on the Bank's security.

Yours truly,

DENTONS CANADA LLP



Per: Dennis R. Wiebe

Dentons Canada LLP
77 King Street West, Suite 400
Toronto-Dominion Centre
Toronto, ON M5K 0A1
(416) 863-4475

cc: Innovative Steam Technologies Inc.
Steve Graff, Aird & Berlis LLP

**NOTICE OF INTENTION TO ENFORCE SECURITY
UNDER THE BANKRUPTCY AND INSOLVENCY ACT
(Subsection 244(1))**

To: IST BOILER COMPONENTS INC. (the "Guarantor"), an insolvent person

Take notice that:

1. HSBC Bank Canada ("HSBC"), a secured creditor, intends to enforce its security on the Guarantor's property described below:

The Guarantor's personal property, assets and undertakings now owned or hereinafter acquired, including, without limitation, all of the Guarantor's existing and after-acquired goods, accounts, chattel paper, documents, documents of title, equipment, instruments, intangibles, money, investment property, contractual rights, insurance claims, patents, trademarks, copyrights, goodwill and leases and all proceeds thereof.

2. The security that is to be enforced includes:

- (a) Guarantee by the Guarantor dated April 10, 2015 made in favour of HSBC with respect to the indebtedness and liabilities owing by Innovative Steam Technologies Inc. to HSBC; and
- (b) General Security Agreement dated April 10, 2015 made by the Guarantor in favour of HSBC,

(collectively, the "Security").

3. The total amount of indebtedness secured by the Security is CAD \$13,027,965 and US \$2,998,840, as of April 17, 2018, all pursuant to an amended and restated facility letter dated March 28, 2016 executed by Innovative Steam Technologies Inc., as borrower and the Guarantor in favour of HSBC (the "Facility Letter"), plus interest accruing until the date of payment at the applicable rates as set out in the Facility Letter.

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

Dated at Toronto, this 17th day of April, 2018.

HSBC BANK CANADA
a secured creditor by its solicitors
DENTONS CANADA LLP

A handwritten signature in black ink, appearing to be "D. Borch", written over a horizontal line.

Cc: John Borch, HSBC Bank Canada

TAB X

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

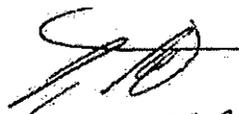
A handwritten signature in blue ink, appearing to read "Dici", is written above a horizontal line.

A Commissioner for Taking Affidavits, etc.



CONSOLIDATED BALANCE SHEET
AS AT MARCH 31, 2018
(IN CANADIAN DOLLARS) (UNAUDITED)

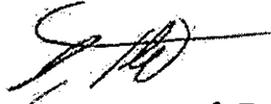
	Mar 31, 2018
Current assets	
Cash and cash equivalents	0
Trade and other receivables	1,759,104
Unbilled revenue	7,495,223
Inventories	3,551,730
Income taxes recoverable	30,213
Prepaid expenses	319,386
Long term assets	
Property, plant and equipment	2,144,203
Investment – Kelvin Energy	95,934
Income taxes recoverable	1,251,676
Intangible assets	5,640,000
Goodwill	3,900,000
TOTAL ASSETS	26,187,469
Current liabilities	
Bank line of credit	1,633,758
Trade and other payables	6,735,609
Accrued liabilities	3,223,044
Provisions	680,465
Deferred revenue	1,245,809
Future tax liabilities	0
Income taxes payable	(4,601,045)
Long-term debt – current portion	4,247,972
Unearned profit – current portion	129,300
Long term liabilities	
Term loan – HSBC	8,744,704
Sub debt – Fulcrum	10,200,000
Unearned profit on sale of assets	808,096
Future tax liabilities	4,320,686
TOTAL LIABILITIES	37,368,398
Equity	
Capital stock	7,800,000
Contributed Surplus	376,676
Retained earnings	(19,357,605)
TOTAL EQUITY	(11,180,929)
TOTAL LIABILITIES AND EQUITY	26,187,469


CHRISTOPHER RITCHIE



CONSOLIDATED STATEMENTS OF INCOME
AS AT MARCH 31, 2018
(IN CANADIAN DOLLARS) (UNAUDITED)

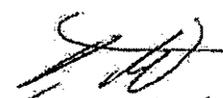
	Mar 31, 2018
Revenue	3,646,618
Direct costs and expenses	(3,749,845)
Gross profit	(103,227)
Marketing, general and administrative expenses	(1,502,582)
Depreciation and amortization	(672,647)
Other income (loss)	181,489
Corporate income (expense) allocations	0
EBIT	(2,096,967)
Interest income (expense)	(121,736)
Income tax (expense) recovery	490,468
Income for the period	(1,728,235)


CHRISTOPHER RITCHIE



**CONSOLIDATED STATEMENT OF CHANGES IN CASH RESOURCES
AS AT MARCH 31, 2018
(IN CANADIAN DOLLARS) (UNAUDITED)**

Income (loss)	(1,728,235)	
Non-cash charges (credits) to income:		
Depreciation & amortization	672,647	
Future income taxes	0	
Loss (gain) on sale of capital assets	0	
Amortization of gain on asset sale	(32,325)	
Recovery of income taxes	0	
Dividends	0	
Stock based compensation	24,364	
Net change in non-cash working capital items	2,051,410	
		987,861
Increase in bank indebtedness	0	
Issuance of long-term debt	0	
Repayments of long-term debt	(450,000)	
Issuance of capital stock	0	
Repurchase of capital stock	0	
		(450,000)
Addition of goodwill	0	
Purchase of capital assets	0	
Investment in Kelvin Energy	0	
Proceeds from sale of capital assets	0	
		0
Total cash flow – current year		537,861
Ending cash/(loc) balance – prior year		(2,171,619)
Ending cash/(loc) balance – current year		(1,633,758)
Non-cash working capital items		
Accounts receivable	3,837,962	
Future tax assets	0	
Unbilled revenue	(1,069,458)	
Inventory	14,041	
Assets held for resale	0	
Prepaid expenses	62,761	
Accounts payable	(857,208)	
Accrued liabilities	(95,385)	
Provisions	9,796	
Income taxes payable	(490,467)	
Deferred revenue	639,368	
Future tax liabilities	0	
		2,051,410


CHRISTOPHER RITCHIE

HSBC BANK CANADA

- and -

INNOVATIVE STEAM TECHNOLOGIES INC. and
IST BOILER COMPONENTS INC.

Applicant

Respondents

**ONTARIO
SUPERIOR COURT OF JUSTICE**

PROCEEDING COMMENCED AT TORONTO

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

DENTONS CANADA LLP
77 King Street West, Suite 400
Toronto-Dominion Centre
Toronto, ON M5K 0A1

John Salmas (LSO # 42336B)
Tel: (416) 863-4737
Fax: (416) 863-4592
john.salmas@dentons.com

Dennis Wiebe (LSO # 25189)
Tel: (416) 863-4475
dennis.wiebe@dentons.com

Vanja Ginic (LSO # 69981W)
Tel: (416) 863-4673
vanja.ginic@dentons.com

Lawyers for HSBC Bank Canada

TAB 3

Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

HSBC BANK CANADA

Applicant

- and -

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

Respondents

**APPLICATION UNDER SUBSECTION 243(1) OF THE *BANKRUPTCY AND
INSOLVENCY ACT*, R.S.C. 1985, c. B-3, AS AMENDED, AND SECTION 101 OF THE
COURTS OF JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED**

CONSENT TO ACT AS RECEIVER

Deloitte Restructuring Inc., of 22 Adelaide Street West, Suite 200, Toronto, ON M5H 0A9, hereby consents to act as the Receiver of Innovative Steam Technologies Inc. and IST Boiler Components Inc. if so appointed by this Honourable Court.

DATED at the City of Toronto, in the Province of Ontario, this 30th day of April, 2018.

DELOITTE RESTRUCTURING INC.

(solely in its capacity as proposed Court-appointed Receiver of Innovative Steam Technologies Inc. and IST Boiler Components Inc. and not in its personal or corporate capacity)

Per:



Name: Robert Biehler, CPA, CA, CIRP, LIT
Title: Senior Vice President

Court File No:

HSBC BANK CANADA

- and -

INNOVATIVE STEAM TECHNOLOGIES INC. and
IST BOILER COMPONENTS INC.

Applicant

Respondents

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

PROCEEDING COMMENCED AT TORONTO

CONSENT TO ACT AS RECIEVER

DENTONS CANADA LLP
77 King Street West, Suite 400
Toronto-Dominion Centre
Toronto, ON M5K 0A1

John Salmas (LSO # 42336B)
Tel: (416) 863-4737
Fax: (416) 863-4592
john.salmas@dentons.com

Dennis Wiebe (LSO #25189V)
Tel: (416) 863-4475
dennis.wiebe@dentons.com

Vanja Ginic (LSO # 69981W)
Tel: (416) 863-4673
vanja.ginic@dentons.com

Lawyers for HSBC Bank Canada

TAB 4

Court File No.

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

THE HONOURABLE
JUSTICE

)
)
)

TUESDAY, THE 1ST
DAY OF MAY, 2018

B E T W E E N :

HSBC BANK CANADA

Applicant

- and -

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

Respondents

**ORDER
(appointing Receiver)**

THIS APPLICATION made by HSBC Bank Canada (the “**Applicant**”), for an Order 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**”) appointing Deloitte Restructuring Inc. (“**Deloitte**”) as receiver and manager (in such capacities, the “**Receiver**”) without security, of all of the assets, undertakings and properties of Innovation Steam Technologies Inc. and IST Boiler Components Inc. (together, the “**Debtors**”) acquired for, or used in relation to a business carried on by the Debtors, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Affidavit of John Borch, sworn April 27, 2018 and the Exhibits thereto, and the Notice of Application, issued April 30, 2018, and on hearing the submissions of counsel for the Applicant, the Respondents and Fulcrum Capital Partners (Collector) V, LP, no other party appearing, and on reading the Consent of Deloitte to act as the Receiver,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application is hereby abridged and validated so that this application is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

2. **THIS COURT ORDERS** that pursuant to section 243(1) of the BIA and section 101 of the CJA, Deloitte is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the Debtors acquired for, or used in relation to a business carried on by the Debtors, including all proceeds thereof (the "**Property**").

RECEIVER'S POWERS

3. **THIS COURT ORDERS** that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate, and carry on the business of the Debtors, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the Debtors;

- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the Debtors or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the Debtors and to exercise all remedies of the Debtors in collecting such monies, including, without limitation, to enforce any security held by the Debtors;
- (g) to settle, extend or compromise any indebtedness owing to the Debtors;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the Debtors, for any purpose pursuant to this Order;
- (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the Debtors, the Property or the Receiver, and to settle or compromise any such proceedings. The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;

- (k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (i) without the approval of this Court in respect of any transaction not exceeding \$250,000, provided that the aggregate consideration for all such transactions does not exceed \$1,000,000; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, or section 31 of the Ontario *Mortgages Act*, as the case may be, shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply.

- (l) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (m) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (o) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the Debtors;

- (p) to negotiate the termination of any interests encumbering the Property and undertake such actions necessary to maximize the value of the Debtors' assets;
- (q) to enter into agreements with any trustee in bankruptcy appointed in respect of the Debtors, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the Debtors;
- (r) to exercise any shareholder, partnership, joint venture or other rights which the Debtors may have; and
- (s) to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the Debtors, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. **THIS COURT ORDERS** that (i) the Debtors, (ii) all of their current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

5. **THIS COURT ORDERS** that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the Debtors, and any computer programs, computer tapes, computer disks, or other data

storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

6. **THIS COURT ORDERS** that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

7. **THIS COURT ORDERS** that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days notice to such landlord and any such secured creditors.

NO PROCEEDINGS AGAINST THE RECEIVER

8. **THIS COURT ORDERS** that no proceeding or enforcement process in any court or tribunal (each, a “**Proceeding**”), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE DEBTORS OR THE PROPERTY

9. **THIS COURT ORDERS** that no Proceeding against or in respect of the Debtors or the Property shall be commenced or continued except with the written consent of the Receiver or with leave of this Court and any and all Proceedings currently under way against or in respect of the Debtors or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

10. **THIS COURT ORDERS** that all rights and remedies against the Debtors, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any “eligible financial contract” as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the Debtors to carry on any business which the Debtors are not lawfully entitled to carry on, (ii) exempt the Receiver or the Debtors from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

11. **THIS COURT ORDERS** that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the Debtors, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

12. **THIS COURT ORDERS** that all Persons having oral or written agreements with the Debtors or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized

banking services, payroll services, insurance, transportation services, utility or other services to the Debtors are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the Debtors' current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal payment practices of the Debtors or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

13. **THIS COURT ORDERS** that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

14. **THIS COURT ORDERS** that all employees of the Debtors shall remain the employees of the Debtors until such time as the Receiver, on the Debtors' behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

15. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a “**Sale**”). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the Debtors, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

16. **THIS COURT ORDERS** that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, “**Possession**”) of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the “**Environmental Legislation**”), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver’s duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

17. **THIS COURT ORDERS** that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

18. **THIS COURT ORDERS** that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "**Receiver's Charge**") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

19. **THIS COURT ORDERS** that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

20. **THIS COURT ORDERS** that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

21. **THIS COURT ORDERS** that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may

consider necessary or desirable, provided that the outstanding principal amount does not exceed \$300,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is hereby charged by way of a fixed and specific charge (the “**Receiver's Borrowings Charge**”) as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver’s Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

22. **THIS COURT ORDERS** that neither the Receiver’s Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

23. **THIS COURT ORDERS** that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule “A” hereto (the “**Receiver’s Certificates**”) for any amount borrowed by it pursuant to this Order.

24. **THIS COURT ORDERS** that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver’s Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

SERVICE AND NOTICE

25. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the “**Protocol**”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further

orders that a Case Website shall be established in accordance with the Protocol with the following URL [●].

26. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Debtors' creditors or other interested parties at their respective addresses as last shown on the records of the Debtors and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

RETENTION OF COUNSEL

27. **THIS COURT ORDERS** that the Receiver may retain counsel to represent and advise the Receiver in connection with the exercise of the Receiver's powers and duties, including without limitation, those conferred by this Order. Such counsel may include Dentons Canada LLP, lawyers for the Applicant herein, in respect of any matter where there is no conflict of interest. The Receiver shall, however, retain independent counsel in respect of any legal advice or services where a conflict exists, or may arise.

GENERAL

28. **THIS COURT ORDERS** that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

29. **THIS COURT ORDERS** that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the Debtors.

30. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this

Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

31. **THIS COURT ORDERS** that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

32. **THIS COURT ORDERS** that the Applicant shall have its costs of this application, up to and including entry and service of this Order, provided for by the terms of the Applicant's security or, if not so provided by the Applicant's security, then on a substantial indemnity basis to be paid by the Receiver from the Debtors' estate with such priority and at such time as this Court may determine.

33. **THIS COURT ORDERS** that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

SCHEDULE "A"

RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that Deloitte Restructuring Inc., the receiver (the "**Receiver**") of the assets, undertakings and properties of Innovative Steam Technologies Inc. and IST Boiler Components Inc. (together, the "**Debtor**") acquired for, or used in relation to a business carried on by the Debtors, including all proceeds thereof (collectively, the "**Property**") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated the ___ day of April 2018 (the "**Order**") made in an action having Court file number ___-CL-_____, has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of \$_____, being part of the total principal sum of \$_____ which the Receiver is authorized to borrow under and pursuant to the Order.
2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.
3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.
4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at _____.
5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver

to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the ____ day of _____, 20__.

Deloitte Restructuring Inc., solely in its capacity as Receiver of the Property, and not in its personal or corporate capacity

Per: _____

Name:

Title:

HSBC BANK CANADA

- and -

Court File No:

INNOVATIVE STEAM TECHNOLOGIES and
IST BOILER COMPONENTS INC.

Applicant

Respondents

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

PROCEEDING COMMENCED AT TORONTO

**ORDER
(appointing Receiver)**

DENTONS CANADA LLP
77 King Street West, Suite 400
Toronto-Dominion Centre
Toronto, ON M5K 0A1

John Salmas (LSO # 42336B)
Tel: (416) 863-4737
Fax: (416) 863-4592
john.salmas@dentons.com

Dennis Wiebe (LSO # 25189)
Tel: (416) 863-4475
dennis.wiebe@dentons.com

Vauja Ginic (LSO # 69981W)
Tel: (416) 863-4673
vauja.ginic@dentons.com

Lawyers for HSBC Bank Canada

TAB 5

Court File No. _____

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE) WEEKDAY TUESDAY, THE #1ST
)
JUSTICE) DAY OF MONTH MAY, 20YR 2018

PLAINTIFF¹

Plaintiff

B E T W E E N :

HSBC BANK CANADA

Applicant

- and -

DEFENDANT

Defendant

INNOVATIVE STEAM TECHNOLOGIES and
IST BOILER COMPONENTS INC.

Respondents

ORDER
(appointing Receiver)

THIS MOTION APPLICATION made by the Plaintiff² HSBC Bank Canada (the "Applicant"), for an Order 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*,

¹ The Model Order Subcommittee notes that a receivership proceeding may be commenced by action or by application. This model order is drafted on the basis that the receivership proceeding is commenced by way of an action.

² Section 243(1) of the BIA provides that the Court may appoint a receiver "on application by a secured creditor".

R.S.O. 1990, c. C.43, as amended (the "CJA") appointing ~~[RECEIVER'S NAME]~~ Deloitte Restructuring Inc. ("Deloitte") as receiver ~~and manager~~ (in such capacities, the "Receiver") without security, of all of the assets, undertakings and properties of ~~[DEBTOR'S NAME]~~ (the "Debtor" Innovation Steam Technologies Inc. and IST Boiler Components Inc. (together, the "Debtors")) acquired for, or used in relation to a business carried on by the ~~Debtor~~ Debtors, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit ~~Affidavit~~ of ~~[NAME]~~ John Borch, sworn ~~[DATE]~~ April 27, 2018 and the Exhibits thereto, and the Notice of Application, issued April 30, 2018, and on hearing the submissions of counsel for ~~[NAMES]~~, ~~no one appearing for [NAME] although duly served as appears from the affidavit of service of [NAME] sworn [DATE] and on reading the consent of [RECEIVER'S NAME] the Applicant, the Respondents and Fulcrum Capital Partners (Collector) V. LP, no other party appearing, and on reading the Consent of Deloitte to act as the Receiver,~~

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of ~~Motion~~ Application and the ~~Motion~~ Application is hereby abridged and validated³ so that this ~~motion~~ application is properly returnable today and hereby dispenses with further service thereof.

APPOINTMENT

2. **THIS COURT ORDERS** that pursuant to section 243(1) of the BIA and section 101 of the CJA, ~~[RECEIVER'S NAME]~~ Deloitte is hereby appointed Receiver, without security, of all of the assets, undertakings and properties of the ~~Debtor~~ Debtors acquired for, or used in relation to a business carried on by the ~~Debtor~~ Debtors, including all proceeds thereof (the "Property").

RECEIVER'S POWERS

3. **THIS COURT ORDERS** that the Receiver is hereby empowered and authorized, but not obligated, to act at once in respect of the Property and, without in any way limiting the generality

³ ~~If service is effected in a manner other than as authorized by the Ontario Rules of Civil Procedure, an order validating irregular service is required pursuant to Rule 16.08 of the Rules of Civil Procedure and may be granted in appropriate circumstances.~~

of the foregoing, the Receiver is hereby expressly empowered and authorized to do any of the following where the Receiver considers it necessary or desirable:

- (a) to take possession of and exercise control over the Property and any and all proceeds, receipts and disbursements arising out of or from the Property;
- (b) to receive, preserve, and protect the Property, or any part or parts thereof, including, but not limited to, the changing of locks and security codes, the relocating of Property to safeguard it, the engaging of independent security personnel, the taking of physical inventories and the placement of such insurance coverage as may be necessary or desirable;
- (c) to manage, operate, and carry on the business of the ~~Debtor~~Debtors, including the powers to enter into any agreements, incur any obligations in the ordinary course of business, cease to carry on all or any part of the business, or cease to perform any contracts of the ~~Debtor~~Debtors;
- (d) to engage consultants, appraisers, agents, experts, auditors, accountants, managers, counsel and such other persons from time to time and on whatever basis, including on a temporary basis, to assist with the exercise of the Receiver's powers and duties, including without limitation those conferred by this Order;
- (e) to purchase or lease such machinery, equipment, inventories, supplies, premises or other assets to continue the business of the ~~Debtor~~Debtors or any part or parts thereof;
- (f) to receive and collect all monies and accounts now owed or hereafter owing to the ~~Debtor~~Debtors and to exercise all remedies of the ~~Debtor~~Debtors in collecting such monies, including, without limitation, to enforce any security held by the ~~Debtor~~Debtors;

- (g) to settle, extend or compromise any indebtedness owing to the ~~Debtor~~Debtors;
- (h) to execute, assign, issue and endorse documents of whatever nature in respect of any of the Property, whether in the Receiver's name or in the name and on behalf of the ~~Debtor~~Debtors, for any purpose pursuant to this Order;
- (i) to initiate, prosecute and continue the prosecution of any and all proceedings and to defend all proceedings now pending or hereafter instituted with respect to the ~~Debtor~~Debtors, the Property or the Receiver, and to settle or compromise any such proceedings.⁴ The authority hereby conveyed shall extend to such appeals or applications for judicial review in respect of any order or judgment pronounced in any such proceeding;
- (j) to market any or all of the Property, including advertising and soliciting offers in respect of the Property or any part or parts thereof and negotiating such terms and conditions of sale as the Receiver in its discretion may deem appropriate;
- (k) to sell, convey, transfer, lease or assign the Property or any part or parts thereof out of the ordinary course of business,
 - (i) without the approval of this Court in respect of any transaction not exceeding \$ 250,000, provided that the aggregate consideration for all such transactions does not exceed \$ 1,000,000; and
 - (ii) with the approval of this Court in respect of any transaction in which the purchase price or the aggregate purchase price exceeds the applicable amount set out in the preceding clause;

⁴~~This model order does not include specific authority permitting the Receiver to either file an assignment in bankruptcy on behalf of the Debtor, or to consent to the making of a bankruptcy order against the Debtor. A bankruptcy may have the effect of altering the priorities among creditors, and therefore the specific authority of the Court should be sought if the Receiver wishes to take one of these steps.~~

and in each such case notice under subsection 63(4) of the Ontario *Personal Property Security Act*, [or section 31 of the Ontario *Mortgages Act*, as the case may be,]⁵ shall not be required, and in each case the Ontario *Bulk Sales Act* shall not apply.

- (l) to apply for any vesting order or other orders necessary to convey the Property or any part or parts thereof to a purchaser or purchasers thereof, free and clear of any liens or encumbrances affecting such Property;
- (m) to report to, meet with and discuss with such affected Persons (as defined below) as the Receiver deems appropriate on all matters relating to the Property and the receivership, and to share information, subject to such terms as to confidentiality as the Receiver deems advisable;
- (n) to register a copy of this Order and any other Orders in respect of the Property against title to any of the Property;
- (o) to apply for any permits, licences, approvals or permissions as may be required by any governmental authority and any renewals thereof for and on behalf of and, if thought desirable by the Receiver, in the name of the ~~Debtor~~Debtors;
- (p) to negotiate the termination of any interests encumbering the Property and undertake such actions necessary to maximize the value of the Debtors' assets;
- (q) ~~(p)~~ to enter into agreements with any trustee in bankruptcy appointed in respect of the ~~Debtor~~Debtors, including, without limiting the generality of the foregoing, the ability to enter into occupation agreements for any property owned or leased by the ~~Debtor~~Debtors;

⁵ If the Receiver will be dealing with assets in other provinces, consider adding references to applicable statutes in other provinces. If this is done, those statutes must be reviewed to ensure that the Receiver is exempt from or can be exempted from such notice periods, and further that the Ontario Court has the jurisdiction to grant such an exemption.

- (r) ~~(q)~~ to exercise any shareholder, partnership, joint venture or other rights which the ~~Debtor~~Debtors may have; and
- (s) ~~(#)~~ to take any steps reasonably incidental to the exercise of these powers or the performance of any statutory obligations.

and in each case where the Receiver takes any such actions or steps, it shall be exclusively authorized and empowered to do so, to the exclusion of all other Persons (as defined below), including the ~~Debtor~~Debtors, and without interference from any other Person.

DUTY TO PROVIDE ACCESS AND CO-OPERATION TO THE RECEIVER

4. **THIS COURT ORDERS** that (i) the ~~Debtor~~Debtors, (ii) all of ~~its~~their current and former directors, officers, employees, agents, accountants, legal counsel and shareholders, and all other persons acting on its instructions or behalf, and (iii) all other individuals, firms, corporations, governmental bodies or agencies, or other entities having notice of this Order (all of the foregoing, collectively, being "Persons" and each being a "Person") shall forthwith advise the Receiver of the existence of any Property in such Person's possession or control, shall grant immediate and continued access to the Property to the Receiver, and shall deliver all such Property to the Receiver upon the Receiver's request.

5. **THIS COURT ORDERS** that all Persons shall forthwith advise the Receiver of the existence of any books, documents, securities, contracts, orders, corporate and accounting records, and any other papers, records and information of any kind related to the business or affairs of the ~~Debtor~~Debtors, and any computer programs, computer tapes, computer disks, or other data storage media containing any such information (the foregoing, collectively, the "Records") in that Person's possession or control, and shall provide to the Receiver or permit the Receiver to make, retain and take away copies thereof and grant to the Receiver unfettered access to and use of accounting, computer, software and physical facilities relating thereto, provided however that nothing in this paragraph 5 or in paragraph 6 of this Order shall require the delivery of Records, or the granting of access to Records, which may not be disclosed or provided to the Receiver due to the privilege attaching to solicitor-client communication or due to statutory provisions prohibiting such disclosure.

6. **THIS COURT ORDERS** that if any Records are stored or otherwise contained on a computer or other electronic system of information storage, whether by independent service provider or otherwise, all Persons in possession or control of such Records shall forthwith give unfettered access to the Receiver for the purpose of allowing the Receiver to recover and fully copy all of the information contained therein whether by way of printing the information onto paper or making copies of computer disks or such other manner of retrieving and copying the information as the Receiver in its discretion deems expedient, and shall not alter, erase or destroy any Records without the prior written consent of the Receiver. Further, for the purposes of this paragraph, all Persons shall provide the Receiver with all such assistance in gaining immediate access to the information in the Records as the Receiver may in its discretion require including providing the Receiver with instructions on the use of any computer or other system and providing the Receiver with any and all access codes, account names and account numbers that may be required to gain access to the information.

7. **THIS COURT ORDERS** that the Receiver shall provide each of the relevant landlords with notice of the Receiver's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Receiver's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Receiver, or by further Order of this Court upon application by the Receiver on at least two (2) days notice to such landlord and any such secured creditors.

NO PROCEEDINGS AGAINST THE RECEIVER

8. **THIS COURT ORDERS** that no proceeding or enforcement process in any court or tribunal (each, a "Proceeding"), shall be commenced or continued against the Receiver except with the written consent of the Receiver or with leave of this Court.

NO PROCEEDINGS AGAINST THE ~~DEBTOR~~DEBTORS OR THE PROPERTY

9. **THIS COURT ORDERS** that no Proceeding against or in respect of the ~~Debtor~~Debtors or the Property shall be commenced or continued except with the written consent of the Receiver

or with leave of this Court and any and all Proceedings currently under way against or in respect of the ~~Debtor~~Debtors or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

10. **THIS COURT ORDERS** that all rights and remedies against the ~~Debtor~~Debtors, the Receiver, or affecting the Property, are hereby stayed and suspended except with the written consent of the Receiver or leave of this Court, provided however that this stay and suspension does not apply in respect of any “eligible financial contract” as defined in the BIA, and further provided that nothing in this paragraph shall (i) empower the Receiver or the ~~Debtor~~Debtors to carry on any business which the ~~Debtor~~Debtors are not lawfully entitled to carry on, (ii) exempt the Receiver or the ~~Debtor~~Debtors from compliance with statutory or regulatory provisions relating to health, safety or the environment, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH THE RECEIVER

11. **THIS COURT ORDERS** that no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by the ~~Debtor~~Debtors, without written consent of the Receiver or leave of this Court.

CONTINUATION OF SERVICES

12. **THIS COURT ORDERS** that all Persons having oral or written agreements with the ~~Debtor~~Debtors or statutory or regulatory mandates for the supply of goods and/or services, including without limitation, all computer software, communication and other data services, centralized banking services, payroll services, insurance, transportation services, utility or other services to the ~~Debtor~~Debtors are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by the Receiver, and that the Receiver shall be entitled to the continued use of the ~~Debtor's~~Debtors' current telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Receiver in accordance with normal

payment practices of the ~~Debtor~~Debtors or such other practices as may be agreed upon by the supplier or service provider and the Receiver, or as may be ordered by this Court.

RECEIVER TO HOLD FUNDS

13. **THIS COURT ORDERS** that all funds, monies, cheques, instruments, and other forms of payments received or collected by the Receiver from and after the making of this Order from any source whatsoever, including without limitation the sale of all or any of the Property and the collection of any accounts receivable in whole or in part, whether in existence on the date of this Order or hereafter coming into existence, shall be deposited into one or more new accounts to be opened by the Receiver (the "**Post Receivership Accounts**") and the monies standing to the credit of such Post Receivership Accounts from time to time, net of any disbursements provided for herein, shall be held by the Receiver to be paid in accordance with the terms of this Order or any further Order of this Court.

EMPLOYEES

14. **THIS COURT ORDERS** that all employees of the ~~Debtor~~Debtors shall remain the employees of the ~~Debtor~~Debtors until such time as the Receiver, on the ~~Debtor's~~Debtors' behalf, may terminate the employment of such employees. The Receiver shall not be liable for any employee-related liabilities, including any successor employer liabilities as provided for in section 14.06(1.2) of the BIA, other than such amounts as the Receiver may specifically agree in writing to pay, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*.

PIPEDA

15. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver shall disclose personal information of identifiable individuals to prospective purchasers or bidders for the Property and to their advisors, but only to the extent desirable or required to negotiate and attempt to complete one or more sales of the Property (each, a "**Sale**"). Each prospective purchaser or bidder to whom such personal information is disclosed shall maintain and protect the privacy of such information and limit the use of such information to its evaluation of the Sale, and if it does not complete a Sale, shall return all such information to the Receiver, or in the alternative destroy all

such information. The purchaser of any Property shall be entitled to continue to use the personal information provided to it, and related to the Property purchased, in a manner which is in all material respects identical to the prior use of such information by the ~~Debtor~~Debtors, and shall return all other personal information to the Receiver, or ensure that all other personal information is destroyed.

LIMITATION ON ENVIRONMENTAL LIABILITIES

16. **THIS COURT ORDERS** that nothing herein contained shall require the Receiver to occupy or to take control, care, charge, possession or management (separately and/or collectively, **"Possession"**) of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the **"Environmental Legislation"**), provided however that nothing herein shall exempt the Receiver from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Receiver shall not, as a result of this Order or anything done in pursuance of the Receiver's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

LIMITATION ON THE RECEIVER'S LIABILITY

17. **THIS COURT ORDERS** that the Receiver shall incur no liability or obligation as a result of its appointment or the carrying out the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part, or in respect of its obligations under sections 81.4(5) or 81.6(3) of the BIA or under the *Wage Earner Protection Program Act*. Nothing in this Order shall derogate from the protections afforded the Receiver by section 14.06 of the BIA or by any other applicable legislation.

RECEIVER'S ACCOUNTS

18. **THIS COURT ORDERS** that the Receiver and counsel to the Receiver shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges unless otherwise ordered by the Court on the passing of accounts, and that the Receiver and counsel to the Receiver shall be entitled to and are hereby granted a charge (the "**Receiver's Charge**") on the Property, as security for such fees and disbursements, both before and after the making of this Order in respect of these proceedings, and that the Receiver's Charge shall form a first charge on the Property in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subject to sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.⁶

19. **THIS COURT ORDERS** that the Receiver and its legal counsel shall pass its accounts from time to time, and for this purpose the accounts of the Receiver and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

20. **THIS COURT ORDERS** that prior to the passing of its accounts, the Receiver shall be at liberty from time to time to apply reasonable amounts, out of the monies in its hands, against its fees and disbursements, including legal fees and disbursements, incurred at the standard rates and charges of the Receiver or its counsel, and such amounts shall constitute advances against its remuneration and disbursements when and as approved by this Court.

FUNDING OF THE RECEIVERSHIP

21. **THIS COURT ORDERS** that the Receiver be at liberty and it is hereby empowered to borrow by way of a revolving credit or otherwise, such monies from time to time as it may consider necessary or desirable, provided that the outstanding principal amount does not exceed \$~~_____~~300,000 (or such greater amount as this Court may by further Order authorize) at any time, at such rate or rates of interest as it deems advisable for such period or periods of time as it may arrange, for the purpose of funding the exercise of the powers and duties conferred upon the Receiver by this Order, including interim expenditures. The whole of the Property shall be and is

⁶ ~~Note that subsection 243(6) of the BIA provides that the Court may not make such an order "unless it is satisfied that the secured creditors who would be materially affected by the order were given reasonable notice and an opportunity to make representations".~~

hereby charged by way of a fixed and specific charge (the "Receiver's Borrowings Charge") as security for the payment of the monies borrowed, together with interest and charges thereon, in priority to all security interests, trusts, liens, charges and encumbrances, statutory or otherwise, in favour of any Person, but subordinate in priority to the Receiver's Charge and the charges as set out in sections 14.06(7), 81.4(4), and 81.6(2) of the BIA.

22. **THIS COURT ORDERS** that neither the Receiver's Borrowings Charge nor any other security granted by the Receiver in connection with its borrowings under this Order shall be enforced without leave of this Court.

23. **THIS COURT ORDERS** that the Receiver is at liberty and authorized to issue certificates substantially in the form annexed as Schedule "A" hereto (the "Receiver's Certificates") for any amount borrowed by it pursuant to this Order.

24. **THIS COURT ORDERS** that the monies from time to time borrowed by the Receiver pursuant to this Order or any further order of this Court and any and all Receiver's Certificates evidencing the same or any part thereof shall rank on a *pari passu* basis, unless otherwise agreed to by the holders of any prior issued Receiver's Certificates.

SERVICE AND NOTICE

25. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "**Protocol**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL

'<@>' [●].

26. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Receiver is at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the ~~Debtor's~~Debtors' creditors or other interested parties at their respective addresses as last shown on the records of the ~~Debtor~~Debtors and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

RETENTION OF COUNSEL

27. THIS COURT ORDERS that the Receiver may retain counsel to represent and advise the Receiver in connection with the exercise of the Receiver's powers and duties, including without limitation, those conferred by this Order. Such counsel may include Dentons Canada LLP, lawyers for the Applicant herein, in respect of any matter where there is no conflict of interest. The Receiver shall, however, retain independent counsel in respect of any legal advice or services where a conflict exists, or may arise.

GENERAL

28. ~~27.~~THIS COURT ORDERS that the Receiver may from time to time apply to this Court for advice and directions in the discharge of its powers and duties hereunder.

29. ~~28.~~THIS COURT ORDERS that nothing in this Order shall prevent the Receiver from acting as a trustee in bankruptcy of the ~~Debtor~~Debtors.

30. ~~29.~~THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Receiver, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Receiver and its agents in carrying out the terms of this Order.

31. ~~30.~~ **THIS COURT ORDERS** that the Receiver be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Receiver is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

32. ~~31.~~ **THIS COURT ORDERS** that the ~~Plaintiff~~Applicant shall have its costs of this ~~motion~~application, up to and including entry and service of this Order, provided for by the terms of the ~~Plaintiff~~Applicant's security or, if not so provided by the ~~Plaintiff~~Applicant's security, then on a substantial indemnity basis to be paid by the Receiver from the ~~Debtor's~~Debtors' estate with such priority and at such time as this Court may determine.

33. ~~32.~~ **THIS COURT ORDERS** that any interested party may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to the Receiver and to any other party likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

SCHEDULE "A"
RECEIVER CERTIFICATE

CERTIFICATE NO. _____

AMOUNT \$ _____

1. THIS IS TO CERTIFY that ~~{RECEIVER'S NAME}~~ Deloitte Restructuring Inc., the receiver (the "**Receiver**") of the assets, undertakings and properties ~~{DEBTOR'S NAME}~~ of Innovative Steam Technologies Inc. and IST Boiler Components Inc. (together, the "Debtor") acquired for, or used in relation to a business carried on by the ~~Debtor~~ Debtors, including all proceeds thereof (collectively, the "**Property**") appointed by Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated the ___ day of _____, 20April 2018 (the "**Order**") made in an action having Court file number -CL-_____, has received as such Receiver from the holder of this certificate (the "**Lender**") the principal sum of \$ _____, being part of the total principal sum of \$ _____ which the Receiver is authorized to borrow under and pursuant to the Order.

2. The principal sum evidenced by this certificate is payable on demand by the Lender with interest thereon calculated and compounded [daily][monthly not in advance on the _____ day of each month] after the date hereof at a notional rate per annum equal to the rate of _____ per cent above the prime commercial lending rate of Bank of _____ from time to time.

3. Such principal sum with interest thereon is, by the terms of the Order, together with the principal sums and interest thereon of all other certificates issued by the Receiver pursuant to the Order or to any further order of the Court, a charge upon the whole of the Property, in priority to the security interests of any other person, but subject to the priority of the charges set out in the Order and in the *Bankruptcy and Insolvency Act*, and the right of the Receiver to indemnify itself out of such Property in respect of its remuneration and expenses.

4. All sums payable in respect of principal and interest under this certificate are payable at the main office of the Lender at Toronto, Ontario_____.

5. Until all liability in respect of this certificate has been terminated, no certificates creating charges ranking or purporting to rank in priority to this certificate shall be issued by the Receiver to any person other than the holder of this certificate without the prior written consent of the holder of this certificate.

6. The charge securing this certificate shall operate so as to permit the Receiver to deal with the Property as authorized by the Order and as authorized by any further or other order of the Court.

7. The Receiver does not undertake, and it is not under any personal liability, to pay any sum in respect of which it may issue certificates under the terms of the Order.

DATED the ____ day of _____, 20__.

~~RECEIVER'S NAME~~ **Deloitte Restructuring Inc.**, solely in its capacity as Receiver of the Property, and not in its personal or corporate capacity

Per: _____

Name:

Title:

Court File No:

HSBC BANK CANADA

- and -

INNOVATIVE STEAM TECHNOLOGIES and
IST BOILER COMPONENTS INC.

Applicant

Respondents

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT TORONTO

ORDER
(appointing Receiver)

DENTONS CANADA LLP
77 King Street West, Suite 400
Toronto-Dominion Centre
Toronto, ON M5K 0A1

John Salmas (LSO # 42336B)
Tel: (416) 863-4737
Fax: (416) 863-4592
john.salmas@dentons.com

Dennis Wiebe (LSO # 25189)
Tel: (416) 863-4475
dennis.wiebe@dentons.com

Vanja Ginic (LSO # 69981W)
Tel: (416) 863-4673
vanja.ginic@dentons.com

Lawyers for HSBC Bank Canada

Document comparison by Workshare 9 on 30-Apr-18 11:46:29 AM

Input:	
Document 1 ID	file://U:\Desktop\PDFs\Model Receivership Order.doc
Description	Model Receivership Order
Document 2 ID	interwovenSite://NDCDMS01.LAW.FIRM/NATDOCS/33140662/2
Description	#33140662v2<NATDOCS> - Draft Order (appointing Receiver) - April 2018
Rendering set	Dentons Standard

Legend:	
<u>Insertion</u>	
Deletion	
Moved from-	
Moved to	
Style change	
Format change	
Moved deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	175
Deletions	156
Moved from	0
Moved to	0

HSBC BANK CANADA

- and -

INNOVATIVE STEAM TECHNOLOGIES INC. and
IST BOILER COMPONENTS INC.

Applicant

Respondents

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

PROCEEDING COMMENCED AT TORONTO

APPLICATION RECORD
(Volume 2 of 2)

DENTONS CANADA LLP
77 King Street West, Suite 400
Toronto-Dominion Centre
Toronto, ON M5K 0A1

John Salmas (LSO # 42336B)
Tel: (416) 863-4737
Fax: (416) 863-4592
john.salmas@dentons.com

Dennis Wiebe (LSO #25189V)
Tel: (416) 863-4475
dennis.wiebe@dentons.com

Vanja Ginic (LSO # 69981W)
Tel: (416) 863-4673
vanja.ginic@dentons.com

Lawyers for HSBC Bank Canada